

**UNITED WAY OF NORTHEAST  
MISSISSIPPI, INC.  
FINANCIAL STATEMENTS**  
September 30, 2018

***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, 2018 and 2017, 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 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, 2018 and 2017, 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 27, 2018

**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.****STATEMENTS OF FINANCIAL POSITION**

September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 116,635	\$ 133,267
Investments	753,580	734,422
Pledges Receivable, net	535,724	601,111
Future Year Pledges Receivable, net	795,350	314,132
Prepaid Expenses	5,843	5,593
Inventory - Community Service	1,410	1,465
Total Current Assets	<u>\$ 2,208,542</u>	<u>\$ 1,789,990</u>
<b>DESIGNATED ENDOWMENT ASSETS</b>		
Cash and Cash Equivalents	\$ 8,124	\$ 4,483
Investments	<u>167,267</u>	<u>163,132</u>
Total Designated Endowment Assets	<u>\$ 175,391</u>	<u>\$ 167,615</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipment	\$ 103,295	\$ 105,310
Less: Accumulated Depreciation	<u>85,506</u>	<u>89,947</u>
Net Property and Equipment	<u>\$ 17,789</u>	<u>\$ 15,363</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,401,722</u></u>	<u><u>\$ 1,972,968</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 7,430	\$ 12,051
Accrued Expenses	<u>13,772</u>	<u>13,821</u>
Total Current Liabilities	<u>\$ 21,202</u>	<u>\$ 25,872</u>
<b>NET ASSETS</b>		
Unrestricted Net Assets:		
Undesignated	\$ 1,189,019	\$ 1,269,115
Designated Endowment	<u>175,391</u>	<u>167,615</u>
Total Unrestricted Net Assets	\$ 1,364,410	\$ 1,436,730
Temporarily Restricted Net Assets	<u>1,016,110</u>	<u>510,366</u>
Total Net Assets	<u>\$ 2,380,520</u>	<u>\$ 1,947,096</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,401,722</u></u>	<u><u>\$ 1,972,968</u></u>

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, 2018 and 2017

	2018	2017
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted Revenues and Gains:		
Contributions	\$ 1,605,596	\$ 1,638,940
Grant from Government Agency	776	789
Special Events	76,430	65,599
Service and Subscription Fees	16,720	18,381
Net Realized and Unrealized Gain (Losses) on Investments	13,758	60,657
Interest and Dividends	33,879	22,966
Total Unrestricted Revenue and Gains	\$ 1,747,159	\$ 1,807,332
Net Assets Released from Time Restrictions	510,366	525,768
Total Unrestricted Revenue and Gains and Other Support	\$ 2,257,525	\$ 2,333,100
Expenses:		
Program Services:		
Allocations/Grants	\$ 1,475,139	\$ 1,546,330
Community Services	173,724	141,103
Supporting Services:		
Unallocated Payment to Affiliated Organization	26,359	27,231
Designated Endowment	1,454	1,192
Fund Raising	233,193	228,364
Management and General	419,976	299,639
Total Expenses	\$ 2,329,845	\$ 2,243,859
Increase (Decrease) in Unrestricted Net Assets	\$ (72,320)	\$ 89,241

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, 2018 and 2017

-Continued-

	2018	2017
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support - Future Year Contributions	\$ 995,625	\$ 501,044
Community Projects	20,485	9,322
Net Assets Released from Time Restrictions	(510,366)	(525,768)
 Increase (Decrease) in Temporarily Restricted Net Assets	 \$ 505,744	 \$ (15,402)
 TOTAL INCREASE (DECREASE) IN NET ASSETS	 \$ 433,424	 \$ 73,839
 NET ASSETS - Beginning of Year	 1,947,096	 1,873,257
 NET ASSETS - End of Year	 \$ 2,380,520	 \$ 1,947,096

