

**UNITED WAY OF NORTHEAST  
MISSISSIPPI, INC.  
FINANCIAL STATEMENTS**  
September 30, 2020

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

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# **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, 2020 and 2019, 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, 2020 and 2019, 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 25, 2021

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

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 274,001	\$ 118,660
Investments	779,681	762,094
Pledges Receivable, net	559,416	478,640
Future Year Pledges Receivable, net	461,646	479,471
Initiative Grants Receivable	40,800	33,514
Prepaid Expenses	11,807	13,488
Inventory - Community Service	<u>0</u>	<u>651</u>
Total Current Assets	<u>\$ 2,127,351</u>	<u>\$ 1,886,518</u>
<b>DESIGNATED ENDOWMENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,557	\$ 2,897
Investments	<u>174,075</u>	<u>170,522</u>
Total Designated Endowment Assets	<u>\$ 177,632</u>	<u>\$ 173,419</u>
<b>PROPERTY AND EQUIPMENT</b>		
Office Equipment	\$ 107,376	\$ 101,484
Less: Accumulated Depreciation	<u>66,332</u>	<u>54,528</u>
Net Property and Equipment	<u>\$ 41,044</u>	<u>\$ 46,956</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,346,027</u></u>	<u><u>\$ 2,106,893</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 11,481	\$ 14,711
Accrued Expenses	26,594	20,735
PPP Loan Payable	<u>117,400</u>	<u>0</u>
Total Current Liabilities	<u>\$ 155,475</u>	<u>\$ 35,446</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	\$ 1,312,016	\$ 1,185,688
Board Designated Endowment	<u>177,632</u>	<u>173,419</u>
Total Without Donor Restrictions	\$ 1,489,648	\$ 1,359,107
With Donor Restrictions - Time	<u>700,904</u>	<u>712,340</u>
Total Net Assets	<u>\$ 2,190,552</u>	<u>\$ 2,071,447</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,346,027</u></u>	<u><u>\$ 2,106,893</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, 2020 and 2019

	2020	2019
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION:</b>		
Revenues and Other Support:		
Gross Campaign Results	\$ 1,887,701	\$ 1,559,195
Less: Donor Designations	149,744	231,021
Less: Provision for Uncollectible Pledges	127,279	118,206
Net Campaign Revenue	\$ 1,610,678	\$ 1,209,968
Grant from Government Agency	297	734
Community Service Grants	170,119	160,653
Special Events	11,504	18,455
Service and Subscription Fees	30,945	22,926
Net Realized and Unrealized Gain (Losses) on Investments	1,547	(26,055)
Interest and Dividends	23,197	23,512
 Total Revenues and Other Support Without Donor Restrictions	 \$ 1,848,287	 \$ 1,410,193
 Net Assets Released from Time Restrictions	 712,340	 1,016,110
 Total Revenues and Other Support Without Donor Restrictions	 \$ 2,560,627	 \$ 2,426,303
 Expenses:		
Program Services:		
Allocations/Grants	\$ 1,435,187	\$ 1,400,329
Community Services	327,375	301,896
Total Program Services	\$ 1,762,562	\$ 1,702,225
Supporting Services:		
Fund Raising	294,220	389,633
Management and General	373,304	339,748
Total Supporting Services	\$ 667,524	\$ 729,381
Total Functional Expenses	\$ 2,430,086	\$ 2,431,606
 Increase (Decrease) in Net Assets Without Donor Restrictions	 \$ 130,541	 \$ (5,303)

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, 2020 and 2019

-Continued-

	2020	2019
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTION:</b>		
Gross Campaign Results	\$ 674,405	\$ 777,884
Less: Provisions for Uncollectible Pledges	53,286	65,544
Net Future Year Campaign Revenue	\$ 621,119	\$ 712,340
Community Service Grants	79,785	0
Net Assets Released from Time Restrictions	(712,340)	(1,016,110)
 Increase (Decrease) in Net Assets With Donor Restrictions	 \$ (11,436)	 \$ (303,770)
 TOTAL INCREASE (DECREASE) IN NET ASSETS	 \$ 119,105	 \$ (309,073)
 NET ASSETS - Beginning of Year	 2,071,447	 2,380,520
 NET ASSETS - End of Year	 \$ 2,190,552	 \$ 2,071,447

