

**UNITED WAY OF NORTHEAST  
MISSISSIPPI, INC.  
FINANCIAL STATEMENTS**  
September 30, 2019

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

(This page intentionally left blank.)

## TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	5
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION.....	7
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS.....	8
STATEMENT OF FUNCTIONAL EXPENSES - For the Year Ended September 30, 2019.....	10
STATEMENT OF FUNCTIONAL EXPENSES - For the Year Ended September 30, 2018.....	11
STATEMENTS OF CASH FLOWS .....	12
NOTES TO FINANCIAL STATEMENTS.....	13
SUPPLEMENTARY INFORMATION:	
SCHEDULES OF ALLOCATIONS/GRANTS .....	23

(This page intentionally left blank.)

# **M. M. WINKLER & ASSOCIATES, PLLC**

## ***Certified Public Accountants***

221 Franklin Street - P. O. Box 499  
Tupelo, Mississippi 38802  
(662) 842-4641 or Fax (662) 842-4646  
info@mmwinkler.com

### **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, 2019 and 2018, 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, 2019 and 2018, 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  
January 30, 2020

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

September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 118,660	\$ 116,635
Investments	762,094	753,580
Pledges Receivable, net	478,640	535,724
Future Year Pledges Receivable, net	479,471	795,350
Initiative Grants Receivable	33,514	0
Prepaid Expenses	13,488	5,843
Inventory - Community Service	<u>651</u>	<u>1,410</u>
Total Current Assets	<u>\$ 1,886,518</u>	<u>\$ 2,208,542</u>
<b>DESIGNATED ENDOWMENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,897	\$ 8,124
Investments	<u>170,522</u>	<u>167,267</u>
Total Designated Endowment Assets	<u>\$ 173,419</u>	<u>\$ 175,391</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipment	\$ 101,484	\$ 103,295
Less: Accumulated Depreciation	<u>54,528</u>	<u>85,506</u>
Net Property and Equipment	<u>\$ 46,956</u>	<u>\$ 17,789</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,106,893</u></u>	<u><u>\$ 2,401,722</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 14,711	\$ 7,430
Accrued Expenses	<u>20,735</u>	<u>13,772</u>
Total Current Liabilities	<u>\$ 35,446</u>	<u>\$ 21,202</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	\$ 1,185,688	\$ 1,189,019
Board Designated Endowment	<u>173,419</u>	<u>175,391</u>
Total Without Donor Restrictions	\$ 1,359,107	\$ 1,364,410
With Donor Restrictions - Time	<u>712,340</u>	<u>1,016,110</u>
Total Net Assets	<u>\$ 2,071,447</u>	<u>\$ 2,380,520</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,106,893</u></u>	<u><u>\$ 2,401,722</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, 2019 and 2018

	2019	2018
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION:</b>		
Revenues and Other Support:		
Gross Campaign Results	\$ 1,559,195	\$ 1,996,167
Less: Donor Designations	231,021	214,478
Less: Provision for Uncollectible Pledges	118,206	176,093
Net Campaign Revenue	\$ 1,209,968	\$ 1,605,596
Grant from Government Agency	734	776
Community Service Grants	160,653	29,515
Special Events	18,455	46,915
Service and Subscription Fees	22,926	16,720
Net Realized and Unrealized Gain (Losses) on Investments	(26,055)	13,758
Interest and Dividends	23,512	26,611
 Total Revenues and Other Support Without Donor Restrictions	 \$ 1,410,193	 \$ 1,739,891
 Net Assets Released from Time Restrictions	 1,016,110	 510,366
 Total Revenues and Other Support Without Donor Restrictions	 \$ 2,426,303	 \$ 2,250,257
 Expenses:		
Program Services:		
Allocations/Grants	\$ 1,400,329	\$ 1,475,139
Community Services	301,896	173,724
Total Program Services	\$ 1,702,225	\$ 1,648,863
Supporting Services:		
Fund Raising	389,633	233,193
Management and General	339,748	440,521
Total Supporting Services	\$ 729,381	\$ 673,714
Total Functional Expenses	\$ 2,431,606	\$ 2,322,577
 Increase (Decrease) in Net Assets Without Donor Restrictions	 \$ (5,303)	 \$ (72,320)

