

United Way of Northeast Mississippi

2016 Annual Report



**United Way
of Northeast Mississippi**

**UNITED WAY OF NORTHEAST
MISSISSIPPI, INC.
FINANCIAL STATEMENTS
September 30, 2016**

M. M. WINKLER & ASSOCIATES, PLLC
Certified Public Accountants
Tupelo, Mississippi

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M. M. WINKLER & ASSOCIATES, PLLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Northeast Mississippi, Inc.
Tupelo, Mississippi

We have audited the accompanying financial statements of United Way of Northeast Mississippi, Inc. (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2016 and 2015, and the related statements of activities and changes in net assets, 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 and schedules 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.

INDEPENDENT AUDITORS' REPORT

-Continued-

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northeast Mississippi, Inc. as of September 30, 2016 and 2015, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Allocations/Grants are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

M. M. Winkler & Associates, PLLC

Tupelo, Mississippi
December 16, 2016

UNITED WAY OF NORTHEAST MISSISSIPPI, INC
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 175,318	\$ 215,730
Investments	677,266	620,796
Pledges Receivable, net	528,748	489,756
Future Year Pledges Receivable, net	342,441	267,586
Prepaid Expenses	5,450	5,261
Inventory - Community Service	608	0
Total Current Assets	\$ 1,729,831	\$ 1,599,129
DESIGNATED ENDOWMENT ASSETS		
Cash and Cash Equivalents	\$ 3,707	\$ 3,221
Investments	148,931	137,054
Total Designated Endowment Assets	\$ 152,638	\$ 140,275
PROPERTY AND EQUIPMENT		
Office Equipment	\$ 91,960	\$ 92,585
Less: Accumulated Depreciation	84,282	83,587
Net Property and Equipment	\$ 7,678	\$ 8,998
TOTAL ASSETS	\$ 1,890,147	\$ 1,748,402
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,901	\$ 4,859
Accrued Expenses	12,989	12,018
Total Current Liabilities	\$ 16,890	\$ 16,877
NET ASSETS		
Unrestricted Net Assets:		
Undesignated	\$ 1,194,851	\$ 1,015,542
Designated Endowment	152,638	140,275
Total Unrestricted Net Assets	\$ 1,347,489	\$ 1,155,817
Temporarily Restricted Net Assets	525,768	575,708
Total Net Assets	\$ 1,873,257	\$ 1,731,525
TOTAL LIABILITIES AND NET ASSETS	\$ 1,890,147	\$ 1,748,402

The accompanying Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended September 30, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
Public Support:		
Undesignated:		
Contributions	\$ 1,561,737	\$ 1,610,581
Net Assets Released from Time Restrictions	575,708	638,278
Total Undesignated	\$ 2,137,445	\$ 2,248,859
Total Public Support	\$ 2,137,445	\$ 2,248,859
Revenue:		
Grant from Government Agency	\$ 293	\$ 709
Special Events	60,486	45,426
Service and Subscription Fees	26,700	22,923
Net Realized and Unrealized Gain (Losses) on Investments	46,706	(34,690)
Gain (Loss) on Disposal of Equipment	0	78
Interest and Dividends	30,357	29,683
Total Revenue	\$ 164,542	\$ 64,129
Total Public Support and Revenue	\$ 2,301,987	\$ 2,312,988
Expenses:		
Program Services:		
Allocations/Grants	\$ 1,478,580	\$ 1,557,468
Community Services	102,043	268,751
Supporting Services:		
Unallocated Payment to Affiliated Organization	27,010	24,521
Designated Endowment	1,180	1,127
Fund Raising	192,994	184,227
Management and General	308,508	301,465
Total Expenses	\$ 2,110,315	\$ 2,337,559
Increase (Decrease) in Unrestricted Net Assets	\$ 191,672	\$ (24,571)

The accompanying Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended September 30, 2016 and 2015

	2016	2015
TEMPORARILY RESTRICTED NET ASSETS		
Support - Future Year Contributions	\$ 525,768	\$ 575,708
Tornado Relief Donations	0	146,683
Net Assets Released from Time Restrictions	(575,708)	(638,278)
 Increase (Decrease) in Temporarily Restricted Net Assets	 \$ (49,940)	 \$ 84,113
 TOTAL INCREASE (DECREASE) IN NET ASSETS	 \$ 141,732	 \$ 59,542
 NET ASSETS - Beginning of Year	 1,731,525	 1,671,983
 NET ASSETS - End of Year	 \$ 1,873,257	 \$ 1,731,525

