

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
MARCH 31, 2023 AND 2022

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HOLT & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' 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, 2023 and 2022, 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, 2023 and 2022, 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.

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 27, 2023

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023 AND 2022

EXHIBIT A

	2023	2022
Assets		
Cash and cash equivalents	\$ 656,609	\$ 723,789
Certificates of deposit	-	65,613
Investments	671,919	714,510
Pledges receivable, net	560,141	582,761
Prepaid insurance	4,990	-
Property and equipment, net	98,960	110,408
Total assets	\$ 1,992,619	\$ 2,197,081
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 13,393	\$ 15,757
Accounts payable - agency allocations (designated)	42,596	33,911
Total liabilities	55,989	49,668
Net assets		
Without donor restrictions:		
Board designated	1,073,236	1,102,617
Undesignated	752,651	942,901
With donor restrictions	110,743	101,895
Total net assets	1,936,630	2,147,413
Total liabilities and net assets	\$ 1,992,619	\$ 2,197,081

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, 2023 AND 2022 **EXHIBIT B**

	March 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Support			
Contributions	\$ 747,157	\$ -	\$ 747,157
In-kind contributions	9,112	374	9,486
Less: donor designations	(33,911)	-	(33,911)
Less: allowance for uncollectible pledges	(1,791)	-	(1,791)
Total support	720,567	374	720,941
Other revenues			
Grants	-	24,500	24,500
Net investment income	(40,878)	21	(40,857)
Fundraising events income	212,874	17,075	229,949
Other income	1,626	41,457	43,083
Net assets released from restrictions			
Satisfaction of program restrictions	74,579	(74,579)	-
Total other revenues	248,201	8,474	256,675
Total support and other revenues	968,768	8,848	977,616
Expenses:			
Program services:			
Social and community services	816,329	-	816,329
Supporting services:			
Fundraising and development	211,273	-	211,273
Management and general	160,797	-	160,797
Total expenses	1,188,399	-	1,188,399
Change in net assets	(219,631)	8,848	(210,783)
Net assets at beginning of year	2,045,518	101,895	2,147,413
Net assets at end of year	\$ 1,825,887	\$ 110,743	\$ 1,936,630

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, 2023 AND 2022 **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	216,797	14,145	230,942
Other income	-	3,732	3,732
Net assets released from restrictions			
Satisfaction of program restrictions	126,727	(126,727)	-
Total other revenues	352,118	(3,782)	348,336
Total support and other revenues	1,322,754	(3,532)	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	252,235	(3,532)	248,703
Net assets at beginning of year	1,793,283	105,427	1,898,710
Net assets at end of year	\$ 2,045,518	\$ 101,895	\$ 2,147,413

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, 2023 AND 2022

EXHIBIT C

	<u>Fiscal Year Ended March 31, 2023</u>				<u>Fiscal Year Ended March 31, 2022</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	\$ 542,748	\$ -	\$ -	\$ 542,748	\$ 524,390	\$ -	\$ -	\$ 524,390
Salaries	145,963	72,898	68,857	287,718	105,174	71,873	67,558	244,605
Legal and accounting	548	-	10,402	10,950	548	-	10,402	10,950
Campaign supplies	254	5,934	293	6,481	331	5,797	1,989	8,117
Marketing	595	595	298	1,488	1,854	1,854	927	4,635
Auto	743	1,062	319	2,124	342	488	146	976
Depreciation	-	-	11,447	11,447	-	-	11,169	11,169
Retirement plan and employee benefits	21,414	17,120	16,008	54,542	19,278	15,874	15,656	50,808
Building and equipment maintenance	1,588	17,288	7,890	26,766	817	10,055	4,659	15,531
Fair share to United Way	5,618	5,618	-	11,236	15,748	-	-	15,748
Insurance	730	-	6,571	7,301	710	-	6,391	7,101
Miscellaneous	-	-	3,330	3,330	-	-	2,944	2,944
Office supplies and printing	166	498	166	830	278	833	278	1,389
Meetings and conferences	6,043	3,626	2,417	12,086	2,883	1,730	1,153	5,766
Payroll taxes	11,647	6,381	5,715	23,743	8,087	5,509	5,185	18,781
Organizational dues	384	192	192	768	431	216	216	863
Utilities	4,154	5,968	3,285	13,407	3,689	5,333	2,941	11,963
100K Payday event	23,608	70,823	23,607	118,038	-	90,866	22,716	113,582
Other United Way programs	50,126	-	-	50,126	21,201	-	-	21,201
Touch-A-Truck	-	250	-	250	-	-	-	-
Power of the Purse	-	3,020	-	3,020	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 816,329</u>	<u>\$ 211,273</u>	<u>\$ 160,797</u>	<u>\$ 1,188,399</u>	<u>\$ 705,761</u>	<u>\$ 210,428</u>	<u>\$ 154,330</u>	<u>\$ 1,070,519</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, 2023 AND 2022 **EXHIBIT D**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (210,783)	\$ 248,703
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,447	11,169
Net realized and unrealized (gains) losses on investments	66,936	25,220
Decrease in pledges receivable, net	22,620	37,472
(Increase) in prepaid insurance	(4,990)	-
Increase (decrease) in accounts payable and accrued liabilities	(2,364)	6,954
Increase (decrease) in accounts payable - agency allocations (designated)	8,685	(34,425)
Increase (decrease) in refundable advances	<u>-</u>	<u>(58,747)</u>
Net cash provided by operating activities	<u>(108,449)</u>	<u>236,346</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(7,000)
Proceeds from sales of investments	70,071	191,552
Purchase of investments	(28,802)	(175,371)
Redemption of certificates of deposit	<u>-</u>	<u>20,402</u>
Net cash provided by investing activities	<u>41,269</u>	<u>29,583</u>
Net change in cash and cash equivalents	(67,180)	265,929
Cash and cash equivalents, beginning of year	<u>723,789</u>	<u>457,860</u>
Cash and cash equivalents, ending of year	<u>\$ 656,609</u>	<u>\$ 723,789</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, 2023 AND 2022

