

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
MARCH 31, 2021 AND 2020

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HOLT & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

W. David Dill, CPA
Julie M. Uher, CPA
Kari M. Blackledge, CPA

H. I. Holt, CPA
Founder (1915-1997)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Southeast Mississippi, Inc.

We have audited the accompanying financial statements of United Way of Southeast Mississippi, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402
PHONE 601-649-3000 | FAX 601-649-3050
WWW.HOLTACCOUNTING.COM

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter: COVID-19 Pandemic

As discussed in Note 11 to the financial statements, management has evaluated the operational and financial effect on the Organization of the COVID-19 pandemic. Our opinion is not modified with respect to that matter.

Holt & Associates, PLLC

Laurel, Mississippi
July 28, 2021

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND 2020

EXHIBIT A

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 457,860	\$ 338,515
Certificates of deposit	86,015	137,268
Investments	755,912	552,464
Pledges receivable, net	<u>620,233</u>	<u>658,564</u>
Total current assets	<u>1,920,020</u>	<u>1,686,811</u>
Fixed assets:		
Building and improvements	218,659	218,659
Furniture and equipment	112,417	112,417
Less: accumulated depreciation	<u>(216,499)</u>	<u>(205,528)</u>
Total fixed assets	<u>114,577</u>	<u>125,548</u>
Total Assets	<u>\$ 2,034,596</u>	<u>\$ 1,812,359</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Accounts payable	\$ 1,034	\$ 26,151
Accounts payable - agency allocations (designated)	68,336	131,386
Accrued liabilities	7,769	6,829
Refundable advances	<u>58,747</u>	<u>-</u>
Total liabilities	<u>135,886</u>	<u>164,366</u>
Net assets:		
Without donor restrictions:		
Board designated	926,578	735,442
Undesignated	866,706	811,860
With donor restrictions	<u>105,427</u>	<u>100,691</u>
Total net assets	<u>1,898,710</u>	<u>1,647,993</u>
Total Liabilities and Net Assets	<u>\$ 2,034,596</u>	<u>\$ 1,812,359</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020 **EXHIBIT B**

	March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Support			
Contributions	\$ 922,369	\$ -	\$ 922,369
Noncash contributions	5,302	1,000	6,302
Less: donor designations	(87,611)	-	(87,611)
Less: allowance for uncollectible pledges	(14,679)	-	(14,679)
Total support	825,381	1,000	826,381
Other revenues			
Grants	-	51,430	51,430
Interest and dividend income	13,755	18	13,773
Net realized and unrealized gains (losses) on investments	203,878	-	203,878
Fundraising events income	216,032	-	216,032
Other income	-	78,573	78,573
Net assets released from restrictions			
Satisfaction of program restrictions	126,285	(126,285)	-
Total other revenues	559,950	3,736	563,686
Total support and other revenues	1,385,331	4,736	1,390,067
Expenses:			
Program services:			
Social and community services	779,773	-	779,773
Supporting services:			
Financial development and campaign	207,493	-	207,493
Management and general	152,084	-	152,084
Total expenses	1,139,350	-	1,139,350
Change in net assets	245,981	4,736	250,717
Net assets at beginning of year	1,547,302	100,691	1,647,993
Net assets at end of year	\$ 1,793,283	\$ 105,427	\$ 1,898,710