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, 2020

	Program Services		Supporting Services		Total
	Agency Allocations / Grants	Community Services	Fund Raising	Management and General	Expenditures 9/30/2020
Salaries and Related Expenses:					
Salaries	\$ 0	\$ 200,952	\$ 97,176	\$ 215,817	\$ 513,945
Payroll Taxes	0	14,656	6,575	18,048	39,279
Employee Benefits	0	36,975	22,889	47,605	107,469
Total Salaries and Related Expenses	\$ 0	\$ 252,583	\$ 126,640	\$ 281,470	\$ 660,693
Allocations/Grants	1,435,187	0	0	0	1,435,187
Legal and Accounting	0	0	0	11,400	11,400
Supplies and Printing	0	1,861	13,911	3,725	19,497
Postage	0	12	6,418	2,126	8,556
Internet	0	716	363	713	1,792
Telephone	0	3,968	2,327	2,922	9,217
Travel	0	3,378	4,979	27	8,384
Insurance and Bond	0	95	0	3,247	3,342
Meeting Expense	0	321	759	1,664	2,744
Dues and Subscriptions	0	3,397	12,118	6,892	22,407
Conference and Training	0	750	335	89	1,174
Advertising	0	182	33,084	42	33,308
Equipment Rental and Maintenance	0	731	1,263	3,051	5,045
Data Maintenance Services	0	1,920	2,207	5,365	9,492
Rent	0	8,553	4,163	8,284	21,000
Credit Card Processing Fees	0	0	0	6,713	6,713
Special Event Expenses	0	0	52,500	0	52,500
Giveaways	0	0	31,295	201	31,496
Community Projects	0	47,514	0	0	47,514
Payment to Affiliated Organization	0	1,394	1,858	23,569	26,821
Total before Depreciation	\$ 1,435,187	\$ 327,375	\$ 294,220	\$ 361,500	\$ 2,418,282
Depreciation	0	0	0	11,804	11,804
Total Expenses	\$ 1,435,187	\$ 327,375	\$ 294,220	\$ 373,304	\$ 2,430,086

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

	Program Services		Supporting Services		Total
	Agency Allocations / Grants	Community Services	Fund Raising	Management and General	Expenditures 9/30/2019
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	\$ 0	\$ 193,846	\$ 178,553	\$ 254,601	\$ 627,000
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	\$ 1,400,329	\$ 301,896	\$ 389,633	\$ 330,754	\$ 2,422,612
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 CASH FLOWS**

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ <u>119,105</u>	\$ <u>(309,073)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided By (Used in) Operating Activities:		
Depreciation	\$ 11,804	\$ 8,994
Net Realized and Unrealized (Gains) Losses on Investments	(1,547)	26,055
(Increase) Decrease in Operating Assets:		
Pledges Receivable	(80,776)	57,084
Future Year Pledges Receivable	17,825	315,879
Grants Receivable	(7,286)	(33,514)
Prepaid Expenses	1,681	(7,645)
Inventory - Community Service	651	759
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(3,230)	7,281
Accrued Expenses	<u>5,859</u>	<u>6,963</u>
Total Adjustments	\$ <u>(55,019)</u>	\$ <u>381,856</u>
Net Cash Flows Provided By (Used in) Operating Activities	\$ <u>64,086</u>	\$ <u>72,783</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Securities	\$ (722,367)	\$ (374,995)
Proceeds from Sale of Securities	702,774	337,170
Purchases of Equipment	<u>(5,892)</u>	<u>(38,160)</u>
Net Cash Flows Provided By (Used In) Investing Activities	\$ <u>(25,485)</u>	\$ <u>(75,985)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
PPP Loan Proceeds	\$ <u>117,400</u>	\$ <u>0</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ 156,001	\$ (3,202)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>121,557</u>	<u>124,759</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	\$ <u><u>277,558</u></u>	\$ <u><u>121,557</u></u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Unrealized Gain (Loss) on Investments	\$ <u><u>(23,038)</u></u>	\$ <u><u>(71,020)</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, 2020 and 2019

**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. United Way of Northeast Mississippi serves the eight-county region of Chickasaw County, Itawamba County, Lee County, Monroe County, Pontotoc County, Prentiss County, Tishomingo County, Union County and the surrounding area. 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**

- Continued -

**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, 2020 and 2019, 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 \$192,823 and \$216,674 at September 30, 2020 and 2019, respectively. The initial uncollectible allowance for future year pledges receivable totaled \$53,286 and \$65,544 at September 30, 2020 and 2019, respectively. Current Pledges and Future Year Pledges are due within one year. The 2019-2020 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**

- Continued -

**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, 2020 and 2019, 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, 2020 and 2019, United Way of Northeast Mississippi allocated salaries and related expenses, rent, telephone, internet, equipment and data maintenance services, and dues and subscriptions of \$720,154 and \$671,334, 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, 2020 and 2019, was \$33,308 and \$31,115, 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.