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, 2019 and 2018

-Continued-

	2019	2018
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTION:</b>		
Gross Campaign Results	\$ 777,884	\$ 1,094,093
Less: Provisions for Uncollectible Pledges	65,544	98,468
Net Future Year Campaign Revenue	\$ 712,340	\$ 995,625
Community Service Grants	0	20,485
Net Assets Released from Time Restrictions	(1,016,110)	(510,366)
 Increase (Decrease) in Net Assets With Donor Restrictions	 \$ (303,770)	 \$ 505,744
 TOTAL INCREASE (DECREASE) IN NET ASSETS	 \$ (309,073)	 \$ 433,424
 NET ASSETS - Beginning of Year	 2,380,520	 1,947,096
 NET ASSETS - End of Year	 \$ 2,071,447	 \$ 2,380,520

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, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenditures 9/30/2019</u>
	<u>Agency Allocations / Grants</u>	<u>Community Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	
Salaries and Related Expenses:					
Salaries	\$ 0	\$ 157,833	\$ 143,094	\$ 197,903	\$ 498,830
Payroll Taxes	0	11,778	9,847	16,500	38,125
Employee Benefits	0	24,235	25,612	40,198	90,045
Total Salaries and Related Expenses	<u>\$ 0</u>	<u>\$ 193,846</u>	<u>\$ 178,553</u>	<u>\$ 254,601</u>	<u>\$ 627,000</u>
Allocations/Grants	1,400,329	0	0	0	1,400,329
Legal and Accounting	0	0	0	11,200	11,200
Supplies and Printing	0	10,795	20,735	7,124	38,654
Postage	0	404	8,999	1,574	10,977
Internet	0	763	449	646	1,858
Telephone	0	2,859	2,795	2,846	8,500
Travel	0	4,572	6,885	144	11,601
Insurance and Bond	0	0	0	2,761	2,761
Meeting Expense	0	867	2,811	4,039	7,717
Dues and Subscriptions	0	3,184	752	4,186	8,122
Conference and Training	0	2,368	0	0	2,368
Advertising	0	356	29,417	1,342	31,115
Equipment Rental and Maintenance	0	802	1,320	2,732	4,854
Data Maintenance Services	0	1,746	3,346	3,712	8,804
Rent	0	7,111	4,834	9,055	21,000
Credit Card Processing Fees	0	0	0	5,466	5,466
Special Event Expenses	0	2,312	66,378	0	68,690
Giveaways	0	890	39,307	201	40,398
Agency Allocation Expense	0	0	0	2,500	2,500
Community Projects	0	26,428	16,506	0	42,934
Disaster Relief	0	39,681	0	0	39,681
Payment to Affiliated Organization	0	2,912	6,546	16,625	26,083
Total before Depreciation	<u>\$ 1,400,329</u>	<u>\$ 301,896</u>	<u>\$ 389,633</u>	<u>\$ 330,754</u>	<u>\$ 2,422,612</u>
Depreciation	0	0	0	8,994	8,994
Total Expenses	<u>\$ 1,400,329</u>	<u>\$ 301,896</u>	<u>\$ 389,633</u>	<u>\$ 339,748</u>	<u>\$ 2,431,606</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, 2018

