

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.

Financial Statements

December 31, 2020

with

Independent Auditors' Report

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of West Central Mississippi, Inc.
Vicksburg, Mississippi

We have audited the accompanying financial statements of United Way of West Central Mississippi, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of West Central Mississippi, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

May + Company

Vicksburg, Mississippi
June 22, 2021

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents - with donor restrictions	\$ 125,253
Cash and cash equivalents - without donor restrictions	13,215
Investments and certificates of deposit	708,510
Pledges receivable - current campaign (net of allowance for uncollectible pledges) - with donor restrictions	443,238
Pledges receivable - prior campaign (net of allowance for uncollectible pledges) - without donor restrictions	35,746
Property and equipment	409,544
Less accumulated depreciation	(99,212)
Prepaid expenses	5,387
	<u>5,387</u>
TOTAL ASSETS	\$ 1,641,681
	<u><u>1,641,681</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 7,967
Accrued expenses	14,099
Deferred revenues	88,927
Allocations payable - with donor restrictions	272,272
Due to designated agencies - with donor restrictions	24,751
	<u>24,751</u>
Total liabilities	<u>408,016</u>

NET ASSETS:

Without donor restrictions	962,197
With donor restrictions	271,468
	<u>271,468</u>
Total net assets	<u>1,233,665</u>

TOTAL LIABILITIES AND NET ASSETS	\$ 1,641,681
	<u><u>1,641,681</u></u>

See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Contributions received in prior periods (released from restriction)	\$ 657,130	\$ (657,130)	\$ -
Less donor designations	(49,793)	49,793	-
Less allowance for uncollectible pledges	(58,560)	23,057	(35,503)
Total campaign - current period	548,777	(584,280)	(35,503)
Campaign revenue received - next allocation period	-	566,146	566,146
Less donor designations	-	(24,751)	(24,751)
Less allowance for uncollectible pledges	-	(21,232)	(21,232)
Total campaign - next allocation period	-	520,163	520,163
Total campaign	548,777	(64,117)	484,660
Other revenue:			
Grants and non-campaign contributions	55,066	-	55,066
Investment income	14,986	-	14,986
Other income	471,520	-	471,520
Total other revenue	541,572	-	541,572
Total revenues and other support	1,090,349	(64,117)	1,026,232
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES:			
Allocations to member agencies - current period	263,725	(263,725)	-
Allocations to member agencies - next period	-	272,273	272,273
Total allocations	263,725	8,548	272,273

See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF ACTIVITIES - CONTINUED
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
ALLOCATIONS AND OTHER			
FUNCTIONAL EXPENSES - CONTINUED:			
Other functional expenses - continued:			
Program services:			
Community services	567,050	-	567,050
Fund distribution	29,288	-	29,288
Support services:			
Membership development	50,328	-	50,328
Administration	55,587	-	55,587
Fundraising	96,793	-	96,793
Unallocated payments to affiliate organization	8,915	-	8,915
Total other functional expenses	807,961	-	807,961
Total allocations and other functional expenses	1,071,686	8,548	1,080,234
Change in net assets	18,663	(72,665)	(54,002)
NET ASSETS , beginning of year	922,240	344,133	1,266,373
Unrealized gain on investments at fair value	21,294	-	21,294
NET ASSETS , end of year	\$ 962,197	\$ 271,468	\$ 1,233,665

See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (54,002)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	9,362
Realized loss on investments	3,300
Change in certain operating assets and liabilities:	
Pledges receivable	61,444
Prepaid expenses	(174)
Accounts payable	1,358
Accrued expenses	7,299
Deferred revenues	(33,657)
Allocations payable	8,547
Due to designated agencies	<u>(25,042)</u>
Cash used in operating activities	<u>(21,565)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	(12,342)
Reinvestment of interest earned on deposits	(3,635)
Purchase of investments	(77,145)
Sale of investments	<u>130,264</u>
Cash provided by investing activities	<u>37,142</u>

