

UNITED WAY OF THE MID-SOUTH
FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

UNITED WAY OF THE MID-SOUTH

TABLE OF CONTENTS

Organizational Data	1
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position.....	5
Statements of Activities and Changes in Net Assets	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	25
Notes to Schedule of Expenditures of Federal Awards	26
Internal Control and Compliance Section	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	29
Schedule of Findings and Questioned Costs.....	32
Schedule of Prior Year Findings and Questioned Costs.....	35
Management's Response to Findings and Corrective Action Plan	36

**UNITED WAY OF THE MID-SOUTH
ORGANIZATIONAL DATA**

June 30, 2025

BOARD OF DIRECTORS

Reginald Boyce
Kevin Bradshaw
Ben Bricken
Martia Brown
Darrell Cobbins
Reggie Crenshaw
Rebecca Cullison
John Daniel
Jon Paul Davis
Tammy Alexander-Epps
Brett Harris
Scotty Hendricks
Evan Iverson
Mary Ann Jackson
Melanie Keller
Doug McGowen
David May
Ted Miller
Niqualus Nibley
Jeff Peterson
Josh Poag
Ayoka Pond
Erin Pryor
Beverly Robertson
Leticia Towns
Keith Townsend
Tomeka Hart Wigginton
Kevin Woods
Richard Wright

ADMINISTRATIVE STAFF

Tomeka Hart Wigginton, President / Chief Executive Officer



Independent Auditor's Report

To the Board of Directors
United Way of the Mid-South
Memphis, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of the Mid-South (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Mid-South as of June 30, 2025 and 2024 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the Mid-South and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Mid-South's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 and *Government 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 and *Government 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 the Mid-South'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 the Mid-South'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule

of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information – Unaudited

Management is responsible for the other information included in the annual report. The other information comprises the organizational data but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2026, on our consideration of United Way of the Mid-South's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of the Mid-South's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of the Mid-South's internal control over financial reporting and compliance.

ATA, PC

Memphis, Tennessee
January 5, 2026

UNITED WAY OF THE MID-SOUTH
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 60,215	\$ 60,587
Pledges receivable, net	1,587,052	1,726,628
Endowment receivable	11,610	1,518
Grants receivable	3,191,130	2,532,852
Assets held by others	10,107,894	10,288,547
Beneficial interests in trusts	845,737	812,187
Property and equipment, net of accumulated depreciation of \$1,127,327 and \$1,002,513, respectively	2,164,361	1,633,568
Other assets	90,555	71,494
Total assets	<u>\$ 18,058,554</u>	<u>\$ 17,127,381</u>
Liabilities		
Book overdraft	\$ 73,820	\$ 75,587
Accounts payable and accrued expenses	2,213,594	1,357,239
Agency liability	1,280	1,022
Distributions payable	121,620	338,394
Notes payable	1,001,469	1,005,742
Line of credit	1,907,172	1,568,179
Total liabilities	<u>5,318,955</u>	<u>4,346,163</u>
Net Assets		
Without donor restrictions	5,306,810	5,242,403
With donor restrictions	7,432,789	7,538,815
Total net assets	<u>12,739,599</u>	<u>12,781,218</u>
Total liabilities and net assets	<u>\$ 18,058,554</u>	<u>\$ 17,127,381</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE MID-SOUTH
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Annual campaign						
Contributions received	\$ 3,641,068	\$ 2,387,583	\$ 6,028,651	\$ 3,214,737	\$ 2,622,711	\$ 5,837,448
Less donor designations	-	(520,278)	(520,278)	-	(489,761)	(489,761)
Less provision for uncollectible pledges	-	(280,253)	(280,253)	-	(406,322)	(406,322)
	3,641,068	1,587,052	5,228,120	3,214,737	1,726,628	4,941,365
Investment income (loss)	1,013,867	-	1,013,867	1,106,000	-	1,106,000
Change in trust	-	33,550	33,550	-	65,568	65,568
Other contributions	107,468	-	107,468	244,843	-	244,843
In-kind contributions	235,726	-	235,726	108,963	-	108,963
Grants and contracts	10,211,041	-	10,211,041	6,092,017	-	6,092,017
Miscellaneous income	369,290	-	369,290	79,779	-	79,779
Total revenue	15,578,460	1,620,602	17,199,062	10,846,339	1,792,196	12,638,535
Net Assets Released from Restrictions						
Support	2,622,711	(2,622,711)	-	3,223,337	(3,223,337)	-
Less donor designations	(489,761)	489,761	-	(495,322)	495,322	-
Less provision for uncollectible pledges	(406,322)	406,322	-	(9,287)	9,287	-
Total assets released from restrictions	1,726,628	(1,726,628)	-	2,718,728	(2,718,728)	-
Total Revenue and Other Support	17,305,088	(106,026)	17,199,062	13,565,067	(926,532)	12,638,535