	Program Services		Supporting Services		
	Agency Allocations / Grants	Community Services	Fund Raising	Management and General	Total Expenditures 9/30/2018
Salaries and Related Expenses:					
Salaries	\$ 0	\$ 94,402	\$ 99,372	\$ 186,206	\$ 379,980
Payroll Taxes	0	6,995	7,364	14,107	28,466
Employee Benefits	0	15,522	25,133	35,684	76,339
Total Salaries and Related Expenses	\$ 0	\$ 116,919	\$ 131,869	\$ 235,997	\$ 484,785
Allocations/Grants	1,475,139	0	0	0	1,475,139
Legal and Accounting	0	0	0	10,900	10,900
Strategic Planning Expense	0	0	0	5,013	5,013
Supplies and Printing	0	1,195	18,439	8,808	28,442
Postage	0	0	1,550	1,496	3,046
Internet	0	440	839	1,307	2,586
Telephone	0	830	1,580	2,462	4,872
Travel	0	968	6,127	134	7,229
Insurance and Bond	0	0	0	2,958	2,958
Meeting Expense	0	2,006	4,845	1,790	8,641
Dues and Subscriptions	0	875	1,666	2,595	5,136
Conference and Training	0	0	0	7,665	7,665
Advertising	0	577	14,558	0	15,135
Equipment Rental and Maintenance	0	957	1,823	2,840	5,620
Data Maintenance Services	0	1,939	3,694	5,755	11,388
Rent	0	3,150	7,560	10,290	21,000
Awards	0	1,300	142	0	1,442
Giveaways	0	468	32,540	0	33,008
Back to School Fair	0	37,761	0	0	37,761
Summer Food	0	4,339	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	\$ 1,475,139	\$ 173,724	\$ 233,193	\$ 434,318	\$ 2,316,374
Depreciation	0	0	0	6,203	6,203
Total Expenses	\$ <u>1,475,139</u>	\$ <u>173,724</u>	\$ <u>233,193</u>	\$ <u>440,521</u>	\$ <u>2,322,577</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ <u>(309,073)</u>	\$ <u>433,424</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided By (Used in) Operating Activities:		
Depreciation	\$ 8,994	\$ 6,203
Net Realized and Unrealized (Gains) Losses on Investments	26,055	(13,758)
(Increase) Decrease in Operating Assets:		
Pledges Receivable	57,084	65,387
Future Year Pledges Receivable	315,879	(481,218)
Grants Receivable	(33,514)	0
Prepaid Expenses	(7,645)	(250)
Inventory - Community Service	759	55
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	7,281	(4,621)
Accrued Expenses	<u>6,963</u>	<u>(49)</u>
Total Adjustments	\$ <u>381,856</u>	\$ <u>(428,251)</u>
Net Cash Flows Provided By (Used in) Operating Activities	\$ <u>72,783</u>	\$ <u>5,173</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Securities	\$ (374,995)	\$ (93,523)
Proceeds from Sale of Securities	337,170	83,988
Purchases of Equipment	<u>(38,160)</u>	<u>(8,629)</u>
Net Cash Flows Provided By (Used In) Investing Activities	\$ <u>(75,985)</u>	\$ <u>(18,164)</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (3,202)	\$ (12,991)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>124,759</u>	<u>137,750</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	\$ <u><u>121,557</u></u>	\$ <u><u>124,759</u></u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Unrealized Gain (Loss) on Investments	\$ <u><u>(71,020)</u></u>	\$ <u><u>9,155</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, 2019 and 2018

**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 create opportunities to improve lives in the communities served. To accomplish its mission, the United Way of Northeast Mississippi invests in programs and agencies that further the common good in the impact areas of Academic Success, Family Stability, and Health & Wellness. United Way of Northeast Mississippi also looks for opportunities to convene community stakeholders around the big issues that affect the area served and to find innovative solutions to community problems. The United Way of Northeast Mississippi serves the seven-county region of Chickasaw County, Itawamba County, Lee County, Pontotoc County, Prentiss County, Tishomingo County, Union County and the surrounding area. The United Way of Northeast Mississippi is a member of United Way Worldwide and governed by a volunteer Board of Directors that both evaluates and helps the agency fulfill its mission.

Fundraising campaigns are conducted each year to fund United Way of Northeast Mississippi's Community Services and allocations to participating agencies. The United Way of Northeast Mississippi is dependent upon undesignated contributions from corporate and individual donors to this campaign to support its program services. Campaigns start around August of each year and are ended by the following February.

