

UNITED WAY OF THE CAPITAL AREA, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Schedules of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
SUPPLEMENTAL INFORMATION:	
Allocations to Agencies	21



CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of the Capital Area, Inc.
Jackson, Mississippi

We have audited the accompanying financial statements of United Way of the Capital Area, Inc. which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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.

Auditor's Responsibility - continued:

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Capital Area, Inc. as of June 30, 2021 and 2020, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 audit 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 as a whole.



Jackson, Mississippi
February 16, 2022

UNITED WAY OF THE CAPITAL AREA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents		
Cash	\$ 616,846	387,900
Cash - restricted	152,372	149,657
Short-term deposits	870,189	869,887
Total cash and cash equivalents	1,639,407	1,407,444
Pledges receivable, net of allowance	322,288	549,987
Investments	2,207	1,869
Other receivables	257,741	156,350
Prepaid expenses and other assets	8,738	8,560
	<u>2,230,381</u>	<u>2,124,210</u>
PROPERTY AND EQUIPMENT:		
Land	222,129	222,129
Building, furnishings and equipment, net	43,915	51,272
	<u>266,044</u>	<u>273,401</u>
TOTAL ASSETS	\$ <u>2,496,425</u>	<u>2,397,611</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 10,054	64,252
Accrued expenses	15,564	26,064
Agency funds	-	3,173
Designations payable	152,372	149,657
Deferred revenue	7,627	20,735
	<u>185,617</u>	<u>263,881</u>
LONG-TERM NOTE PAYABLE	<u>120,852</u>	<u>120,800</u>
NET ASSETS:		
Without donor restrictions	1,546,271	1,184,763
With donor restrictions	643,685	828,167
	<u>2,189,956</u>	<u>2,012,930</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,496,425</u>	<u>2,397,611</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE CAPITAL AREA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Campaign results:			
Total campaign contributions	\$ 498,643	423,417	922,060
Less:			
Amounts designated by donors for specific organizations	(124,881)	-	(124,881)
Allowance for uncollectible pledges	<u>-</u>	<u>(78,403)</u>	<u>(78,403)</u>
	373,762	345,014	718,776
Prior year campaign contributions, net of amounts deemed uncollectible	15,613	-	15,613
Investment income	450	-	450
Realized/unrealized gain on investments	338	-	338
Grants and other contributions	-	439,475	439,475
Forgiveness of note payable	120,800	-	120,800
Other revenues	<u>11,417</u>	<u>-</u>	<u>11,417</u>
	522,380	784,489	1,306,869
Net assets released from restrictions	<u>968,971</u>	<u>(968,971)</u>	<u>-</u>
	<u>1,491,351</u>	<u>(184,482)</u>	<u>1,306,869</u>
EXPENSES:			
Program Services:			
Other community services	<u>562,994</u>	<u>-</u>	<u>562,994</u>
	562,994	-	562,994
Support Services:			
Resource development (fund-raising)	204,345	-	204,345
Administration	<u>362,504</u>	<u>-</u>	<u>362,504</u>
	1,129,843	-	1,129,843
CHANGE IN NET ASSETS	361,508	(184,482)	177,026
NET ASSETS, BEGINNING OF YEAR	<u>1,184,763</u>	<u>828,167</u>	<u>2,012,930</u>
NET ASSETS, END OF YEAR	\$ <u>1,546,271</u>	<u>643,685</u>	<u>2,189,956</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF THE CAPITAL AREA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Campaign results:			
Total campaign contributions	\$ 468,553	766,781	1,235,334
Less:			
Amounts designated by donors for specific organizations	(129,494)	-	(129,494)
Allowance for uncollectible pledges	<u>-</u>	<u>(98,267)</u>	<u>(98,267)</u>
	339,059	668,514	1,007,573
Prior year campaign contributions, net of amounts deemed uncollectible	170,644	-	170,644
Investment income	8,107	-	8,107
Realized/unrealized loss on investments	(263)	-	(263)
Grants and other contributions	15,094	323,475	338,569
Other revenues	<u>86,458</u>	<u>-</u>	<u>86,458</u>
	619,099	991,989	1,611,088
Net assets released from restrictions	<u>1,007,311</u>	<u>(1,007,311)</u>	<u>-</u>
	<u>1,626,410</u>	<u>(15,322)</u>	<u>1,611,088</u>
EXPENSES:			
Program Services:			
Allocations to agencies	183,440	-	183,440
Other community services	<u>641,829</u>	<u>-</u>	<u>641,829</u>
	825,269	-	825,269
Support Services:			
Resource development (fund-raising)	331,430	-	331,430
Administration	<u>423,589</u>	<u>-</u>	<u>423,589</u>
	1,580,288	-	1,580,288
CHANGE IN NET ASSETS	46,122	(15,322)	30,800
NET ASSETS, BEGINNING OF YEAR	<u>1,138,641</u>	<u>843,489</u>	<u>1,982,130</u>
NET ASSETS, END OF YEAR	\$ <u>1,184,763</u>	<u>828,167</u>	<u>2,012,930</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF THE CAPITAL AREA