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE MID-SOUTH
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program services:						
Allocations to agencies	2,864,362	-	2,864,362	4,185,860	-	4,185,860
Less donor designations	(520,278)	-	(520,278)	(489,761)	-	(489,761)
Net funds distributed	2,344,084		2,344,084	3,696,099		3,696,099
Community service	3,551,954	-	3,551,954	3,151,953	-	3,151,953
Grant expenses	9,184,728	-	9,184,728	5,492,730	-	5,492,730
Total program services	15,080,766	-	15,080,766	12,340,782	-	12,340,782
Supporting services:						
Fund raising	570,039	-	570,039	464,255	-	464,255
Management and general	1,589,876	-	1,589,876	1,466,810	-	1,466,810
Total supporting services	2,159,915	-	2,159,915	1,931,065	-	1,931,065
Total expenses	17,240,681	-	17,240,681	14,271,847	-	14,271,847
Increase (Decrease) in Net Assets	64,407	(106,026)	(41,619)	(706,780)	(926,532)	(1,633,312)
Net Assets at Beginning of Year	5,242,403	7,538,815	12,781,218	5,949,183	8,465,347	14,414,530
Net Assets at End of Year	<u>\$ 5,306,810</u>	<u>\$ 7,432,789</u>	<u>\$ 12,739,599</u>	<u>\$ 5,242,403</u>	<u>\$ 7,538,815</u>	<u>\$ 12,781,218</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE MID-SOUTH
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	PROGRAM SERVICES			SUPPORT SERVICES		
	Allocations to Agencies	Community Service	Grant Expense	Fund Raising	Management and General	Total
Allocations to agencies	\$ 2,864,362	\$ -	\$ -	\$ -	\$ -	\$ 2,864,362
Less donor designations	(520,278)	-	-	-	-	(520,278)
Sub total	<u>2,344,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,344,084</u>
Salaries	-	1,686,185	1,475,360	281,970	786,436	4,229,951
Employee benefits	-	413,057	307,253	69,073	192,650	982,033
Payroll taxes	-	130,141	109,914	21,763	60,697	322,515
Sub total	<u>-</u>	<u>2,229,383</u>	<u>1,892,527</u>	<u>372,806</u>	<u>1,039,783</u>	<u>5,534,499</u>
Professional fees	-	172,486	5,457,394	28,844	80,448	5,739,172
Supplies	-	33,170	36,627	5,547	15,471	90,815
Telephone	-	25,467	-	6,849	19,103	51,419
Postage	-	2,707	-	453	1,263	4,423
Occupancy	-	225,042	104,451	37,632	104,961	472,086
Equipment rent/maint	-	13,472	126	2,253	6,282	22,133
Software support/maint	-	79,119	202,556	13,231	36,900	331,806
Printing/publications	-	70,230	156,029	11,744	32,756	270,759
Local travel	-	28,124	10,838	4,703	13,118	56,783
Conferences/mtgs	-	31,481	12,123	5,264	14,684	63,552
Special events	-	51,239	1,902	8,568	23,899	85,608
Membership dues	-	2,945	70	493	1,373	4,881
Endowment fund management fees	-	18,294	-	3,059	8,533	29,886
Bank service fees	-	24,986	4,369	4,178	11,653	45,186
Miscellaneous	-	3,696	-	618	1,716	6,030
Interest	-	73,038	-	12,214	34,064	119,316
Depreciation	-	76,403	-	12,776	35,635	124,814
Contracts	-	158,610	1,305,716	-	-	1,464,326
Gifts in kind	-	144,296	-	24,130	67,300	235,726
Sub total	<u>-</u>	<u>1,234,805</u>	<u>7,292,201</u>	<u>182,556</u>	<u>509,159</u>	<u>9,218,721</u>
United way dues	-	87,766	-	14,677	40,934	143,377
Total functional expenses	<u>\$ 2,344,084</u>	<u>\$ 3,551,954</u>	<u>\$ 9,184,728</u>	<u>\$ 570,039</u>	<u>\$ 1,589,876</u>	<u>\$ 17,240,681</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE MID-SOUTH
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	PROGRAM SERVICES			SUPPORT SERVICES		
	Allocations to Agencies	Community Service	Grant Expense	Fund Raising	Management and General	Total
Allocation to agencies	\$ 4,185,860	\$ -	\$ -	\$ -	\$ -	\$ 4,185,860
Less donor designations	(489,761)	-	-	-	-	(489,761)
Sub total	<u>3,696,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,696,099</u>
Salaries	-	1,622,057	1,477,950	241,294	762,362	4,103,663
Employee benefits	-	420,198	243,566	62,508	197,492	923,764
Payroll taxes	-	117,950	107,194	17,546	55,436	298,126
Sub total	<u>-</u>	<u>2,160,205</u>	<u>1,828,710</u>	<u>321,348</u>	<u>1,015,290</u>	<u>5,325,553</u>
Professional fees	-	110,085	2,924,372	16,376	51,740	3,102,573
Supplies	-	61,721	21,605	9,182	29,010	121,518
Telephone	-	10,814	19,866	1,609	5,082	37,371
Postage	-	2,409	2,653	358	1,133	6,553
Occupancy	-	231,916	81,176	34,499	109,002	456,593
Equipment rent/maint	-	9,240	8,800	1,375	4,343	23,758
Software support/maint	-	76,233	85,064	11,340	35,829	208,466
Printing and publications	-	48,573	169,686	7,226	22,829	248,314