The accompanying Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2016

	Community Services	Designated Endowment	Fund Raising	Management and General	Total Expenditures 9/30/16
Salaries and Related Expenses:					
Salaries	\$ 41,104	\$ 0	\$ 76,950	\$ 172,705	\$ 290,759
Payroll Taxes	3,144	0	5,887	13,515	22,546
Employee Benefits	9,531	0	18,883	47,117	75,531
Total Salaries and Related Expenses	\$ 53,779	\$ 0	\$ 101,720	\$ 233,337	\$ 388,836
Legal and Accounting	0	0	0	9,996	9,996
Supplies and Printing	578	0	13,124	8,875	22,577
Postage	0	0	1,884	1,341	3,225
Internet	0	0	0	2,029	2,029
Telephone	0	0	0	3,745	3,745
Travel	746	0	7,876	457	9,079
Insurance and Bond	0	0	0	3,088	3,088
Meeting Expense	1,137	0	8,499	182	9,818
Subscriptions	0	0	0	3,873	3,873
Conference and Training	0	0	0	96	96
Advertising	0	0	10,722	0	10,722
Equipment Rental and Maintenance	0	0	0	5,644	5,644
Data Maintenance Services	0	0	0	13,249	13,249
Rent	2,813	0	5,291	11,565	19,669
Brokerage Fees	0	1,180	0	4,951	6,131
Awards	905	0	916	0	1,821
Giveaways	0	0	37,491	0	37,491
Back to School Fair	42,085	0	0	0	42,085
Fund Raising Event	0	0	5,471	0	5,471
Payment to Affiliated Organization	0	0	0	27,010	27,010
Total before Depreciation	\$ 102,043	\$ 1,180	\$ 192,994	\$ 329,438	\$ 625,655
Depreciation	0	0	0	6,080	6,080
Total Expenses	\$ 102,043	\$ 1,180	\$ 192,994	\$ 335,518	\$ 631,735

The accompanying Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2015

	Community Services	Designated Endowment	Fund Raising	Management and General	Total Expenditures 9/30/15
Salaries and Related Expenses:					
Salaries	\$ 52,815	\$ 0	\$ 66,169	\$ 165,366	\$ 284,350
Payroll Taxes	4,356	0	5,062	13,582	23,000
Employee Benefits	11,173	0	16,089	45,650	72,912
Total Salaries and Related Expenses	\$ 68,344	\$ 0	\$ 87,320	\$ 224,598	\$ 380,262
Legal and Accounting	0	0	0	9,612	9,612
Supplies and Printing	530	0	21,753	9,082	31,365
Postage	0	0	2,625	1,938	4,563
Intertnet	0	0	0	1,989	1,989
Telephone	0	0	0	4,026	4,026
Travel	647	0	8,988	241	9,876
Insurance and Bond	0	0	0	2,968	2,968
Meeting Expense	1,142	0	8,504	474	10,120
Subscriptions	0	0	0	4,123	4,123
Conference and Training	0	0	0	542	542
Advertising	0	0	13,130	0	13,130
Equipment Rental and Maintenance	0	0	0	6,459	6,459
Data Maintenance Services	0	0	0	13,388	13,388
Rent	3,197	0	4,013	9,794	17,004
Brokerage Fees	0	1,127	0	5,011	6,138
Awards	917	0	1,345	0	2,262
Giveaways	0	0	36,549	0	36,549
Back to School Fair	41,353	0	0	0	41,353
Tornado Disaster Relief	152,621	0	0	0	152,621
Payment to Affiliated Organization	0	0	0	24,521	24,521
Total before Depreciation	\$ 268,751	\$ 1,127	\$ 184,227	\$ 318,766	\$ 772,871
Depreciation	0	0	0	7,220	7,220
Total Expenses	\$ 268,751	\$ 1,127	\$ 184,227	\$ 325,986	\$ 780,091

The accompanying Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC
STATEMENT OF CASH FLOWS