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, 2018

	Community Services	Designated Endowment	Fund Raising	Management and General	Total Expenditures 9/30/2018
Salaries and Related Expenses:					
Salaries	\$ 94,402	\$ 0	\$ 99,372	\$ 186,206	\$ 379,980
Payroll Taxes	6,995	0	7,364	14,107	28,466
Employee Benefits	15,522	0	25,133	35,684	76,339
Total Salaries and Related Expenses	<u>\$ 116,919</u>	<u>\$ 0</u>	<u>\$ 131,869</u>	<u>\$ 235,997</u>	<u>\$ 484,785</u>
Legal and Accounting	0	0	0	10,900	10,900
Strategic Planning Expense	0	0	0	5,013	5,013
Supplies and Printing	1,195	0	18,439	8,808	28,442
Postage	0	0	1,550	1,496	3,046
Internet	440	0	839	1,307	2,586
Telephone	830	0	1,580	2,462	4,872
Travel	968	0	6,127	134	7,229
Insurance and Bond	0	0	0	2,958	2,958
Meeting Expense	2,006	0	4,845	1,790	8,641
Subscriptions	875	0	1,666	2,595	5,136
Conference and Training	0	0	0	7,665	7,665
Advertising	577	0	14,558	0	15,135
Equipment Rental and Maintenance	957	0	1,823	2,840	5,620
Data Maintenance Services	1,939	0	3,694	5,755	11,388
Rent	3,150	0	7,560	10,290	21,000
Brokerage Fees	0	1,454	0	5,814	7,268
Awards	1,300	0	142	0	1,442
Giveaways	468	0	32,540	0	33,008
Back to School Fair	37,761	0	0	0	37,761
Summer Food	4,339	0	0	0	4,339
Fund Raising Event	0	0	5,961	0	5,961
Payment to Affiliated Organization	0	0	0	26,359	26,359
Bad Debt Expense	0	0	0	107,949	107,949
Total before Depreciation	<u>\$ 173,724</u>	<u>\$ 1,454</u>	<u>\$ 233,193</u>	<u>\$ 440,132</u>	<u>\$ 848,503</u>
Depreciation	0	0	0	6,203	6,203
Total Expenses	<u><u>\$ 173,724</u></u>	<u><u>\$ 1,454</u></u>	<u><u>\$ 233,193</u></u>	<u><u>\$ 446,335</u></u>	<u><u>\$ 854,706</u></u>

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, 2017

	Community Services	Designated Endowment	Fund Raising	Management and General	Total Expenditures 9/30/2017
Salaries and Related Expenses:					
Salaries	\$ 63,548	\$ 0	\$ 92,404	\$ 166,038	\$ 321,990
Payroll Taxes	4,633	0	7,069	12,556	24,258
Employee Benefits	14,861	0	22,580	40,862	78,303
Total Salaries and Related Expenses	<u>\$ 83,042</u>	<u>\$ 0</u>	<u>\$ 122,053</u>	<u>\$ 219,456</u>	<u>\$ 424,551</u>
Legal and Accounting	0	0	0	10,500	10,500
Strategic Planning Expense	0	0	0	20,972	20,972
Supplies and Printing	304	0	19,000	7,250	26,554
Postage	0	0	2,780	1,002	3,782
Internet	702	0	654	1,028	2,384
Telephone	1,235	0	1,150	1,810	4,195
Travel	782	0	6,876	1,013	8,671
Insurance and Bond	0	0	0	2,287	2,287
Meeting Expense	1,362	0	10,714	692	12,768
Subscriptions	1,577	0	1,469	2,311	5,357
Conference and Training	0	0	0	358	358
Advertising	0	0	10,192	0	10,192
Equipment Rental and Maintenance	1,738	0	1,619	2,547	5,904
Data Maintenance Services	3,899	0	3,632	5,714	13,245
Rent	3,570	0	5,460	11,970	21,000
Brokerage Fees	0	1,192	0	5,063	6,255
Awards	780	0	98	0	878
Giveaways	0	0	38,521	0	38,521
Back to School Fair	41,112	0	0	0	41,112
Fund Raising Event	0	0	4,146	0	4,146
Tornado Disaster Relief	1,000	0	0	0	1,000
Payment to Affiliated Organization	0	0	0	27,231	27,231
Total before Depreciation	<u>\$ 141,103</u>	<u>\$ 1,192</u>	<u>\$ 228,364</u>	<u>\$ 321,204</u>	<u>\$ 691,863</u>
Depreciation	0	0	0	5,666	5,666
Total Expenses	<u><u>\$ 141,103</u></u>	<u><u>\$ 1,192</u></u>	<u><u>\$ 228,364</u></u>	<u><u>\$ 326,870</u></u>	<u><u>\$ 697,529</u></u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ <u>433,424</u>	\$ <u>73,839</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided By (Used in) Operating Activities:		
Depreciation	\$ 6,203	\$ 5,666
Net Realized and Unrealized (Gains) Losses on Investments	(13,758)	(60,657)
(Increase) Decrease in Operating Assets:		
Pledges Receivable	65,387	(72,363)
Future Year Pledges Receivable	(481,218)	28,309
Prepaid Expenses	(250)	(143)
Inventory - Community Service	55	(857)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(4,621)	8,150
Accrued Expenses	<u>(49)</u>	<u>832</u>
Total Adjustments	\$ <u>(428,251)</u>	\$ <u>(91,063)</u>
Net Cash Flows Provided By (Used in) Operating Activities	\$ <u>5,173</u>	\$ <u>(17,224)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Securities	\$ (93,523)	\$ (10,701)
Proceeds from Sale of Securities	83,988	0
Purchases of Equipment	<u>(8,629)</u>	<u>(13,350)</u>
Net Cash Flows Provided By (Used In) Investing Activities	\$ <u>(18,164)</u>	\$ <u>(24,051)</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (12,991)	\$ (41,275)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>137,750</u>	<u>179,025</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	\$ <u><u>124,759</u></u>	\$ <u><u>137,750</u></u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Unrealized Gain (Loss) on Investments	\$ <u><u>9,155</u></u>	\$ <u><u>60,657</u></u>