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020 **EXHIBIT B**

March 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:			
Support			
Contributions	\$ 1,044,488	\$ -	\$ 1,044,488
Noncash contributions	5,470	726	6,196
Less: donor designations	(168,443)	-	(168,443)
Less: allowance for uncollectible pledges	(6,435)	-	(6,435)
Total support	<u>875,080</u>	<u>726</u>	<u>875,806</u>
Other revenues			
Grants	-	20,175	20,175
Interest and dividend income	20,395	13	20,408
Net realized and unrealized gains (losses) on investments	(59,172)	-	(59,172)
Fundraising events income	189,801	3,500	193,301
Other income	-	26,678	26,678
Net assets released from restrictions			
Satisfaction of program restrictions	<u>32,569</u>	<u>(32,569)</u>	<u>-</u>
Total other revenues	<u>183,593</u>	<u>17,797</u>	<u>201,390</u>
Total support and other revenues	<u>1,058,673</u>	<u>18,523</u>	<u>1,077,196</u>
Expenses:			
Program services:			
Social and community services	690,524	-	690,524
Supporting services:			
Financial development and campaign	215,412	-	215,412
Management and general	<u>152,403</u>	<u>-</u>	<u>152,403</u>
Total expenses	<u>1,058,339</u>	<u>-</u>	<u>1,058,339</u>
Change in net assets	334	18,523	18,857
Net assets at beginning of year	<u>1,546,968</u>	<u>82,168</u>	<u>1,629,136</u>
Net assets at end of year	<u>\$ 1,547,302</u>	<u>\$ 100,691</u>	<u>\$ 1,647,993</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

EXHIBIT C

	<u>Fiscal Year Ended March 31, 2021</u>				<u>Fiscal Year Ended March 31, 2020</u>			
	<u>Program Services</u>	<u>Supporting Services</u>			<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Agency Allocations/ Community Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>	<u>Agency Allocations/ Community Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
EXPENDITURES								
Payments to participating agencies	\$ 531,834	\$ -	\$ -	\$ 531,834	\$ 483,867	\$ -	\$ -	\$ 483,867
Salaries	105,105	71,875	67,560	244,540	80,429	71,460	67,808	219,697
Legal and accounting	548	-	10,402	10,950	529	-	10,042	10,571
Campaign supplies	-	-	-	-	-	1,286	-	1,286
Marketing	1,501	1,501	750	3,752	1,392	1,392	697	3,481
Auto	74	106	32	212	975	1,396	420	2,791
Depreciation	-	-	10,971	10,971	-	-	10,970	10,970
Retirement plan and employee benefits	19,901	16,745	16,393	53,039	16,430	13,443	14,907	44,780
Building and equipment maintenance	825	10,730	4,951	16,506	636	8,269	3,817	12,722
Fair share to United Way	14,422	-	-	14,422	5,512	5,512	-	11,024
Insurance	641	-	5,769	6,410	615	-	5,536	6,151
Miscellaneous	-	-	2,368	2,368	-	-	2,139	2,139
Office supplies and printing	637	1,911	637	3,185	2,548	7,645	2,548	12,741
Meetings and conferences	1,920	1,152	768	3,840	5,043	3,026	2,017	10,086
Payroll taxes	8,091	5,514	5,186	18,791	6,351	5,350	5,086	16,787
Organizational dues	514	258	258	1,030	1,031	516	516	2,063
Utilities	3,936	5,449	2,976	12,361	4,082	6,120	3,401	13,603
100K Payday event	-	92,252	23,063	115,315	-	89,997	22,499	112,496
Other United Way programs	22,239	-	-	22,239	65,187	-	-	65,187
Covid 19 relief	52,106	-	-	52,106	-	-	-	-
Community development grants	4,479	-	-	4,479	15,897	-	-	15,897
Disaster relief	11,000	-	-	11,000	-	-	-	-
Total expenses	<u>\$ 779,773</u>	<u>\$ 207,493</u>	<u>\$ 152,084</u>	<u>\$ 1,139,350</u>	<u>\$ 690,524</u>	<u>\$ 215,412</u>	<u>\$ 152,403</u>	<u>\$ 1,058,339</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020 **EXHIBIT D**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 250,717	\$ 18,857
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,971	10,970
Net realized and unrealized (gains) losses on investments	(196,934)	52,773
Increase in pledges receivable, net	38,331	21,638
Increase (decrease) in accounts payable	(25,117)	5,173
(Decrease) in accounts payable - agency allocations (designated)	(63,050)	(35,136)
Increase in accrued liabilities	940	2,021
Increase in refundable advances	<u>58,747</u>	<u>-</u>
Net cash provided by operating activities	<u>74,606</u>	<u>76,296</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	127,461	75,273
Purchase of investments	(133,974)	(95,958)
Redemption of certificates of deposit	52,016	-
Purchase of certificates of deposit	<u>(763)</u>	<u>(20,316)</u>
Net Cash Provided by (used in) Investing Activities	<u>44,739</u>	<u>(41,001)</u>
Net Increase in cash and cash equivalents	119,345	35,295
Beginning cash and cash equivalents	<u>338,515</u>	<u>303,220</u>
Ending cash and cash equivalents	<u>\$ 457,860</u>	<u>\$ 338,515</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Southeast Mississippi, Inc. (a nonprofit organization) was formed for the purpose of performing voluntary services for various segments of society. The Organization is tax exempt, supported by the public and operated on a nonprofit basis. The Organization derives its revenue primarily from voluntary contributions from the general public. The contributions are used for general or specific purposes connected with health, welfare and community service.