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
Salaries and wages	\$ 115,833	125,111	188,211	429,155
Employee benefits	18,070	12,328	34,613	65,011
Payroll taxes	9,635	10,397	16,377	36,409
	<u>143,538</u>	<u>147,836</u>	<u>239,201</u>	<u>530,575</u>
Grant expense	318,924	-	-	318,924
Miscellaneous community service projects	59,144	-	-	59,144
Advertising	-	4,725	-	4,725
Building occupancy	10,398	12,531	27,456	50,385
Conferences, conventions and meetings	5,272	1,610	4,389	11,271
Dues and subscriptions	204	994	115	1,313
Equipment rental and maintenance	2,071	4,233	3,169	9,473
Information systems support and services	7,741	11	11,841	19,593
Local transportation	358	485	831	1,674
Miscellaneous	1,955	1,595	9,973	13,523
Postage	124	87	223	434
Printing, artwork and films	237	19,729	-	19,966
Professional fees	-	1,511	24,542	26,053
Supplies	485	263	1,086	1,834
Telephone	3,927	2,719	5,958	12,604
United Way of America dues	-	-	20,541	20,541
	<u>554,378</u>	<u>198,329</u>	<u>349,325</u>	<u>1,102,032</u>
Depreciation	8,616	6,016	13,179	27,811
	<u>\$ 562,994</u>	<u>204,345</u>	<u>362,504</u>	<u>1,129,843</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF THE CAPITAL AREA
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
Salaries and wages	\$ 112,420	190,529	229,285	532,234
Employee benefits	22,383	35,414	41,101	98,898
Payroll taxes	9,268	15,984	20,023	45,275
	<u>144,071</u>	<u>241,927</u>	<u>290,409</u>	<u>676,407</u>
Allocation to agencies	183,440	-	-	183,440
Grant expense	384,555	-	-	384,555
Miscellaneous community service projects	48,923	-	-	48,923
Advertising	-	9,907	-	9,907
Building occupancy	8,432	17,703	28,227	54,362
Conferences, conventions and meetings	10,372	10,503	10,037	30,912
Dues and subscriptions	252	2,111	1,321	3,684
Equipment rental and maintenance	1,860	8,150	3,501	13,511
Information systems support and services	8,380	604	16,158	25,142
Local transportation	2,215	3,504	951	6,670
Miscellaneous	20,323	3,914	12,001	36,238
Postage	83	120	279	482
Printing, artwork and films	245	16,978	-	17,223
Professional fees	914	2,398	25,090	28,402
Supplies	409	385	580	1,374
Telephone	3,025	3,805	6,001	12,831
United Way of America dues	-	-	14,224	14,224
	<u>817,499</u>	<u>322,009</u>	<u>408,779</u>	<u>1,548,287</u>
Depreciation	7,770	9,421	14,810	32,001
	<u>\$ 825,269</u>	<u>331,430</u>	<u>423,589</u>	<u>1,580,288</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF THE CAPITAL AREA

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 177,026	30,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,811	32,001
Provision for uncollectible pledges	78,403	-
Net realized/unrealized (gain) loss on investments	(338)	263
Decrease in pledges and other receivables	47,905	432,490
(Increase) decrease in prepaid expenses and other assets	(178)	3,422
Increase (decrease) in accounts payable and accrued expenses	(67,871)	41,838
Increase (decrease) in designations payable	2,715	(15,033)
Forgiveness of note payable	(120,800)	-
Decrease in deferred revenue	<u>(13,108)</u>	<u>(7,150)</u>
Net cash provided by operating activities	<u>131,565</u>	<u>518,631</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investments - net	-	31
Purchase of property, plant and equipment	<u>(20,454)</u>	<u>(12,692)</u>
Net cash used in investing activities	<u>(20,454)</u>	<u>(12,661)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	<u>120,852</u>	<u>120,800</u>
Net cash provided by financing activities	<u>120,852</u>	<u>120,800</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	231,963	626,770
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,407,444</u>	<u>780,674</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>1,639,407</u>	<u>1,407,444</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE CAPITAL AREA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of the Capital Area, Inc. (the United Way) is a not-for-profit corporation that was formed to raise and distribute funds for the community's needs. The United Way's fund-raising efforts are concentrated in the Jackson, Mississippi metropolitan area.