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, 2023 AND 2022

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 2019. 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, 2023 and 2022.

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

As of March 31, 2022, The Organization had one certificate of deposit that matured March 2023. The certificate bore 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, 2023 AND 2022

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.

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).

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements- (Continued)

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARDS

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 effect the provisions of ASU 2020-07 had on the financial statements for fiscal year ending March 31, 2023, and no material restatement was required.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

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 effect the provisions of ASU 2016-02 had on the financial statements for fiscal year ending March 31, 2023, and no material restatement is required.

NOTE 3 – INVESTMENTS

The following is a summary of investments at March 31, 2023 and 2022:

	2023	2022
Equity funds	\$ 410,793	\$ 434,224
Bond funds	158,509	172,772
Marketable alternatives	102,617	107,514
Total	\$ 671,919	\$ 714,510

As of March 31, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
In one year or less	\$ 602,302	\$ 626,714
Less: allowance for uncollectible pledges	(42,161)	(43,953)
Total	\$ 560,141	\$ 582,761

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

NOTE 5 – SUMMARY OF PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 218,659	\$ 218,659
Furniture and equipment	<u>73,537</u>	<u>119,417</u>
	292,196	338,076
Less accumulated depreciation	<u>(193,236)</u>	<u>(227,668)</u>
	<u>\$ 98,960</u>	<u>\$ 110,408</u>

Depreciation expense for the fiscal years ended March 31, 2023 and 2022 is \$11,447 and \$11,169, respectively.

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, 2023 and 2022, the Organization contributed 10 percent for each qualified employee, resulting in contributions to the plan of \$28,313 and \$24,140, respectively.

During fiscal year ended March 31, 2023 and 2022, the Plan had operating expenses of \$480 and \$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 \$202,479 and \$175,472 at March 31, 2023 and 2022, 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.

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

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. On July 10, 2021, the loan was fully forgiven and is reported as grants in the statement of activities as of March 31, 2022.

NOTE 10 – NET ASSETS

Net assets with donor restrictions for the years ended March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Disaster and recovery	\$ 48,736	\$ 48,736
Bank on Hattiesburg	11,109	13,569
Imagination Library	37,965	28,851
Community Baby Shower	2,858	1,807
Read to Succeed	1,115	1,115
Born Learning Trail	633	633
Volunteer Program	3,897	6,753
Community Literacy	1,029	431
Excel by 5	3,401	-
Total with donor restrictions	<u>\$ 110,743</u>	<u>\$ 101,895</u>

Net assets without donor restrictions for the years ended March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 752,651	\$ 942,901
Board designated for reserves	1,007,807	1,085,693
Board designated for community development grants	65,429	16,924
Total without donor restrictions	<u>\$ 1,825,887</u>	<u>\$ 2,045,518</u>

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

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.

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.

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 656,609	\$ 723,789
Certificate of deposits	-	65,613
Investments	671,919	714,510
Pledges receivable	560,141	582,762
Less contractual or donor-imposed restrictions:		
Net assets with donor restrictions	(110,743)	(101,895)
Board designated for community development grants	<u>(65,429)</u>	<u>(16,924)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,712,497</u>	<u>\$ 1,967,855</u>

UNITED WAY OF SOUTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

NOTE 12 - IN-KIND CONTRIBUTIONS

For the years ended March 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	2023	2022
Meeting spaces	\$ 800	\$ 2,550
Advertising	3,150	1,860
Pest control	268	268
Food	324	528
Accounting services	1,575	1,550
Donated Auction Items	3,120	-
Event support services	250	250
 Total In-Kind Contributions	 \$ 9,486	 \$ 7,006

Contributed meeting spaces are reasonably located and provide ample space to host different meetings in a generic setting. Contributed spaces are recognized at fair value based on current meeting space rates.

Pest control is provided by professional pest control services and is recognized at fair value based on the company's current service rates.

Contributed food and advertising are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution.

Contributed accounting services are provided by a professional accounting firm who assists in auditing an event that sources a large portion of the annual contribution income. The value is recognized based on the firm's ongoing rates.

Donated auction items were valued at the sale price received.

Unrestricted gifts-in-kind received during the years ended March 31, 2023 and 2022 were \$9,112 and \$6,756, respectively. Restricted gifts-in-kind received during the years ended March 31, 2023 and 2022 were \$374 and \$250, respectively.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 27, 2023, which is the date the financial statements were available to be issued.