**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>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 277,558	\$ 121,557
Investments	953,756	932,616
Pledges Receivable, Net	1,021,062	958,111
Initiative Grants Receivable	<u>40,800</u>	<u>33,514</u>
Total Financial Assets Available within one year	\$ 2,293,176	\$ 2,045,798
Less:		
Amounts Unavailable to Management Without Board Approval		
Board Designated Endowment	<u>\$ 177,632</u>	<u>\$ 173,419</u>
Available to Management for General Expenditures Within One Year	<u>\$ 2,115,544</u>	<u>\$ 1,872,379</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 believe the commercial banks they use are financially sound. Amounts in excess of insured limits were \$77,937 and \$ -0- at September 30, 2020 and 2019, 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 \$453,756 and \$432,616 at September 30, 2020 and 2019, 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 30% of the 2020 campaign were pledges from four 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, 2020 and 2019, is as follows:

	September 30, 2020	September 30, 2019
Equity Securities	\$ 689,910	\$ 715,944
Debt Securities	263,846	216,672
Total Securities	\$ 953,756	\$ 932,616

Unrealized gains on investments of \$-0- and \$-0- were recognized for the years ended September 30, 2020 and 2019, respectively. Unrealized losses on investments of \$23,038 and \$71,020 were recognized for the years ended September 30, 2020 and 2019, respectively.

Proceeds from sale of securities during the year ended September 30, 2020 and 2019, were \$702,774 and \$337,170, respectively. Gross gains of \$29,212 and \$57,952 were realized on those sales, respectively. Gross losses of \$4,627 and \$12,987 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 \$7,143 and \$7,214, were incurred for the years ending September 30, 2020 and 2019. 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, 2020 and 2019 are as follows:

September 30, 2020	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>953,756</u>	\$ <u>953,756</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

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>

**NOTE 5. DESIGNATED ENDOWMENT**

As of September 30, 2020, the Board of Directors had designated \$177,632 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, 2020 were as follow:

Board –Designated Endowment Net Assets, Beginning of Year	\$	173,419
Contributions		-0-
Investment Income		5,460
Realized/Unrealized Gains (Losses)		287
Amount Appropriated for Expenditure		-0-
Brokerage Fees		( 1,534 )
Board-Designated Endowment Net Assets, End of Year	\$	<u>177,632</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, 2020 and 2019, were \$32,971 and \$28,387, 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, 2020 and 2019, the value of accumulated vacation leave is estimated at \$26,594 and \$20,735 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, 2020 and 2019, totaled \$ 3,189 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,	2021	\$	2,634
	2022		<u>1,537</u>
	Total	\$	<u><u>4,171</u></u>

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

- Continued -

**NOTE 9. PPP LOAN PAYABLE**

In April 2020, the United Way of Northeast Mississippi received a Paycheck Protection Program (PPP) loan in the amount of \$117,400 in response to the COVID – 19 pandemic. The note is payable in monthly installments starting November 2020 with an interest rate of 1 percent and matures in April 2022. In November 2020 the United Way of Northeast Mississippi applied for PPP Loan Forgiveness which was granted on November 24, 2020, 100 percent forgiveness. Therefore, the entire loan balance has been included in current liabilities. The loan proceeds will be recognized in Revenues and Other Support in the next year ended September 30, 2021.

**NOTE 10. RELATED PARTY TRANSACTIONS**

The Organization paid quarterly dues to the United Way Worldwide, its national affiliate. Total paid for the years ended September 30, 2020 and 2019, was \$26,821 and \$26,083, respectively.

**NOTE 11. SUBSEQUENT EVENTS**

As of the date of these financial statements, the recent spread of coronavirus has had a significant impact on the local, national, and global economies. The extent to which these events will affect the United Way of Northeast Mississippi's results of operations and financial position remains uncertain.

Subsequent events were evaluated through January 25, 2021, which is the date the financial statements were available to be issued.

