

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
MARCH 31, 2022 AND 2021

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HOLT & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Founder (1915-1997)
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southeast Mississippi, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southeast Mississippi, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Southeast Mississippi, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southeast Mississippi, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Holt & Associates, PLLC

Laurel, Mississippi
July 21, 2022

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022 AND 2021

EXHIBIT A

	2022	2021
Assets		
Cash and cash equivalents	\$ 723,789	\$ 457,860
Certificates of deposit	65,613	86,015
Investments	714,510	755,912
Pledges receivable, net	582,761	620,233
Property and equipment, net	110,408	114,576
Total assets	\$ 2,197,081	\$ 2,034,596
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 15,757	\$ 8,803
Accounts payable - agency allocations (designated)	33,911	68,336
Refundable advances	-	58,747
Total liabilities	49,668	135,886
 Net assets		
Without donor restrictions:		
Board designated	1,103,047	926,578
Undesignated	942,901	866,705
With donor restrictions	101,465	105,427
Total net assets	2,147,413	1,898,710
Total liabilities and net assets	\$ 2,197,081	\$ 2,034,596

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, 2022 AND 2021 **EXHIBIT B**

	March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Support			
Contributions	\$ 1,035,180	\$ -	\$ 1,035,180
In-kind contributions	6,756	250	7,006
Less: donor designations	(68,336)	-	(68,336)
Less: allowance for uncollectible pledges	(2,964)	-	(2,964)
Total support	970,636	250	970,886
Other revenues			
Grants	-	105,064	105,064
Net investment income	8,594	4	8,598
Fundraising events income	217,227	14,145	231,372
Other income	-	3,302	3,302
Net assets released from restrictions			
Satisfaction of program restrictions	126,727	(126,727)	-
Total other revenues	352,548	(4,212)	348,336
Total support and other revenues	1,323,184	(3,962)	1,319,222
Expenses:			
Program services:			
Social and community services	705,761	-	705,761
Supporting services:			
Fundraising and development	210,428	-	210,428
Management and general	154,330	-	154,330
Total expenses	1,070,519	-	1,070,519
Change in net assets	252,665	(3,962)	248,703
Net assets at beginning of year	1,793,283	105,427	1,898,710
Net assets at end of year	\$ 2,045,948	\$ 101,465	\$ 2,147,413

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, 2022 AND 2021 **EXHIBIT B**

	March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Support			
Contributions	\$ 922,369	\$ -	\$ 922,369
In-kind 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
Net investment income	217,633	18	217,651
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:			
Fundraising and development	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 FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

EXHIBIT C

	<u>Fiscal Year Ended March 31, 2022</u>				<u>Fiscal Year Ended March 31, 2021</u>			
	<u>Program Services</u>	<u>Supporting Services</u>			<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Agency Allocations/ Community Services</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	<u>Total</u>	<u>Agency Allocations/ Community Services</u>	<u>Fundraising and Development</u>	<u>Management and General</u>	<u>Total</u>
Payments to participating agencies	\$ 524,390	\$ -	\$ -	\$ 524,390	\$ 531,834	\$ -	\$ -	\$ 531,834
Salaries	105,174	71,873	67,558	244,605	105,105	71,875	67,560	244,540
Legal and accounting	548	-	10,402	10,950	548	-	10,402	10,950
Campaign supplies	331	5,797	1,989	8,117	-	-	-	-
Marketing	1,854	1,854	927	4,635	1,501	1,501	750	3,752
Auto	342	488	146	976	74	106	32	212
Depreciation	-	-	11,169	11,169	-	-	10,971	10,971
Retirement plan and employee benefits	19,278	15,874	15,656	50,808	19,901	16,745	16,393	53,039
Building and equipment maintenance	817	10,055	4,659	15,531	825	10,730	4,951	16,506
Fair share to United Way	15,748	-	-	15,748	14,422	-	-	14,422
Insurance	710	-	6,391	7,101	641	-	5,769	6,410
Miscellaneous	-	-	2,944	2,944	-	-	2,368	2,368
Office supplies and printing	278	833	278	1,389	637	1,911	637	3,185
Meetings and conferences	2,883	1,730	1,153	5,766	1,920	1,152	768	3,840
Payroll taxes	8,087	5,509	5,185	18,781	8,091	5,514	5,186	18,791
Organizational dues	431	216	216	863	514	258	258	1,030
Utilities	3,689	5,333	2,941	11,963	3,936	5,449	2,976	12,361
100K Payday event	-	90,866	22,716	113,582	-	92,252	23,063	115,315
Other United Way programs	21,201	-	-	21,201	22,239	-	-	22,239
Covid 19 relief	-	-	-	-	52,106	-	-	52,106
Community development grants	-	-	-	-	4,479	-	-	4,479
Disaster relief	-	-	-	-	11,000	-	-	11,000
Total expenses	\$ 705,761	\$ 210,428	\$ 154,330	\$ 1,070,519	\$ 779,773	\$ 207,493	\$ 152,084	\$ 1,139,350