The United Way of Northeast Mississippi's Community Service Programs include: Community Impact, which is part of the grant/allocation evaluation process of programs of other not-for-profits to support. The Hunger Coalition program determines what is needed to eliminate food insecurity for all people by connecting service organizations with the resources and volunteers they need, educating the community about the impact of food insecurity and to advocate for better resources. Read First/Excel by 5 is an early childhood community certification process focusing on a community's young children emphasizing the important roles parents and early childhood educators play in the lives of children to ensure school readiness and grade-level reading. The Volunteer Hub is designed to match volunteers to nonprofits that need them.

**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**

Net assets, revenues, 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.

**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019 and 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**NET ASSETS - Continued**

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated an Endowment Fund 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.

*Net Assets With Donor Restrictions* – Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of September 30, 2019 and 2018, United Way of Northeast Mississippi had no net assets to be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**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.

**PROMISES TO GIVE CONTRIBUTIONS AND REVENUE**

Contributions are recognized when the donor makes, in substance, an unconditional promise to give to United Way of Northeast Mississippi. 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 \$216,674 and \$176,093 at September 30, 2019 and 2018, 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 in fiscal year 2018. The initial uncollectible allowance for future year pledges receivable totaled \$65,544 and \$98,468 at September 30, 2019 and 2018, respectively. Current Pledges and Future Year Pledges are due within one year. The 2018-2019 campaign pledges not collected in the next fiscal year will be written off against the allowance.

**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019 and 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**PROMISES TO GIVE CONTRIBUTIONS AND REVENUE – Continued**

Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of September 30, 2019 and 2018, United Way of Northeast Mississippi had received no conditional promises to give.

All contributions and revenue are considered to be undesignated unless specifically restricted by the donor. Contributions that are designated for future periods are reported as restricted support that increases net assets with donor restrictions.

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

**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 community impact process.

**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.

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

- Continued -

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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, 2019 and 2018, United Way of Northeast Mississippi allocated salaries and related expenses, rent, telephone, internet, equipment and data maintenance services, and dues and subscriptions of \$671,334 and \$500,675, respectively, to Community Services, Fund Raising, and Management and General as presented in the Statement of Functional Expenses.

**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, 2019 and 2018, was \$31,115 and \$15,135, 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.

**NEW ACCOUNTING PRONOUNCEMENT**

During the year ended September 30, 2019, the United Way of Northeast Mississippi adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for Profit Entities*. This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources (Note 2), and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily and permanently restricted net assets are now reported as net assets with donor restrictions. The ASU has been applied retrospectively to all periods presented.



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

- Continued -

**NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 121,557	\$ 124,759
Investments	932,616	920,847
Pledges Receivable, Net	958,111	1,331,074
Initiative Grants Receivable	<u>33,514</u>	<u>0</u>
Total Financial Assets Available within one year	\$ 2,045,798	\$ 2,376,680
Less:		
Amounts Unavailable to Management Without Board Approval		
Board Designated Endowment	\$ <u>173,419</u>	\$ <u>175,391</u>
Available to Management for General Expenditures Within One Year	<u>\$ 1,872,379</u>	<u>\$ 2,201,289</u>

As part of the budgeting process, the Organization seeks to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a Board Designated Endowment in net assets without donor restrictions that, while the Organization does not intend to spend this for purposes other than identified, the amounts could be available for current operations if necessary.

**NOTE 3. CONCENTRATION OF CREDIT RISK**

*Cash and cash equivalents:* United Way of Northeast Mississippi maintains its cash in cash deposit accounts, which at times during the year may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and feels the commercial banks they use are financially. Amounts in excess of insured limits were \$ -0- and \$ -0- at September 30, 2019 and 2018, respectively.

*Investments:* The United Way of Northeast Mississippi maintains its investments with a brokerage firm, which at times during the year may exceed amounts covered by insurance provided by the U.S. Securities Investment Protection Corporation (SIPC). The investment balances exceeded that limit by \$432,616 and \$420,847 at September 30, 2019 and 2018, respectively.