Method of Accounting

The accompanying financial statements of the United Way have been prepared on the accrual basis of accounting. Income is recorded when earned and expenses are recorded when incurred.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash Equivalents

The United Way considers all liquid investments with an original maturity of three months or less to be cash equivalents. At June 30, 2021 and 2020, cash equivalents consisted primarily of money market funds and certificates of deposit. The United Way maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The United Way has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Restricted Cash

Restricted cash consists of the amount of contributions received which are designated by the donor for another specified agency. See Note 8.

Investments

Investments are reported at fair value based on quoted market prices. Investment income includes interest, dividend and other investment income. All investment income is deemed to be available for operations and is included with unrestricted support.

UNITED WAY OF THE CAPITAL AREA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Pledges Receivable

Campaign pledge contributions receivable are generally paid within one year. The United Way provides an allowance for uncollectible pledges based on historical collection experience and other factors. Collections of pledges written off or fully reserved in prior years are recorded as contributions in the year received.

Property and Depreciation

All acquisitions of property and equipment and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset (31.5 years for buildings and 3 to 7 years for furnishings and equipment).

Long-lived Asset Impairment

The United Way evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2021 and 2020.

Designations Payable

Contributions received which are designated to another specified agency reduce total campaign contribution revenue and are recorded as payables until such time the amounts are distributed to the other agency.

Deferred Revenue

Deferred revenue consists of income from the administrative fee on designated contributions for the current campaign and is deferred and recognized in the following year when the fee is actually collected and disbursed.

UNITED WAY OF THE CAPITAL AREA, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Classification of 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 as reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed 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. The United Way reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions

Annual fall campaign contributions are reduced by pledges designated to a specified agency and by an allowance for uncollectible pledges. The net campaign results are reflected as either revenue with or without donor restrictions in the accompanying statements of activities.

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to unrestricted net assets without donor restrictions and reported in the statement of activities as net assets with donor restrictions released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restrictions and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be

UNITED WAY OF THE CAPITAL AREA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Contributions - continued:

used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held. Expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

During the years ended June 30, 2021 and 2020, the United Way received several grants from local businesses that were designated for specific programs. Therefore, this revenue is reflected in the accompanying statements of activities with donor restrictions. The portion of the grants that was used for the designation purpose during the years ended June 30, 2021 and 2020 is reflected as net assets released from restrictions in the accompanying statements of activities.

Adoption of New Accounting Standards

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08 (ASU 2018-08), *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether contributions are conditional. The United Way adopted ASU 2018-08 on July 1, 2019. The adoption of this ASU did not have a material impact on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 is a comprehensive new revenue recognition model that requires an entity to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration the entity expects to receive for those goods or services. The United Way adopted ASU 2014-09 on July 1, 2020 using the modified retrospective approach. Results for reporting periods beginning July 1, 2020 are presented under the new revenue standard, while prior period amounts are not adjusted and continue to be reported in accordance with the United Way's historic accounting under ASC 605 - *Revenue Recognition*. The adoption of this ASU did not have a material impact on the financial statements.

In-Kind Contributions

In addition to receiving cash contributions, the United Way receives in-kind contributions of office supplies, small office equipment, and other tangible assets from various donors. It is the policy of the United Way to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly, increase contribution revenue by the same amount. During the years ended June 30, 2021 and 2020, the United Way received in-kind contributions of \$6,580 and \$-0-, respectively.

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated.

United Way pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the United Way with specific assistance programs, campaign solicitations and various assignments. During the years ended June 30, 2021 and 2020, the approximate number of volunteer hours donated to the United Way was not determinable.

Grants

Support funded by grants is recognized as the United Way performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency, and, as a result of such audit, adjustments could be required.

