

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.

Financial Statements

December 31, 2022

with

Independent Auditors' Report

**UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of West Central Mississippi, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of West Central Mississippi, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of West Central Mississippi, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of West Central Mississippi, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

May & Company

Vicksburg, Mississippi
May 24, 2023

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Cash and cash equivalents - with donor restrictions	\$	270,990
Cash and cash equivalents - without donor restrictions		89,874
Investments and certificates of deposit		692,444
Pledges receivable - (net of allowance for uncollectible pledges) - with donor restrictions		6,915
Pledges receivable (net of allowance for uncollectible pledges) - without donor restrictions		454,714
Prepaid expenses		18,236
Property and equipment		409,544
Less accumulated depreciation		<u>(118,174)</u>
TOTAL ASSETS	\$	<u>1,824,543</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$	9,676
Accrued expenses		28,506
Deferred program revenues - with donor restrictions		106,762
Allocations payable		260,174
Due to designated agencies - with donor restrictions		<u>6,915</u>
 Total liabilities		 <u>412,033</u>

NET ASSETS:

Without donor restrictions		1,255,197
With donor restrictions		<u>157,313</u>
 Total net assets		 <u>1,412,510</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,824,543</u>
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See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Campaign contributions	\$ 711,410	\$ 5,163	\$ 716,573
Grants and non-campaign contributions	189,381	453,933	643,314
Investment income	10,252	-	10,252
Net assets released from restrictions	447,712	(447,712)	-
Total revenues and other support	<u>1,358,755</u>	<u>11,384</u>	<u>1,370,139</u>
ALLOCATIONS AND DESIGNATIONS AND OTHER FUNCTIONAL EXPENSES:			
Allocations and designations to member agencies	<u>221,788</u>	<u>5,163</u>	<u>226,951</u>
Total allocations and designations	<u>221,788</u>	<u>5,163</u>	<u>226,951</u>
Program services:			
Community services	521,669	-	521,669
Fund distribution	28,608	-	28,608
Support services:			
Membership development	56,199	-	56,199
Administration	68,956	-	68,956
Fundraising	94,935	-	94,935
Unallocated payments to affiliate organization	5,777	-	5,777
Total functional expenses	<u>776,144</u>	<u>-</u>	<u>776,144</u>
Total allocations and designations and other functional expenses	<u>997,932</u>	<u>5,163</u>	<u>1,003,095</u>
Change in net assets	360,823	6,221	367,044
NET ASSETS, beginning of year	944,506	151,092	1,095,598
Unrealized loss on investments, at fair value	<u>(50,132)</u>	<u>-</u>	<u>(50,132)</u>
NET ASSETS, end of year	<u>\$ 1,255,197</u>	<u>\$ 157,313</u>	<u>\$ 1,412,510</u>

See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 367,044
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,392
Realized loss on investments	4,108
Change in certain operating assets and liabilities:	
Pledges receivable	(121,366)
Prepaid expenses	4,414
Accounts payable	2,631
Accrued expenses	7,991
Deferred program revenues	(70,265)
Allocations payable	(9,248)
Due to designated agencies	(4,886)
Cash provided by operating activities	189,815

CASH FLOWS FROM INVESTING ACTIVITIES:

Reinvestment of interest earned on deposits	(1,197)
Purchase of certificate of deposit	(30,000)
Purchase of investments	(87,794)
Sale of investments	93,553
Cash used in investing activities	(25,438)

Net increase in cash	164,377
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CASH AND CASH EQUIVALENTS, beginning of year	196,487
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CASH AND CASH EQUIVALENTS, end of year	\$ 360,864
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See accompanying notes to financial statements.

**UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services		Total Program Services	Support Services			Total Support Services
	Community Services	Fund Distribution		Membership Development	Administration	Fund Raising	
Wages	\$ 70,187	\$ 17,647	\$ 87,834	\$ 29,880	\$ 27,674	\$ 55,147	\$ 112,701
Employee benefits	11,013	2,999	14,012	3,495	4,820	7,996	16,311
Payroll taxes	5,404	1,359	6,763	2,300	2,131	4,246	8,677
Professional fees	4,148	1,067	5,215	1,778	1,751	3,200	6,729
Sponsorships and community	230,480	-	230,480	-	-	-	-
Warren county grant	83,113	-	83,113	-	-	-	-
Learn grant	19,551	-	19,551	-	-	-	-
Long term recovery expense	14,757	-	14,757	-	-	-	-
Supplies	3,827	61	3,888	101	212	3,064	3,377
Telephone	1,170	301	1,471	501	1,190	902	2,593
Postage and shipping	297	76	373	127	141	229	497
Occupancy	10,567	2,657	13,224	4,498	4,184	8,302	16,984
Equipment rent and maintenance	5,334	1,276	6,610	1,972	5,632	5,441	13,045
Printing and publications	-	-	-	9,782	205	2,517	12,504
Local travel	931	163	1,094	63	332	285	680
Membership dues	512	-	512	-	3,975	495	4,470
Insurance	685	176	861	293	274	528	1,095
Miscellaneous	41,415	-	41,415	-	15,139	-	15,139
Depreciation	3,278	826	4,104	1,409	1,296	2,583	5,288
Venture grants	15,000	-	15,000	-	-	-	-
United Way of America dues	-	-	-	-	-	-	5,777
	\$ 521,669	\$ 28,608	\$ 550,277	\$ 56,199	\$ 68,956	\$ 94,935	\$ 225,867
							\$ 776,144

See accompanying notes to financial statements.

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, 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, 2022**

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 designated 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 that member organization.

Continued

**UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2022**

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 \$413,243 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 that are long term.

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, 2022, the Organization had \$158,607 cash deposits in excess of insurable limits.

Continued

**UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2022**

NOTE C. CONTRIBUTED SERVICES, MATERIALS, AND FACILITIES

Employees of local companies participating in the United Way Loaned Executives Program volunteered approximately 5,458 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, 2022, consist of the following:

Current campaign – undesignated	\$ 444,896
Current campaign – designated	<u>6,915</u>
Gross unconditional promises to give	451,811
Less allowance for uncollectibles	<u>(19,504)</u>
 Total current campaign unconditional promises	 <u>\$ 432,307</u>
 Prior campaigns – undesignated	 \$ 29,322
Less allowance for uncollectibles	<u>-</u>
 Total prior campaign unconditional promises	 <u>\$ 29,322</u>
 Amounts due in less than one year	 <u>\$ 461,629</u>

NOTE E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Building	\$ 314,377
Equipment and fixtures, at cost	95,167
Less accumulated depreciation	<u>(118,174)</u>
 Net property and equipment	 <u>\$ 291,370</u>

Depreciation expense at December 31, 2022 was \$9,392.

NOTE F. RETIREMENT PLAN

The Organization maintains a simplified employee pension plan (SEP) which covers all eligible employees. Contributions to the plan totaled \$16,678 for the year ended December 31, 2022.

Continued

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2022

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 2022. There have been no changes in the methodologies used at December 31, 2022.

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, 2022

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, 2022 are \$380,581. The cost and fair market value of the investments are \$329,638 and \$311,863, respectively. Fees paid for the year ended December 31, 2022 were \$3,168.

NOTE H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued.

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, 2022 allowance for uncollectible promises to give is \$19,504.

Continued

UNITED WAY OF WEST CENTRAL MISSISSIPPI, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2022

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 2022 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, 2022, the Organization has cash and cash equivalents of \$89,874 and investments and certificates of deposits of \$692,444 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. EMPLOYEE RETENTION CREDIT

Laws and regulations concerning government programs, including the Employee Retention Credit (ERC) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization. During the year ended December 31, 2022, the Organization received \$89,531 in ERC funds, which is included in other income on the statement of activities.

NOTE M. DEFERRED PROGRAM 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 program revenues represents the funds to be used in the next fiscal year for these programs.