For the Years Ended September 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ <u>141,732</u>	\$ <u>59,542</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided By (Used in) Operating Activities:		
Depreciation	\$ 6,080	\$ 7,220
Net Realized and Unrealized (Gains) Losses on Investments	(46,706)	34,690
Gain on Disposal of Equipment	0	(78)
(Increase) Decrease in Operating Assets:		
Pledges Receivable	(38,992)	(13,377)
Future Year Pledges Receivable	(74,855)	(10,422)
Prepaid Expenses	(189)	129
Inventory - Community Service	(608)	0
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(958)	(1,272)
Accrued Expenses	<u>971</u>	<u>(16)</u>
Total Adjustments	\$ <u>(155,257)</u>	\$ <u>16,874</u>
Net Cash Flows Provided By (Used in) Operating Activities	\$ <u>(13,525)</u>	\$ <u>76,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Securities	\$ (211,081)	\$ (61,808)
Proceeds from Sale of Securities	189,440	72,155
Proceeds from Sale of Equipment	0	138
Purchases of Equipment	<u>(4,760)</u>	<u>(2,206)</u>
Net Cash Flows Provided By (Used In) Investing Activities	\$ <u>(26,401)</u>	\$ <u>8,279</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (39,926)	\$ 84,695
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>218,951</u>	<u>134,256</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 179,025</u>	<u>\$ 218,951</u>
SUPPLEMENTAL INFORMATION:		
Unrealized Gain (Loss) on Investments	\$ (22,787)	\$ (60,942)

The accompanying Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MISSION STATEMENT AND ACTIVITY

The United Way of Northeast Mississippi, Inc. (United Way of Northeast Mississippi) is a not-for-profit agency whose mission is to increase the overall quality of life for those who live in the region. To accomplish its mission, the United Way of Northeast Mississippi conducts an annual fund raising campaign, and distributes resources to various not-for-profit agencies. The majority of the pledges are received from donors who live in Lee County, Prentiss County, Chickasaw County, Union County, Itawamba County, Tishomingo County, Pontotoc County, and the surrounding area. The United Way of Northeast Mississippi is a member of United Way Worldwide and pays an annual membership based on allocation of contributions received from the public. The United Way of Northeast Mississippi is governed by a volunteer Board of Directors that both evaluates and helps the agency fulfill its mission.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net Assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net Assets subject to donor-imposed restrictions that may or will be met by actions of United Way of Northeast Mississippi and/or the passage of time.

Permanently Restricted Net Assets - Net Assets subject to donor-imposed restrictions that they be maintained permanently by the United Way of Northeast Mississippi. Generally, the donors of these assets would permit United Way of Northeast Mississippi to use all or part of the income earned on any related investments as unrestricted or temporarily restricted net assets. No contributions have been received with donor-imposed restrictions that would result in permanently restricted net assets.

UNRESTRICTED NET ASSETS

Unrestricted Net Assets consist of Undesignated and the Designated Endowment. The Unrestricted Undesignated Net Assets have not been segregated by board approval for a specific purpose, project, or investment.

The Designated Endowment was established by action of the Board of Directors on October 14, 1999. Its goal is to provide income to pay the administrative costs of operating the United Way of Northeast Mississippi so that all funds raised by the community each year will go directly into agency programs as selected by United Way of Northeast Mississippi's fund distribution process.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

USE OF 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 judgments that affect the reported amounts and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

CONTRIBUTIONS AND REVENUE

Contributions are recognized when the donor makes a promise to give to United Way of Northeast Mississippi that is, in substance, unconditional. Unconditional promises to give (pledges) due in the next year are reflected at their estimated net realizable value.

The estimated net realizable values of pledges receivable at September 30, 2016 and 2015, have been determined by using an initial uncollectible rate of 7% and 8%, respectively, of pledges to reduce contributions and designated pledges by \$ 184,762 and \$ 202,214, respectively. The estimated net realizable values of future year pledges receivable at September 30, 2016 and 2015, have been determined by using an initial uncollectible rate of 7% and 8%, respectively, of pledges to reduce future year contributions by \$ 39,574 and \$50,062, respectively. The initial uncollectible rates are based on the uncollected rates of previous campaigns.