Financial Statement Presentation

The Organization has adopted FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions, net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Income Taxes

No provision has been made for income taxes in the financial statements. The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). This code section enables the Organization to accept donations that qualify as charitable contributions to the donor.

The Organization follows the provision of uncertain tax positions as addressed in FASB ASC 740, Income Taxes. The Organization files an income tax return in the U.S. federal jurisdiction.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Organization is no longer subject to U.S. federal income tax examinations by the tax authority for the years before 2017. The Organization recognizes interest accrued related to unrecognized tax benefits in interest and penalties in operating expenses. No such interest or penalties were recognized during the periods presented. The Organization had no accruals for interest and penalties at December 31, 2020 and 2019.

Cash and Cash Equivalents

The Organization’s cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio, which are invested for long-term purposes.

Certificates of Deposit

The Organization has two certificates of deposits that mature March 2022. The certificates bear interest rates of .15% and 2.48%, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Investments

Investments consist of marketable equity securities with readily determinable fair values. All investments are categorized as available for sale and are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Investment income and gains not restricted by a donor are reported as increases in net assets without donor restrictions in the reporting period in which the income and gains are recognized on the Statement of Activities.

Property and Equipment

Property and equipment are stated at cost or donated value less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are indicated below:

Building	39 years
Building improvements	10 – 15 years
Furniture and equipment	5 – 7 years

Principles of Consolidation

For the fiscal year ended March 30, 2020 the financial statements are consolidated to include the accounts of the Organization and its wholly- owned subsidiary, United Way Home Sweet Home, LLC, which was organized on July 7, 2012, by the Organization. All material inter-company accounts and transactions have been eliminated. The purpose of United Way Home Sweet Home, LLC is to receive the proceeds from the raffle ticket sales and to disburse the related expenses from the home raffle. The revenue and expenses are consolidated with the Organization’s consolidated statement of activities as other income.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

For the year ended March 31, 2020 United Way Home Sweet Home, LLC did not incur any related income or expenses. On November 22, 2019 United Way Home Sweet Home, LLC was dissolved, therefore the financial statements for the year ended March 31, 2021 are not consolidated.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services based on the time and effort by the Organization's staff.

Reclassification

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Annual Campaign, Pledges Receivable, Designations, and Provisions for Uncollectible Pledges

The Organization conducts an annual campaign to raise funds to support various social service agencies. Pledges received from individuals and businesses are recorded as revenue and as a receivable upon receipt of the pledge, and an allowance is provided for amounts estimated as uncollectible. Included in these pledges are contributions designated by donors for other nonprofit organizations, for which the Organization serves as primary fiscal agent in the solicitation and distribution of such pledges, net of related administrative fees. These pledges are included in campaign support and are deducted as donor designations in the statement of activities to arrive at net campaign support.