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**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.**  
**SCHEDULES OF ALLOCATIONS/GRANTS**  
For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Agape Health Services, Inc.	\$ 16,639	\$ 16,950
American Red Cross, Northeast Mississippi Chapter	81,513	101,050
Association for Excellence in Education (AEE)	13,750	10,000
Autism Center of Tupelo	68,813	64,850
Backpack Ministry of Tishomingo County	3,105	5,000
Banah Pregnancy Testing Center	14,611	9,604
Big Brothers/ Big Sisters of Northeast Mississippi	7,188	8,625
Boy Scouts, Yocona Area Council	24,825	69,300
Boys' and Girls' Club of North Mississippi	116,875	92,500
Boys' and Girls' Club of Northeast Mississippi (Baldwyn Unit)	13,500	21,000
Boys' and Girls' Club of Northeast Mississippi (Booneville Unit)	18,484	23,150
Boys' and Girls' Club of Northeast Mississippi (Iuka Unit)	11,500	10,000
C.A.S.A. (Church After School Association, Inc.)	11,750	11,000
CATCH Kids, Inc.	46,225	40,900
El Centro, Inc.	11,500	7,500
Excel, Inc.	16,116	15,000
Exceptional Progress in Education Through Curriculum & Technology (ExPECT)	5,125	14,500
F.A.I.T.H. (Food Available In This House) Food Pantry	29,375	27,500
Faith Haven Inc.	23,625	70,500
Family Resource Center of Northeast Mississippi	34,138	41,550
Fellowship of Christian Athletes	3,069	9,200
First Choice Center for Women	7,594	-0-
Food Depot of Tishomingo County	2,830	5,000
Fuller Center for Housing of Houston, MS, Inc.	12,000	18,000
Fulton United Methodist Food Pantry	19,000	19,000
Girl Scouts Heart of the South	30,100	30,400
Good Samaritan Health Services (Free Clinic)	46,825	40,000
Habitat for Humanity of Northeast Mississippi	63,750	60,000
Habitat for Humanity of Pontotoc	10,750	13,000
Healthcare Foundation of North Mississippi/ Camp Blue Bird	1,625	5,550
Cancer Cart	2,250	-0-
Diabetes Treatment Center Assistance Fund	13,363	8,450
Heart Institute Patient Assistance Fund	8,433	3,734
Hospice Patient Assistance Fund	5,799	6,521
Social Work Assistance Fund	15,275	18,800
Helpful Samaritan Food Pantry	1,625	3,500

- Continued -

**UNITED WAY OF NORTHEAST MISSISSIPPI, INC.**  
**SCHEDULES OF ALLOCATIONS/GRANTS**  
For the Years Ended September 30, 2020 and 2019

- Continued -

	<u>2020</u>	<u>2019</u>
Hope Family Ministries, Inc.	\$ 9,883	\$ 10,284
Itawamba County 4-H Clubs	2,875	2,500
Itawamba United Methodist Food Pantry West	11,000	11,000
Lee County 4-H Clubs	23,500	19,000
Meals on Wheels	64,500	63,000
Mission Okolona Food Pantry	45,765	8,500
National Council on Alcoholism & Drug Dependence (Northeast Mississippi) NCADD	67,762	70,350
New Haven Center for Special Needs Adults	18,000	14,625
North Mississippi Kidney Foundation	11,762	13,450
Parkgate Pregnancy Clinic, Inc.	15,862	15,450
Prentiss County 4-H Clubs	4,688	7,500
Regional Rehabilitation Center, Inc.	79,887	65,050
S.A.F.E., Inc. (Shelter and Assistance in Family Emergencies)	88,500	88,500
Saints' Brew	9,000	6,000
Sally Kate Winters' Family Services	5,083	6,500
Sanctuary Hospice House	7,500	1,863
St. Luke Food Pantry	21,437	10,750
Shepherd's Center of Tupelo	6,125	6,500
Special Education and Handicapped Bowling Association	10,020	11,880
Sunday Fund, MMSS, Inc.	10,000	10,000
Talbot House	8,750	5,000
The Salvation Army	172,850	168,400
The Salvation Army – Chickasaw	5,008	15,000
The Salvation Army – Pontotoc	4,695	18,000
Three Rivers Area Agency on Aging	7,225	7,900
Tishomingo County 4-H	4,250	2,000
Tishomingo County Community Coalition	27,558	-0-
Union County Good Samaritan Center	13,000	16,000
Weekend Backpack Program	7,365	5,461
	<u>7,365</u>	<u>5,461</u>
Allocations/Grants	\$ 1,576,795	\$ 1,582,097
Less Designated Campaign Pledges	<u>141,608</u>	<u>181,768</u>
<b>TOTAL ALLOCATIONS/GRANTS</b>	<u>\$ 1,435,187</u>	<u>\$ 1,400,329</u>