Income Taxes

The United Way is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes pursuant to Section 501(a) of the Code as other than a private foundation. Accounting standards require the recognition and measurement of uncertain tax positions taken or expected to be taken by the United Way in income tax issues. The United Way has evaluated its tax positions and determined that it does not have any liability that should be accrued under the standards related to uncertain tax positions.

Functional Allocation of Expenses

The costs of providing the United Way's programs, administration, and resource development activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, administration, and resource development categories based on actual expenditures and estimates of time spent by United Way personnel.

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INVESTMENTS

At June 30, 2021 and 2020, investments consisted of the following:

	2021		2020	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Corporate stocks	\$ 2,178	6,363	1,840	6,363
Other	29	29	29	29
	\$ 2,207	6,392	1,869	6,392

Total investment return is comprised of the following:

	2021	2020
Interest and dividend income	\$ 450	8,107
Net unrealized gain (loss)	338	(263)
	\$ 788	7,844

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable, all of which are due within one year, consisted of the following:

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 3 - PLEDGES RECEIVABLE - CONTINUED:

	June 30, 2021		
	Without Donor	With Donor	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
2019/2020 campaign	\$ 212,365	-	212,365
2020/2021 campaign	<u>-</u>	<u>400,691</u>	<u>400,691</u>
	212,365	400,691	613,056
Less allowance for estimated uncollectible pledges	<u>(212,365)</u>	<u>(78,403)</u>	<u>(290,768)</u>
	<u>\$ -</u>	<u>322,288</u>	<u>322,288</u>
	June 30, 2020		
	Without Donor	With Donor	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
2018/2019 campaign	\$ 136,484	-	136,484
2019/2020 campaign	<u>-</u>	<u>648,254</u>	<u>648,254</u>
	136,484	648,254	784,738
Less allowance for estimated uncollectible pledges	<u>(136,484)</u>	<u>(98,267)</u>	<u>(234,751)</u>
	<u>\$ -</u>	<u>549,987</u>	<u>549,987</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Land	\$ 222,129	222,129
Building	675,668	655,214
Furniture and equipment	<u>130,519</u>	<u>130,519</u>
	1,028,316	1,007,862
Less accumulated depreciation	<u>(762,272)</u>	<u>(734,461)</u>
	<u>\$ 266,044</u>	<u>273,401</u>

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 - NET ASSETS

Net Assets Without Donor Restrictions

The net assets without donor restrictions class includes general and board-designated assets and liabilities of the United Way. The net assets without donor restrictions of the United Way may be used at the discretion of management to support the United Way's purposes and operations.

Board-designated net assets consist of assets set aside by the Board of Directors for various purposes, over which the Board of Directors retains control and may at its discretion subsequently use for other purposes. Net assets without donor restrictions at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Board designated for:		
Community projects	\$ 204,205	227,057
Operating and capital reserves	<u>408,041</u>	<u>425,000</u>
	612,246	652,057
Net invested in property and equipment	266,044	273,401
Undesignated	<u>667,981</u>	<u>259,305</u>
	<u>934,025</u>	<u>532,706</u>
	<u>\$ 1,546,271</u>	<u>1,184,763</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Program services (restricted for specified purposes):	\$ <u>321,397</u>	<u>278,180</u>
For future periods (restricted subject to passage of time):		
2019/2020 campaign pledge receivable	-	549,987
2020/2021 campaign pledge receivable	<u>322,288</u>	<u>-</u>
	<u>\$ 643,685</u>	<u>828,167</u>

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 - NET ASSETS - CONTINUED:

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished	\$ 418,984	418,755
Time restrictions expired due to passage of specified time	<u>549,987</u>	<u>588,556</u>
	<u>\$ 968,971</u>	<u>1,007,311</u>

NOTE 6 - BENEFIT PLAN

The United Way provides its employees with a 403(b) thrift plan that allows employees to defer a percentage of compensation subject to certain limitations. The United Way contributes 5% of compensation for all employees and matches 50% of participants' contributions up to 4% of their compensation. Employer contributions to the plan for the years ended June 30, 2021 and 2020 totaled \$23,731 and \$32,504, respectively.

NOTE 7 - PAYMENT TO UNITED WAY WORLDWIDE

The United Way allocates a portion of total annual contributions to the United Way of America for general support. Amounts allocated to United Way of America during the years ended June 30, 2021 and 2020 totaled \$20,541 and \$14,224, respectively.