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

- Continued -

**NOTE 3. CONCENTRATION OF CREDIT RISK - Continued**

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. It is always considered reasonably possible that grantors or contributors might be lost in the near term. Approximately 26% of the 2019 campaign were pledges from three corporate and employee campaigns.

**NOTE 4. 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, 2019 and 2018, is as follows:

	September 30, 2019	September 30, 2018
Equity Securities	\$ 715,944	\$ 758,016
Debt Securities	216,672	162,831
Total Securities	\$ 932,616	\$ 920,847

Unrealized gains on investments of \$-0- and \$9,155 were recognized for the years ended September 30, 2019 and 2018, respectively. Unrealized losses on investments of \$71,020 and \$-0- were recognized for the years ended September 30, 2019 and 2018, respectively.

Proceeds from sale of securities during the year ended September 30, 2019 and 2018, were \$337,170 and \$83,988, respectively. Gross gains of \$57,952 and \$4,603 were realized on those sales, respectively. Gross losses of \$12,987 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 statement of financial position and the statement of activities and changes in net assets.

Investment fees of \$7,214 and \$7,268, were incurred for the years ending September 30, 2019 and 2018. These fees are in the accompanying statements of activities and changes in net assets, netted against investment income.

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

- Continued -

**NOTE 4. FAIR VALUE OF INVESTMENTS - Continued**

**FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at September 30, 2019 and 2018 are as follows:

September 30, 2019	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>932,616</u>	\$ <u>932,616</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
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>

**NOTE 5. DESIGNATED ENDOWMENT**

As of September 30, 2019, the Board of Directors had designated \$173,419 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 net assets without donor restrictions.

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.

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

- Continued -

**NOTE 5. DESIGNATED ENDOWMENT - Continued**

Composition of and changes in designated endowment net assets for the year ended September 30, 2019 were as follow:

Board –Designated Endowment Net Assets, Beginning of Year	\$	175,391
Contributions		-0-
Investment Income		5,477
Realized/Unrealized Gains (Losses)	(	5,996 )
Amount Appropriated for Expenditure		-0-
Brokerage Fees	(	1,453 )
Board-Designated Endowment Net Assets, End of Year	\$	<u>173,419</u>

**NOTE 6. 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, 2019 and 2018, were \$28,387 and \$22,163, respectively.

**NOTE 7. 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, 2019 and 2018, the value of accumulated vacation leave is estimated at \$20,736 and \$13,772 respectively, and has been accrued.

**NOTE 8. LEASES**

The organization leases its copier under an operating lease. Rental expense for the years ended September 30, 2019 and 2018, 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, 2020	\$	<u>2,091</u>
	\$	<u><u>2,091</u></u>

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

**NOTE 9. RELATED PARTY TRANSACTIONS**

The Organization paid quarterly dues to the United Way Worldwide, its national affiliate. Total paid for the years ended September 30, 2019 and 2018, was \$26,083 and \$26,359, respectively.

**NOTE 10. RECLASSIFICATION**

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

**NOTE 11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 30, 2020, the date on which the financial statements were available to be issued. Management has determined that there are no reportable subsequent events.

(This page intentionally left blank.)