Net increase in cash 15,577

CASH AND CASH EQUIVALENTS, beginning of year 122,891

CASH AND CASH EQUIVALENTS, end of year \$ 138,468

See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services		Total	Support Services			Total	Total	
	Community Services	Fund Distribution	Program Services	Membership Development	Administration	Fund Raising	UWA Dues		Support Services
Wages	\$ 74,209	\$ 18,658	\$ 92,867	\$ 31,592	\$ 29,260	\$ 58,307	\$ -	\$ 119,159	\$ 212,026
Employee benefits	13,283	3,102	16,385	3,633	4,784	10,477	-	18,894	35,279
Payroll taxes	5,313	1,336	6,649	2,262	2,095	4,174	-	8,531	15,180
Professional fees	4,256	1,120	5,376	1,344	2,044	3,136	-	6,524	11,900
Sponsorships and community	199,232	-	199,232	-	-	-	-	-	199,232
Learn grant	7,925	-	7,925	-	-	-	-	-	7,925
Long term recovery expense	162,675	-	162,675	-	-	-	-	-	162,675
Disaster flood	7,830	-	7,830	-	-	-	-	-	7,830
UMCOR flood	49,484	-	49,484	-	-	-	-	-	49,484
Supplies	2,408	46	2,454	171	1,345	3,555	-	5,071	7,525
Telephone	1,339	350	1,689	471	1,464	1,002	-	2,937	4,626
Postage and shipping	175	45	220	75	-	1,008	-	1,083	1,303
Occupancy	8,301	2,087	10,388	3,534	5,278	6,522	-	15,334	25,722
Equipment rent and maintenance	3,461	1,456	4,917	2,395	1,462	4,497	-	8,354	13,271
Printing and publications	-	-	-	3,349	7	652	-	4,008	4,008
Local travel	71	-	71	20	13	31	-	64	135
Conference and education	3,200	-	3,200	-	-	-	-	-	3,200
Membership dues	472	-	472	50	615	330	-	995	1,467
Insurance	659	173	832	208	2,625	485	-	3,318	4,150
Miscellaneous	4,342	-	4,342	-	3,405	-	-	3,405	7,747
Depreciation	3,415	915	4,330	1,224	1,190	2,617	-	5,031	9,361
Venture grants	15,000	-	15,000	-	-	-	-	-	15,000
United Way of America dues	-	-	-	-	-	-	8,915	8,915	8,915
	<u>\$ 567,050</u>	<u>\$ 29,288</u>	<u>\$ 596,338</u>	<u>\$ 50,328</u>	<u>\$ 55,587</u>	<u>\$ 96,793</u>	<u>\$ 8,915</u>	<u>\$ 211,623</u>	<u>\$ 807,961</u>

See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of West Central Mississippi, Inc. was incorporated in 1953. The mission of the Organization is to build a stronger, healthier community by bringing together the human, financial and strategic resources necessary to deliver measurable improvements and solutions to the critical health and human services facing the communities it serves. The major source of revenue for the Organization's services is contributions from the general public.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value. Conditional promises to give are not included as support until such time as the conditions are substantially met. All other revenue is recorded when granted or when earned. At December 31, 2020, all unconditional promises to give are expected to be collected within one year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an organization other than a private foundation under Section 509(a)(2).

In evaluating the Organization's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Organization believes their estimates are appropriate based on current facts and circumstances.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$5,000. Purchases less than \$5,000 are expensed. Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful life of the assets.

Continued

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

NOTE A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment – Continued

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as with donor restriction support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

If the restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions.

Net assets with donor restrictions are restricted for amounts due to member agencies, based on both time and donor imposed restrictions. These restrictions are short term in nature.

Designations

It is the policy of United Way of West Central Mississippi, Inc. to honor designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member organization.

Continued

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

NOTE A. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Organization to review its plans for future program expenses from time to time and designate appropriate sums of net assets without donor restrictions to assure adequate financing of such program expenses.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time spent by employees. Allocated costs included a total of \$365,815 of joint costs that are not directly attributable to community services, fund distribution, membership development, administration, and fundraising.

Revenue Recognition

Revenue is recognized on the accrual basis of accounting for financial statement purposes. The main source of revenue for the Organization is from contributions and the investments, consisting of interest, dividends, and gains on the sale of investments. Investment income is recorded when earned by the Organization. All contributions are considered available for unrestricted use unless specifically restricted by the donor. The Organization does not have contracts with any customers or donors.

NOTE B. CASH

The Federal Deposit Insurance Corporation (“FDIC”) insures demand accounts of each depositor up to \$250,000 in each federally-chartered financial institution. Amounts in excess of \$250,000 are not covered by FDIC insurance. Financial instruments that potentially subject the Organization to credit risk consist of cash and cash equivalent accounts and certificates of deposit in a financial institution, which from time to time exceed the \$250,000 federally insured limit. The Organization has minimized credit risk by depositing cash and cash equivalents and certificates of deposit in banks with a high credit standing. The Organization has not experienced any losses of such funds and management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents and certificates of deposit. At December 31, 2020, the Organization had \$62,149 cash deposits in excess of insurable limits.