The provision for uncollectible pledges is computed based upon historical averages and management's consideration of current economic factors that could affect pledge collections.

Donated Materials and Services

Donated materials and equipment are reflective as revenues in the financial statements at the estimated fair values at the date of their receipt. Amounts have not been reflected for donated services, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant contributions of time in the Organization's program services and in its fundraising campaigns.

During the fiscal years ended March 31, 2021 and 2020, the Organization had non-cash donations of \$6,302 and \$6,196, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accordingly, actual results could differ from those estimates. Management makes estimates in the calculation of allowance for uncollectible pledges and the useful life of property and equipment used in the calculation of depreciation expense.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- | | |
|---------|---|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date. |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none">• Quoted prices for similar assets/liabilities in active markets;• Quoted prices for identical or similar assets in non-active markets;• Inputs other than quoted prices that are observable for the asset/liability; and,• Inputs that are derived principally from or corroborated by other observable market data. |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data. |

Revenue and Revenue Recognition

The Organization recognizes revenue from donor contributions, fundraisers, in-kind donations, and related fees. All donor contributions and fundraisers are recorded when received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

As of March 31, 2021, \$58,747 is recognized as refundable advances from payroll protection monies provided by the Small Business Administration. See Note 12.

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARDS

In 2020, the Organization adopted Financial Accounting Standards Board's (FASB) ASC Topic 606, Revenues from Contracts with Customers, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issue audited financial statement were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Organization for the year ending March 31, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization has evaluated the anticipated effect the provisions of ASU 2016-02 will have on the financial statements and expects no material restatement to be required when the standard is adopted.

In September 2020, FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which aims to increase transparency of contributed nonfinancial assets, commonly known as gifts in kind, through enhancements to presentation and disclosures. United Way is currently assessing the potential impact of this ASU on its financial statements.

NOTE 3 – INVESTMENTS

The following is a summary of investments at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equity funds	\$ 469,389	\$ 304,725
Bond funds	172,923	152,519
Marketable alternatives	113,600	95,220
	<u>\$ 755,912</u>	<u>\$ 552,464</u>

As of March 31, 2021 and 2020, all investments were considered level 1 investments.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 4 – PLEDGES RECEIVABLE

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. An allowance for uncollectible pledges receivable is provided based upon management’s judgement.

Unconditional promises are expected to be realized in the following periods as of March 31, 2021:

In one year or less	\$ 667,148
Less: allowance for uncollectible pledges	<u>(46,915)</u>
Total	<u><u>\$ 620,233</u></u>

Unconditional promises are expected to be realized in the following periods as of March 31, 2020:

In one year or less	\$ 720,159
Less: allowance for uncollectible pledges	<u>(61,595)</u>
Total	<u><u>\$ 658,564</u></u>

NOTE 5 – SUMMARY OF PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of March 31, 2021:

<u>Asset Description</u>	<u>Method</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Fixed Assets</u>
Building and improvements	Straight-line	\$ 218,659	\$ (111,164)	\$ 107,495
Furniture and equipment	Straight-line	<u>112,417</u>	<u>(105,335)</u>	<u>7,082</u>
Total		<u><u>\$ 331,076</u></u>	<u><u>\$ (216,499)</u></u>	<u><u>\$ 114,577</u></u>

The following is a summary of property and equipment as of March 31, 2020:

<u>Asset Description</u>	<u>Method</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Fixed Assets</u>
Building and improvements	Straight-line	\$ 218,659	\$ (103,116)	\$ 115,543
Furniture and equipment	Straight-line	<u>112,417</u>	<u>(102,412)</u>	<u>10,005</u>
Total		<u><u>\$ 331,076</u></u>	<u><u>\$ (205,528)</u></u>	<u><u>\$ 125,548</u></u>

Depreciation expense for the fiscal years ended March 31, 2021 and 2020 is \$10,971 and \$10,970, respectively.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Organization has a tax-deferred 403(b) thrift plan (the Plan) covering all full-time employees. The assets are held for each employee in an individual account maintained by an investment firm. The Organization's contribution is 10% for each qualified employee.