**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.**  
**SCHEDULES OF ALLOCATIONS/GRANTS**  
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Agape Health Services, Inc.	\$ 16,950	\$ 16,726
American Red Cross, Northeast Mississippi Chapter	101,050	101,600
Association for Excellence in Education (AEE)	10,000	11,250
Autism Center of Tupelo	64,850	64,826
Backpack Ministry of Tishomingo County	5,000	5,000
Banah Pregnancy Testing Center	9,604	9,431
Big Brothers/ Big Sisters of Northeast Mississippi	8,625	11,750
Boy Scouts, Yocona Area Council	69,300	71,363
Boys' and Girls' Club of North Mississippi	92,500	91,313
Boys' and Girls' Club of Northeast Mississippi (Baldwyn Unit)	21,000	21,125
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.	40,900	40,975
El Centro, Inc.	7,500	10,375
Excel, Inc.	15,000	15,674
Exceptional Progress in Education Through Curriculum & Technology (ExPECT)	14,500	15,750
F.A.I.T.H. (Food Available In This House) Food Pantry	27,500	27,500
Faith Haven Inc.	70,500	70,625
Family Resource Center of Northeast Mississippi	41,550	41,775
Fellowship of Christian Athletes	9,200	8,950
Food Depot of Tishomingo County	5,000	5,000
Fuller Center for Housing of Houston, MS, Inc.	18,000	17,150
Fulton United Methodist Food Pantry	19,000	19,250
Girl Scouts Heart of the South	30,400	31,463
Good Samaritan Health Services (Free Clinic)	40,000	41,250
Grace Full Hands (Weekend Meal Program)	-0-	1,750
Habitat for Humanity of Northeast Mississippi	60,000	62,250
Habitat for Humanity of Pontotoc	13,000	13,000
Healthcare Foundation of North Mississippi/ Camp Blue Bird	5,550	5,650
Camp Breath Ezzzze	-0-	2,712
Diabetes Treatment Center Assistance Fund	8,450	9,508
Heart Institute Patient Assistance Fund	3,734	3,754
Hospice Patient Assistance Fund	6,521	6,827
Social Work Assistance Fund	18,800	18,850
Helpful Samaritan Food Pantry	3,500	3,500

- Continued -

**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.**  
**SCHEDULES OF ALLOCATIONS/GRANTS**  
For the Years Ended September 30, 2019 and 2018

- Continued -

	<u>2019</u>	<u>2018</u>
Hope Family Ministries, Inc.	\$ 10,284	\$ 9,800
Hunger Coalition (Summer Food Boxes)	-0-	20,000
Itawamba County 4-H Clubs	2,500	2,626
Itawamba United Methodist Food Pantry West	11,000	11,500
Lee County 4-H Clubs	19,000	19,750
L.I.F.E. (Living Independence For Everyone) of Mississippi, Inc.	-0-	7,594
Meals on Wheels	63,000	63,000
Mission Okolona Food Pantry	8,500	8,175
National Council on Alcoholism & Drug Dependence (Northeast Mississippi) NCADD	70,350	66,263
New Haven Center for Special Needs Adults	14,625	19,625
North Mississippi Kidney Foundation	13,450	13,663
Parkgate Pregnancy Clinic, Inc.	15,450	15,488
Prentiss County 4-H Clubs	7,500	7,625
Regional Rehabilitation Center, Inc.	65,050	64,475
S.A.F.E., Inc. (Shelter and Assistance in Family Emergencies)	88,500	88,775
Saints' Brew	6,000	6,000
Sally Kate Winters' Family Services	6,500	5,875
Sanctuary Hospice House	1,863	5,588
St. Luke Food Pantry	10,750	10,750
Shepherd's Center of Tupelo	6,500	6,500
Special Education and Handicapped Bowling Association	11,880	11,968
Sunday Fund, MMSS, Inc.	10,000	10,000
Talbot House	5,000	3,750
The Salvation Army	168,400	167,150
The Salvation Army – Chickasaw	15,000	14,875
The Salvation Army – Pontotoc	18,000	17,950
Three Rivers Area Agency on Aging	7,900	7,675
Tishomingo County 4-H	2,000	2,125
Union County Good Samaritan Center	16,000	15,750
Weekend Backpack Program	5,461	5,461
Weston Reed Foundation	-0-	1,644
Women First Resource Center	-0-	9,888
Allocations/Grants	<u>\$ 1,582,097</u>	<u>\$ 1,643,380</u>
Less Designated Campaign Pledges	<u>181,768</u>	<u>168,241</u>
<b>TOTAL ALLOCATIONS/GRANTS</b>	<u><u>\$ 1,400,329</u></u>	<u><u>\$ 1,475,139</u></u>