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, 2018 and 2017

**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, in substance, an unconditional promise to give to United Way of Northeast Mississippi, Inc. Pledges and Future Year Pledges Receivable are presented at net realizable value. The initial uncollectible allowance is recorded when the promises to contribute are made. The initial uncollectible allowance rates are based on previous campaigns collection experience and current economic conditions. The initial uncollectible allowance for pledges receivable totaled \$ 176,093 and \$ 177,987 at September 30, 2018 and 2017, respectively. Due to the change in the quantity of assets expected to be received from the 2018 Campaign, management recorded an additional uncollectible allowance of \$ 50,312. The initial uncollectible allowance for future year pledges receivable totaled \$ 98,468 and \$37,713 at September 30, 2018 and 2017, respectively.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of September 30, 2018 and 2017, 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, 2018 and 2017, United Way of Northeast Mississippi allocated salaries and related expenses, rent, telephone, internet, equipment and data maintenance services, and dues and subscriptions of \$ 500,675 and \$ 471,552, 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, 2018 and 2017, was \$ \$15,135 and \$ \$10,192, 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, 2018 and 2017, 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 26% of the 2018 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, 2018 and 2017, is as follows:

	September 30, 2018	September 30, 2017
Equity Securities	\$ 758,016	\$ 656,852
Debt Securities	162,831	240,702
Total Securities	\$ 920,847	\$ 897,554

Unrealized gains on investments of \$ 9,155 and \$ 60,657 were recognized for the years ended September 30, 2018 and 2017, respectively. Unrealized losses on investments of \$ -0- and \$ -0- were recognized for the years ended September 30, 2018 and 2017, respectively.

Proceeds from sale of securities during the year ended September 30, 2018 and 2017, were \$ 83,988 and \$ -0-, respectively. Gross gains of \$ 4,603 and \$ -0- 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, 2018 and 2017 are as follows:

September 30, 2018	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities	\$ <u>920,847</u>	\$ <u>920,847</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

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

- Continued -

**NOTE 3. FAIR VALUE OF INVESTMENTS - Continued**

**FAIR VALUE MEASUREMENTS – Continued**

September 30, 2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities	\$ 897,554	\$ 897,554	\$ -0-	\$ -0-

**NOTE 4. DESIGNATED ENDOWMENT**

As of September 30, 2018, the Board of Directors had designated \$ 175,391 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, 2018 were as follow:

Board –Designated Endowment Net Assets, Beginning of Year	\$ 167,615
Contributions	-0-
Investment Income	5,528
Realized/Unrealized Gains (Losses)	3,702
Amount Appropriated for Expenditure	-0-
Brokerage Fees	( 1,454 )
Board-Designated Endowment Net Assets, End of Year	\$ <u>175,391</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 three-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, 2018 and 2017, were \$ \$22,163 and \$22,808, 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, 2018 and 2017, the value of accumulated vacation leave is estimated at \$ 13,772 and \$ 13,821 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, 2018 and 2017, totaled \$ 4,183 and \$ 4,183, respectively.

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

Year Ending September 30, 2019	\$	4,183
Year Ending September 30, 2020		<u>2,091</u>
	\$	<u><u>6,274</u></u>