During fiscal year ended March 31, 2021, the Plan had contributions of \$24,131 and \$1,440 in Plan operating expenses.

During fiscal year ended March 31, 2020, the Plan had contributions of \$20,196 and \$3,062 in Plan operating expenses.

NOTE 7 – RISKS, UNCERTAINTIES AND CONCENTRATIONS

Cash Deposits – The Organization maintains cash balances at several institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Organization was underinsured by \$150,601 and \$159,383 at March 31, 2021 and 2020, respectively.

Marketable Securities – Marketable securities and other investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the Organization's net assets.

Pledges Receivable – Concentrations of credit risk with respect to pledges receivable are primarily due to the large number of contributors comprising the Organization's contributor base which are located in the southeast region of Mississippi.

NOTE 8 – COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 9 – NET ASSETS

Net assets with donor restrictions for the years ended March 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Disaster and recovery	\$ 47,222	\$ 45,529
Bank on Hattiesburg	14,043	14,582
Imagination Library	40,607	37,025
Community Baby Shower	1,807	1,807
Read to Succeed	1,115	1,115
Born Learning Trail	633	633
Total with donor restrictions	<u>\$ 105,427</u>	<u>\$ 100,691</u>

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NOTE 9 – NET ASSETS – CONTINUED

Net assets without donor restrictions for the years ended March 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 866,706	\$ 811,860
Board designated for reserves	909,654	714,040
Board designated for Community Development Grants	16,924	21,402
Total without donor restrictions	<u>\$ 1,793,284</u>	<u>\$ 1,547,302</u>

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 457,860	\$ 338,515
Certificate of deposits	86,015	137,268
Investments	755,912	552,464
Pledges receivable	620,233	658,564
Less contractual or donor-imposed restrictions:		
Net assets with donor restrictions	(105,427)	(100,691)
Board designated for Community Development Grants	<u>(16,924)</u>	<u>(21,402)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,554,504</u>	<u>\$ 1,563,458</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As described in the *Finance Policies*, the Organization’s goal is generally to maintain unrestricted, undesignated reserves equal to 30% (+/-5%) of the board-approved budget expenses for the year. As part of its liquidity plan, excess cash is invested in various investments, including equities, fixed income, cash and equivalents and alternative investments.

The Organization’s governing board has designated a portion of its unrestricted resources for various community programs. Those amounts are identified as board-designated in the table above.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
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NOTE 11 – COVID-19

The Coronavirus (COVID-19) pandemic began March 2020, resulting in a government mandated stay-at-home order from April 3, 2020 through May 11, 2020, except for essential businesses. Because of this pandemic, the Organization closed its office and employees worked remotely until December 2020. No in-person meetings were held in 2020 and fundraising events were held virtually. The duration and related financial impact cannot be reasonably estimated at this time.

NOTE 12 – REFUNDABLE ADVANCES- PAYROLL PROTECTION PROGRAM

United Way of Southeast Mississippi, Inc. was granted \$58,747 under the Paycheck Protection Program “PPP” administered by the Small Business Administration (SBA). The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is recorded as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its 24-week covered period and uses the funds for certain payroll, rent, and utility expenses. No revenue has been recorded for the year ended March 31, 2021.

NOTE 13 – SUBSEQUENT EVENTS

In accordance with ASC 855, the Organization evaluated subsequent events through July 28, 2021, the date these financial statements were available to be issued.

Subsequent to the year end, the Organization applied for and was awarded forgiveness for the Payroll Protection Program loan in the full amount of \$58,747 in accordance with Section 1106 of the CARES Act. This will be reclassified from refundable advance to other income for the year ended March 31, 2022.