Continued

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

NOTE C. CONTRIBUTED SERVICES, MATERIALS, AND FACILITIES

Employees of local companies participating in the United Way Loaned Executives Program volunteered approximately 5,635 hours, for which no value has been assigned or recognized. Volunteers assist the United Way organization during the annual campaign.

NOTE D. PROMISES TO GIVE

Unconditional promises to give at December 31, 2020, consist of the following:

Current campaign – undesignated	\$ 439,719
Current campaign – designated	<u>24,751</u>
Gross unconditional promises to give	464,470
Less allowance for uncollectibles	<u>(21,232)</u>
 Total current campaign unconditional promises	 <u>\$ 443,238</u>
 Prior campaigns – undesignated	 \$ 94,306
Less allowance for uncollectibles	<u>(58,560)</u>
 Total prior campaign unconditional promises	 <u>\$ 35,746</u>
 Amounts due in less than one year	 <u>\$ 478,984</u>

NOTE E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020:

Building	\$ 314,377
Equipment and fixtures, at cost	95,167
Less accumulated depreciation	<u>(99,212)</u>
 Net property and equipment	 <u>\$ 310,332</u>

Depreciation expense at December 31, 2020 was \$9,361.

NOTE F. RETIREMENT PLAN

The Organization maintains a simplified employee pension plan (SEP), which covers all eligible employees. Contributions to the plan totaled \$18,415 for the year ended December 31, 2020.

Continued

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

NOTE G. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position. The method used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets or liabilities; and Level 3 inputs consist of unobservable inputs and have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Organization during 2020. There have been no changes in the methodologies used at December 31, 2020.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

NOTE G. INVESTMENTS AND FAIR VALUE MEASUREMENTS – CONTINUED

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements

The fair values of common stock, corporate bonds, and mutual funds are based on quoted market prices in an active market. The Organization's investments are stated at fair value. Purchases and sales of securities are recorded on trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The investments of the Organization are comprised of mutual funds, certificates of deposit, and money market accounts. Certificates of deposit are recorded at their fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. The cost and fair market value of the certificates of deposit at December 31, 2020 are \$347,550. The cost and fair market value of the mutual funds are \$324,067 and \$360,960, respectively. Fees paid for the year ended December 31, 2020 were \$3,312.

NOTE H. SUBSEQUENT EVENTS AND COVID-19 PANDEMIC

Management has evaluated subsequent events through the date the financial statements were available to be issued. As a result of the spread of the coronavirus (COVID-19) pandemic and government responses to the pandemic, economic uncertainties have arisen during 2020 and through the date the financial statements were available to be issued which could likely impact the day to day administration and operations of the Organization. Management does not believe that the COVID-19 pandemic has had a significant impact on its operating activities thus far; however, future financial impacts of these uncertainties are unknown at this time.

NOTE I. ALLOWANCE FOR UNCOLLECTIBLE PROMISES TO GIVE

Management estimates the allowance for uncollectible promises to give based on prior years' experience and management's analysis of specific promises made. Uncollected balances are written off during the second year following the campaign. The December 31, 2020 allowance for uncollectible promises to give is \$21,232.

Continued

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020

NOTE J. NATIONAL DONATED ADVERTISING PROGRAM

The Organization is the beneficiary of national donated advertising. United Way Worldwide (UWW) does not record the donation of airtime because UWW acts as an agent on behalf of the US Network United Ways who benefit from the airtime. United Way of West Central Mississippi's value of unrecorded donated airtime for 2020 is \$20,000.

NOTE K. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. At December 31, 2020, the Organization has cash and cash equivalents of \$13,215 and investments and certificates of deposits of \$708,510 that could readily be made available in the next fiscal year to fund expenses without limitations. In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by raising sufficient pledges and other donations throughout the next fiscal year.

NOTE L. FORGIVEN LOAN UNDER THE SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization received a PPP loan for \$46,970. The Organization used all of the proceeds from the note for qualifying expenses. As a result, the Organization received approval of its application for the loan to be forgiven in November 2020. Therefore, at December 31, 2020, the Organization's loan payable balance was \$0. Due to the forgiveness of the loan, in the year ended December 31, 2020, the Organization recognized a gain on forgiveness of the loan in the amount of \$46,970 which is included in other income on the statement of activities. In January 2021, the Organization applied for and received a second PPP loan in the amount of \$47,827.

NOTE M. DEFERRED REVENUES

From time to time, the Organization receives funds from third parties that are used for specific United Way programs, either already in existence, or through a partnership. Deferred revenues represents the funds to be used in the next fiscal year for these programs.