**NOTE 8. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 27, 2018, 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Agape Health Services, Inc.	\$ 16,726	\$ 16,450
American Red Cross, Northeast Mississippi Chapter	101,600	102,088
Association for Excellence in Education (AEE)	11,250	15,000
Autism Center of Tupelo	64,826	62,662
Backpack Ministry of Tishomingo County	5,000	4,963
Banah Pregnancy Testing Center	9,431	8,810
Big Brothers/ Big Sisters of Northeast Mississippi	11,750	12,253
Boy Scouts, Yocona Area Council	71,363	81,163
Boys' and Girls' Club of North Mississippi	91,313	94,763
Boys' and Girls' Club of Northeast Mississippi (Baldwyn Unit)	21,125	21,000
Boys' and Girls' Club of Northeast Mississippi (Booneville Unit)	23,150	23,150
Boys' and Girls' Club of Northeast Mississippi (Iuka Unit)	10,000	10,000
C.A.S.A. (Church After School Association, Inc.)	11,000	11,000
CATCH Kids, Inc.	40,975	42,125
CDF Charities, Inc. / COPEs Program	-0-	4,375
El Centro, Inc.	10,375	11,500
Excel, Inc.	15,674	19,444
Exceptional Progress in Education Through Curriculum & Technology (ExPECT)	15,750	19,500
F.A.I.T.H. (Food Available In This House) Food Pantry	27,500	26,833
Faith Haven Inc.	70,625	70,390
Family Resource Center of Northeast Mississippi	41,775	42,475
Fellowship of Christian Athletes	8,950	6,150
Food Depot of Tishomingo County	5,000	4,938
Fuller Center for Housing of Houston, MS, Inc.	17,150	-0-
Fulton United Methodist Food Pantry	19,250	20,000
Girl Scouts Heart of the South	31,463	38,888
Good Samaritan Health Services (Free Clinic)	41,250	45,250
Grace Full Hands (Weekend Meal Program)	1,750	-0-
Habitat for Humanity of Houston, MS, Inc.	-0-	14,175
Habitat for Humanity of Itawamba, MS, Inc	-0-	174
Habitat for Humanity of Northeast Mississippi	62,250	68,813
Habitat for Humanity of Pontotoc	13,000	13,000
Harden House	-0-	4,911
Healthcare Foundation of North Mississippi/ Camp Blue Bird	5,650	5,150
Camp Breath Ezzzze	2,712	11,212
Cancer Center Patient Assistance Fund	-0-	2,749
Diabetes Treatment Center Assistance Fund	9,508	12,447
Heart Institute Patient Assistance Fund	3,754	3,720
Hospice Patient Assistance Fund	6,827	7,331
Social Work Assistance Fund	18,850	19,212
Helpful Samaritan Food Pantry	3,500	3,437

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**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.**  
**SCHEDULES OF ALLOCATIONS/GRANTS**  
For the Years Ended September 30, 2018 and 2017

- Continued -

	<u>2018</u>	<u>2017</u>
Hope Family Ministries, Inc.	\$ 9,800	\$ 8,175
Hunger Coalition (Summer Food Boxes)	20,000	-0-
Itawamba County 4-H Clubs	2,626	2,950
Itawamba United Methodist Food Pantry West	11,500	13,500
Junior Auxiliary of Tishomingo County	-0-	113
Lee County 4-H Clubs	19,750	22,000
L.I.F.E. (Living Independence For Everyone) of Mississippi, Inc.	7,594	26,187
Meals on Wheels	63,000	63,000
Mission Okolona Food Pantry	8,175	6,650
National Council on Alcoholism & Drug Dependence (Northeast Mississippi) NCADD	66,263	67,025
New Haven Center for Special Needs Adults	19,625	20,000
North Mississippi Kidney Foundation	13,663	14,707
Okolona Community Dollars for Scholars	-0-	1,000
Parkgate Pregnancy Clinic, Inc.	15,488	15,675
Prentiss County 4-H Clubs	7,625	7,875
Regional Rehabilitation Center, Inc.	64,475	62,125
S.A.F.E., Inc. (Shelter and Assistance in Family Emergencies)	88,775	88,407
Saints' Brew	6,000	6,000
Sally Kate Winters' Family Services	5,875	4,065
Sanctuary Hospice House	5,588	-0-
St. Luke Food Pantry	10,750	10,750
Shepherd's Center of Tupelo	6,500	6,500
Special Education and Handicapped Bowling Association	11,968	12,205
Sunday Fund, MMSS, Inc.	10,000	10,000
Talbot House	3,750	-0-
The Salvation Army	167,150	173,675
The Salvation Army – Chickasaw	14,875	14,575
The Salvation Army – Pontotoc	17,950	17,850
Three Rivers Area Agency on Aging	7,675	6,750
Tishomingo County 4-H	2,125	2,375
Union County Good Samaritan Center	15,750	15,250
Weekend Backpack Program	5,461	4,886
Weston Reed Foundation	1,644	5,242
Women First Resource Center	9,888	38,750
Allocations/Grants	<u>\$ 1,643,380</u>	<u>\$ 1,729,763</u>
Less Designated Campaign Pledges	<u>168,241</u>	<u>183,433</u>
<b>TOTAL ALLOCATIONS/GRANTS</b>	<u><u>\$ 1,475,139</u></u>	<u><u>\$ 1,546,330</u></u>