The allowance method is used to report uncollectible unconditional promises to give (pledges receivable) arising from subsequent decreases due to changes in the quantity of assets expected to be received. The allowance for doubtful accounts is \$ -0- and \$ -0- at September 30, 2016 and 2015, respectively.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of September 30, 2016 and 2015, United Way of Northeast Mississippi had received no conditional promises to give.

All contributions and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are designated for future periods are reported as temporarily restricted support that increases the temporarily restricted net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets.

Pledges received by the United Way of Northeast Mississippi where the donor has specified another entity as the ultimate recipient, are not recognized in the Organization's net revenues. These amounts are recognized as a liability to the designated organization net of uncollectible pledges and administrative fees upon receipt.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

CONTRIBUTED SERVICES

No amounts are reflected in the statements for contributed services since no services met the criteria for recognition as stated in FASB ASC 958-605-25-16 (i.e., such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation). Nevertheless, a substantial number of volunteers donated significant amounts of their time in the organization's fund-raising campaign and fund distribution.

CASH EQUIVALENTS

For purposes of reporting financial position and cash flows, United Way of Northeast Mississippi considers all unrestricted demand deposits, money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents.

INVESTMENTS

The financial statement presentation of United Way of Northeast Mississippi follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards FASB ASC 958-320-35-1, "*Accounting for Certain Investments Held by Not-for-Profit Organizations*". Under FASB ASC 958-320-35-1, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

PROPERTY AND EQUIPMENT

Office equipment is carried at cost. Office equipment with a life that extends beyond one year is capitalized and is depreciated from the date placed in service using the straight-line method over an estimated useful life from two to ten years.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the programs and activities of United Way of Northeast Mississippi have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted based on time. During the years ended September 30, 2016 and 2015, United Way of Northeast Mississippi allocated salaries and related expenses and rent of \$ 408,505 and \$ 397,266, respectively, to Community Services, Fund Raising, and Management and General as presented in the Statement of Functional Expenses.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
- Continued -

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

TAX STATUS

United Way of Northeast Mississippi is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is provided in their financial statements. However, any income from certain activities not directly related to the Organization's tax exempt purpose would be subject to taxation as unrelated business income.

ADVERTISING

Advertising costs are expensed as incurred. Total advertising cost expensed for the years ended September 30, 2016 and 2015, was \$ 10,722 and \$ 13,130, respectively.

FAIR VALUE MEASUREMENTS

United Way of Northeast Mississippi adopted FASB ASC 820-10 "Fair Value Measurements". It establishes a single definition of fair value and a framework for measuring fair value in GAAP that is intended to result in increased consistency and comparability in fair value measurements. FASB ASC 820-10 also expands disclosures about fair value measurements. FASB ASC 820-10 applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value.

NOTE 2. CONCENTRATION OF CREDIT RISK

United Way of Northeast Mississippi maintains cash balances at various financial institutions. In the normal course of business, United Way of Northeast Mississippi may have deposits that exceed the insured balance. Amounts in excess of insured limits were \$ -0- and \$ -0- at September 30, 2016 and 2015, respectively.

Credit risk for pledges receivable is concentrated as well because substantially all of the balances are receivable from business and individuals located within the same geographic region. Approximately 33% of the 2016 campaign were pledges from three corporate and employee campaigns.

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
- Continued -

NOTE 3. FAIR VALUE OF INVESTMENTS

The investments of United Way of Northeast Mississippi, none of which are held for trading purposes, are comprised of investments in mutual funds. The investments are recorded at fair value.

Summary information about the investments for the years ended September 30, 2016 and 2015, is as follows:

	September 30, 2016	September 30, 2015
Equity Securities	\$ 584,345	\$ 525,048
Debt Securities	241,852	232,802
Total Securities	\$ 826,197	\$ 757,850

Unrealized gains on investments of \$ -0- and \$ -0- were recognized for the years ended September 30, 2016 and 2015, respectively. Unrealized losses on investments of \$ 22,787 and \$ 60,942 were recognized for the years ended September 30, 2016 and 2015, respectively.

Proceeds from sale of securities during the year ended September 30, 2016 and 2015, were \$ 189,440 and \$ 72,155, respectively. Gross gains of \$ 69,493 and \$ 26,252 were realized on those sales, respectively. Gross losses of \$ -0- and \$ -0- were realized on those sales, respectively.