NOTE 8 - AGENCY TRANSACTIONS

The United Way receives designated and undesignated contributions from both individuals and organizations. Contributions that are pledged to specific United Way member organizations are described as campaign designations. All other contributions are denoted as undesignated. The tracking of designated pledges is maintained by a software system that is mutually exclusive from the accounting software used to maintain the general ledger accounts. Once designated pledges are

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 8 - AGENCY TRANSACTIONS - CONTINUED:

reconciled from total contributions, an accurate representation of designated pledges is reflected in the designations payable balance. Designations payable totaled \$152,372 and \$149,657 as of June 30, 2021 and 2020, respectively.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Lease Agreements

The United Way presently leases office equipment. The current lease agreement was effective beginning February 8, 2021 and expired on February 7, 2022. Rent expense under this lease amounted to \$10,740 and \$10,740 for the years ended June 30, 2021 and 2020, respectively.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the United States and around the world. As of January XX, 2022, United Way continues to monitor the changes in its operations as a result of COVID-19, but is uncertain of the ultimate impacts of those changes on its future statements of position, operations, and cash flows.

On April 8, 2020, United Way received \$120,800 in funding under terms of the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was passed by Congress and signed into law by President Trump on March 27, 2020. The Company received forgiveness of this note on January 13, 2021 and recognized income in the current year.

On April 29, 2021, United Way received \$120,852 in funding under terms of the CARES Act. The Company received forgiveness of this note on December 18, 2021 and will recognize income in the following fiscal year.

Management believes any disruption experienced will be temporary, but there is uncertainty about the duration and potential impact. As a result, United Way is unable to estimate the potential impact on the business. While the ultimate potential impact cannot be estimated at this time, management does not currently anticipate a material adverse effect on the United Way's financial position.

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 10 - NOTE PAYABLE

	2021	2020
Paycheck protection program (PPP) note payable to a financial institution, dated April 8, 2020, interest due annually at a rate of 1% with remaining interest and principal due no later than April 8, 2022. Note forgiven on January 13, 2021.	\$ -	120,800
Paycheck protection program (PPP) note payable to a financial institution, dated April 29, 2021, interest due annually at a rate of 1% with remaining interest and principal due no later than April 29, 2023. Note forgiven on December 18, 2021.	<u>120,852</u>	<u>-</u>
Total note payable	\$ <u><u>120,852</u></u>	<u><u>120,800</u></u>

NOTE 11 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS OF RISK

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

Pledges Receivable and Contributions

Substantially all contributions and pledges receivable are from individuals, businesses, and not-for-profit foundations in the Jackson, Mississippi metropolitan area. Concentrations of credit risk are limited due to the large number of donors comprising the United Way's donor base. The United Way does not consider itself to have any significant concentrations of credit risk with respect to pledges receivable.

UNITED WAY OF THE CAPITAL AREA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the United Way's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement date.

Financial assets at June 30, 2021	\$ 2,230,381
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	322,288
Subject to appropriation and satisfaction of donor restrictions	321,397
Board designations:	
Community projects	204,205
Operating and capital reserves	<u>408,041</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>974,450</u>

As part of the United Way's liquidity management, it invests cash in interest bearing bank checking accounts, money market funds and certificates of deposit.

NOTE 13 - SUBSEQUENT EVENTS

On December 18, 2021, the Company's PPP loan of \$120,852, described in Note 10 was forgiven by the Small Business Administration. The Company will not have to repay principal or interest and this will be recorded as other revenue in fiscal 2022.

Except as described above, the United Way had no subsequent events of a material nature requiring adjustments to or disclosure in the financial statements through February 16, 2022, the date the financial statements were approved by management and thereby available to be issued.

SUPPLEMENTAL INFORMATION

UNITED WAY OF THE CAPITAL AREA

ALLOCATIONS TO AGENCIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Boys and Girls Club of Central Mississippi	\$ -	26,800
Catholic Charities of Jackson	-	30,150
Center for Violence Prevention	-	20,100
Christians in Action	-	10,000
Clinton Community Christian Center	-	10,000
Girl Scouts, Middle Mississippi Council	-	11,390
Madison Countians Allied Against Poverty	-	8,000
Magnolia Speech School	-	16,750
Midtown Partners	-	16,750
Operation Shoestring	-	33,500
	<u>\$ -</u>	<u>183,440</u>

See Independent Auditor's Report.