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, 2022 AND 2021 **EXHIBIT D**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 248,703	\$ 250,717
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,169	10,971
Net realized and unrealized (gains) losses on investments	25,220	(203,878)
Decrease in pledges receivable, net	37,472	38,331
Increase (decrease) in accounts payable and accrued liabilities	6,954	(24,177)
Decrease in accounts payable - agency allocations (designated)	(34,425)	(63,050)
Increase (decrease) in refundable advances	<u>(58,747)</u>	<u>58,747</u>
Net cash provided by operating activities	<u>236,346</u>	<u>67,661</u>
Cash flows from investing activities		
Purchase of property and equipment	(7,000)	-
Proceeds from sales of investments	191,552	127,461
Purchase of investments	(175,371)	(127,030)
Redemption of certificates of deposit, net	<u>20,402</u>	<u>51,253</u>
Net cash provided by investing activities	<u>29,583</u>	<u>51,684</u>
Net change in cash and cash equivalents	265,929	119,345
Cash and cash equivalents, beginning of year	<u>457,860</u>	<u>338,515</u>
Cash and cash equivalents, ending of year	<u>\$ 723,789</u>	<u>\$ 457,860</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, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Southeast Mississippi, Inc. (“the Organization”) is a nonprofit organization that 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, 2022 AND 2021

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 2018. 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 March 31, 2022 and 2021.

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 one certificate of deposit that matures March 2023. The certificate bears an interest rate of .05% 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

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.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. During the fiscal years ended March 31, 2022 and 2021, the Organization had in-kind donations of \$7,006 and \$6,302, 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.

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.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements- (Continued)

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.

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARDS

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, 2023. 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. The Organization has evaluated the anticipated effect the provisions of ASU 2020-07 will have on the financial statements and expects no material restatement to be required when the standard is adopted. The new standard is effective for the Organization for the year ending March 31, 2023.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

NOTE 3 – INVESTMENTS

The following is a summary of investments at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equity funds	\$ 434,224	\$ 469,389
Bond funds	172,772	172,923
Marketable alternatives	<u>107,514</u>	<u>113,600</u>
Total	<u>\$ 714,510</u>	<u>\$ 755,912</u>

As of March 31, 2022 and 2021, all investments were considered level 1 investments.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 626,714	\$ 667,148
Less: allowance for uncollectible pledges	<u>(43,953)</u>	<u>(46,915)</u>
Total	<u>\$ 582,761</u>	<u>\$ 620,233</u>

NOTE 5 – SUMMARY OF PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 218,659	\$ 218,659
Furniture and equipment	<u>119,417</u>	<u>112,417</u>
	338,076	331,076
Less accumulated depreciation	<u>(227,668)</u>	<u>(216,499)</u>
	<u>\$ 110,408</u>	<u>\$ 114,577</u>

Depreciation expense for the fiscal years ended March 31, 2022 and 2021 is \$11,169 and \$10,971, respectively.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Organization has a tax-deferred 403(b) thrift plan (the Plan) covering all full-time employees. Employees may voluntarily contribute a percentage of their earnings to the Plan, up to the maximum amount contribution allowed by the IRS. The assets are held for each employee in an individual account maintained by an investment firm. During the years ended March 31, 2022 and 2021, the Organization contributed 10 percent for each qualified employee, resulting in contributions to the plan of \$24,140 and 24,131, respectively.

During fiscal year ended March 31, 2022 and 2021, the Plan had operating expenses \$1440, respectively.

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 \$175,472 and \$150,601 at March 31, 2022 and 2021, 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 used by employees.

NOTE 9 – 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 loan was initially recorded as a refundable advance because forgiveness had not been granted as of March 31, 2021. On July 10, 2021, the loan was fully forgiven and is reported as grants in the statement of activities as of March 31, 2022.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

NOTE 10 – NET ASSETS

Net assets with donor restrictions for the years ended March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Disaster and recovery	\$ 48,736	\$ 47,222
Bank on Hattiesburg	13,569	14,043
Imagination Library	28,852	40,607
Community Baby Shower	1,807	1,807
Read to Succeed	1,115	1,115
Born Learning Trail	633	633
Volunteer Program	6,753	-
Total with donor restrictions	<u>\$ 101,465</u>	<u>\$ 105,427</u>

Net assets without donor restrictions for the years ended March 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 942,901	\$ 866,705
Board designated for reserves	1,086,123	909,654
Board designated for community development grants	16,924	16,924
Total without donor restrictions	<u>\$ 2,045,948</u>	<u>\$ 1,793,283</u>

NOTE 11 – 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>2022</u>	<u>2021</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 723,789	\$ 457,860
Certificate of deposits	65,613	86,015
Investments	714,510	755,912
Pledges receivable	582,762	620,233
Less contractual or donor-imposed restrictions:		
Net assets with donor restrictions	(101,465)	(105,427)
Board designated for community development grants	<u>(16,924)</u>	<u>(16,924)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,968,285</u>	<u>\$ 1,797,669</u>

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS-CONTINUED

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.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 21, 2022, which is the date the financial statements were available to be issued.