The underlying investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the balance sheet and the statement of activities and changes in net assets.

FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at September 30, 2016 and 2015 are as follows:

September 30, 2016	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities	\$ 826,197	\$ 826,197	\$ -0-	\$ -0-

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
- Continued -

NOTE 3. FAIR VALUE OF INVESTMENTS - Continued

FAIR VALUE MEASUREMENTS -- Continued

September 30, 2015	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities	\$ 757,850	\$ 757,850	\$ -0-	\$ -0-

NOTE 4. DESIGNATED ENDOWMENT

As of September 30, 2015, the Board of Directors had designated \$ 152,638 of unrestricted net assets as a general endowment fund to help support the administrative costs of operating the United Way of Northeast Mississippi, Inc. Since the amount is from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

United Way of Northeast Mississippi has established a Committee to determine the uses and purposes to expend the income and or principal of the Board Designated Endowment. The committee's determinations require the Board of Directors approval.

United Way of Northeast Mississippi has adopted an investment policy. Designated endowment assets are invested in a diversified asset mix, which includes equity and debt securities. The goal of the portfolio is to achieve a total return for each investment option that is greater than fifty percent of its peers.

Composition of and changes in designated endowment net assets for the year ended September 30, 2016 were as follow:

Board-Designated Endowment Net Assets, Beginning of Year	\$ 140,275
Contributions	-0-
Investment Income	4,940
Realized/Unrealized Gains (Losses)	8,603
Amount Appropriated for Expenditure	-0-
Brokerage Fees	(1,180)
Board-Designated Endowment Net Assets, End of Year	\$ <u>152,638</u>

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
- Continued -

NOTE 5. EMPLOYEE BENEFIT PLANS

United Way of Northeast Mississippi has a defined contribution plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering the employees. As, employer, United Way of Northeast Mississippi contributes a maximum of 300% of employees contributions that are not in excess of 2.5% of employees compensation. The matching contribution is subject to a 3 year cliff vesting schedule. Employees may elect to defer up to 100% of their compensation on a pre-tax basis. However, federal law limits the amount employees may elect to defer under the plan.

Total contributions to the plan for the years ended September 30, 2016 and 2015, were \$ 21,157 and \$21,900, respectively.

NOTE 6. ACCRUED VACATIONS

Employees of United Way of Northeast Mississippi are entitled to paid vacation depending on length of service and other factors. At September 30, 2016 and 2015, the value of accumulated vacation leave is estimated at \$ 12,989 and \$ 12,018 respectively, and has been accrued.

NOTE 7. LEASES

The organization leases its copier under an operating lease. Rental expense for the years ended September 30, 2016 and 2015, totaled \$ 4,183 and \$ 4,881, respectively.

The following is a schedule, by year ending September 30, of minimum future rentals under the lease:

Year Ending September 30, 2017	\$ 4,183
Year Ending September 30, 2018	4,183
Year Ending September 30, 2019	4,183
Year Ending September 30, 2020	<u>2,091</u>
	\$ <u>14,640</u>

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2016, the date on which the financial statements were available to be issued. Management has determined that there are no reportable subsequent events.

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UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
SCHEDULES OF ALLOCATIONS/GRANTS
For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Agape Health Services, Inc.	\$ 17,275	\$ 14,612
American Red Cross, Northeast Mississippi Chapter	98,903	97,809
Association for Excellence in Education (AEE)	15,000	15,000
Autism Center of Tupelo	53,675	41,800
Backpack Ministry of Tishomingo County	3,637	-0-
Banah Pregnancy Testing Center	7,670	5,222
Big Brothers/ Big Sisters of Northeast Mississippi	11,883	13,000
Boy Scouts, Yocona Area Council	91,795	90,310
Boys' and Girls' Club of North Mississippi	115,725	114,125
Boys' and Girls' Club of Northeast Mississippi (Baldwyn Unit)	20,103	19,837
Boys' and Girls' Club of Northeast Mississippi (Booneville Unit)	23,150	21,612
Boys' and Girls' Club of Northeast Mississippi (Iuka Unit)	10,191	10,324
C.A.S.A. (Church After School Association, Inc.)	11,000	10,250
CATCH Kids, Inc.	44,238	42,000
CDF Charities, Inc. / COPES Program	17,500	17,250
El Centro, Inc.	11,500	10,750
Excel, Inc.	18,700	14,337
Exceptional Progress in Education Through Curriculum & Technology (ExPECT)	19,500	19,125
F.A.I.T.H. (Food Available In This House) Food Pantry	24,538	23,622
Faith Haven Inc.	68,545	68,875
Family Resource Center of Northeast Mississippi	42,513	40,875
Food Depot of Tishomingo County	4,812	5,000
Fulton United Methodist Food Pantry	20,000	20,000
Girl Scouts Heart of the South	51,937	52,325
Good Samaritan Health Services (Free Clinic)	46,000	46,000
Habitat for Humanity of Houston, MS, Inc.	9,675	3,963
Habitat for Humanity of Itawamba, MS, Inc	170	750
Habitat for Humanity of Northeast Mississippi	68,250	67,437
Habitat for Humanity of Pontotoc	12,250	10,250
Harden House	10,250	8,680
Healthcare Foundation of North Mississippi/ Camp Blue Bird	2,062	-0-
Camp Breath Ezzzzz	12,725	13,263
Cancer Center Patient Assistance Fund	5,161	6,157
Diabetes Treatment Center Assistance Fund	11,663	10,488
Heart Institute Patient Assistance Fund	3,528	3,438
Hospice Patient Assistance Fund	5,956	5,716
Social Work Assistance Fund	20,575	21,463
Helpful Samaritan Food Pantry	3,312	3,500

- Continued -

UNITED WAY OF NORTHEAST MISSISSIPPI, INC.
SCHEDULES OF ALLOCATIONS/GRANTS
For the Years Ended September 30, 2016 and 2015

- Continued -

	<u>2016</u>	<u>2015</u>
Hope Family Ministries, Inc.	\$ 7,731	\$ 7,504
Itawamba County 4-H Clubs	2,788	2,450
Itawamba United Methodist Food Pantry West	15,000	15,000
Junior Auxiliary of Tishomingo County	1,250	1,072
Lee County 4-H Clubs	22,000	21,500
L.I.F.E. (Living Independence For Everyone) of Mississippi, Inc.	23,563	31,700
Lighthouse Enrichment Center	-0-	1,000
Meals on Wheels	65,250	61,750
Mission Okolona Food Pantry	5,000	4,250
National Council on Alcoholism & Drug Dependence (Northeast Mississippi) NCADD	65,075	62,163
New Haven Center for Special Needs Adults	18,750	24,125
North Mississippi Kidney Foundation	16,073	16,263
Okolona Community Dollars for Scholars	4,000	3,625
Parkgate Pregnancy Clinic, Inc.	15,787	15,106
Prentiss County 4-H Clubs	7,625	8,000
Regional Rehabilitation Center, Inc.	54,813	48,750
S.A.F.E., Inc. (Shelter and Assistance in Family Emergencies)	84,297	81,675
Saints' Brew	5,750	3,750
Sally Kate Winters' Family Services	5,266	4,667
St. Luke Food Pantry	10,750	10,425
Shepherd's Center of Tupelo	11,500	6,125
Special Education and Handicapped Bowling Association	12,397	22,462
Sunday Fund, MMSS, Inc.	12,500	10,000
The Salvation Army	174,625	238,525
The Salvation Army – Chickasaw	16,200	20,050
The Salvation Army – Pontotoc	18,000	17,000
Three Rivers Area Agency on Aging	10,875	5,125
Tishomingo County 4-H	2,000	1,875
Union County Good Samaritan Center	16,000	15,750
Weekend Backpack Program	2,370	-0-
Weston Reed Foundation	6,321	6,255
Women First Resource Center	36,162	34,413
United Way of the Capital Area - 211 Funding	-0-	10,000
Allocations/Grants	<u>\$ 1,765,085</u>	<u>\$ 1,781,520</u>
Less Designated Campaign Pledges	<u>286,505</u>	<u>224,052</u>
TOTAL ALLOCATIONS/GRANTS	<u><u>\$ 1,478,580</u></u>	<u><u>\$ 1,557,468</u></u>

United Way of Northeast Mississippi 2017 Board of Directors

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