Local travel	-	24,109	16,934	3,586	11,333	55,962
Conferences/mtgs	-	18,045	90,261	2,684	8,482	119,472
Special events	-	122,700	555	18,253	57,668	199,176
Membership dues	-	1,831	-	272	861	2,964
Endowment fund management fees	-	19,873	-	2,956	9,340	32,169
Bank service fees	-	24,673	5,607	3,670	11,596	45,546
Miscellaneous	-	1,585	-	230	726	2,541
Interest	-	16,027	-	2,384	7,533	25,944
Depreciation	-	35,969	-	5,351	16,905	58,225
Contracts	-	31,034	237,441	-	-	268,475
Gifts in kind	-	67,313	-	10,013	31,637	108,963
Sub total	<u>-</u>	<u>914,150</u>	<u>3,664,020</u>	<u>131,364</u>	<u>415,049</u>	<u>5,124,583</u>
United Way dues	<u>-</u>	<u>77,598</u>	<u>-</u>	<u>11,543</u>	<u>36,471</u>	<u>125,612</u>
Total functional expenses	<u>\$ 3,696,099</u>	<u>\$ 3,151,953</u>	<u>\$ 5,492,730</u>	<u>\$ 464,255</u>	<u>\$ 1,466,810</u>	<u>\$ 14,271,847</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE MID-SOUTH
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Decrease in net assets	\$ (41,619)	\$ (1,633,312)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation	124,814	58,225
Change in allowance for doubtful accounts	35,000	(65,000)
Decrease in fair value of assets held by others	180,653	440,356
Increase in fair value of beneficial interests in trusts	(33,550)	(65,568)
Changes in assets and liabilities		
Gross pledges receivable	104,576	1,057,100
Endowment receivable	(10,092)	4,482
Grant receivable	(658,278)	(1,364,180)
Other assets	(19,061)	(35,997)
Accounts payable and accrued expenses	856,355	352,981
Agency liability	258	(24,543)
Book overdraft	(1,767)	75,587
Distributions payable	(216,774)	(156,685)
Net cash provided by (used in) operating activities	<u>320,515</u>	<u>(1,356,554)</u>
Cash flows from investing activities		
Purchase of property and equipment	(655,607)	(320,336)
Net cash used in investing activities	<u>(655,607)</u>	<u>(320,336)</u>
Cash flows from financing activities		
Line of credit draws	12,598,589	8,006,862
Principal payments on line of credit	(12,259,596)	(6,438,684)
Principal payments on note payable	(4,273)	(57,147)
Net cash provided by financing activities	<u>334,720</u>	<u>1,511,031</u>
Net decrease in cash and cash equivalents	(372)	(165,859)
Cash and cash equivalents at beginning of year	<u>60,587</u>	<u>226,446</u>
Cash and cash equivalents at end of year	<u><u>\$ 60,215</u></u>	<u><u>\$ 60,587</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 119,316	\$ 25,944

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS**

June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Organization

United Way of the Mid-South (“United Way” or “Organization”) is a not-for-profit corporation originally founded in 1923. United Way strives to stimulate voluntary participation as part of its annual united appeal for funds and other resources, to support the financial needs of programs and funded agency partners, positively impacting local poverty by improving local education, financial stability, and health.

United Way serves the Tennessee counties of Fayette, Lauderdale, Shelby, and Tipton; the Mississippi counties of DeSoto, Tate, and Tunica; and Crittenden County in Arkansas. The Organization’s published mission is “improving the lives of Mid-Southerners by mobilizing and aligning community resources to address priority issues.”

The Organization acts as custodian or agent for certain entities and acts as an agent for donors specifying that their contributions be granted to a specific agency. These contributions are included in contributions received in the accompanying statement of activities.

The following is a description of the program services categories:

Grant Allocations to Agencies: This category includes grant-making to agencies and programs that align with United Way’s mission to address the communities’ priority issues, with a focus on education, health, housing, job training, and child/youth development. High-performing partner agencies across United Way’s eight-county service region provide supports and programs that assist people as they build a brighter future with social and economic mobility. By focusing on the urgent issues that impact generational poverty, United Way is transforming the lives of individuals and families.

Community Service: This category includes programs, events, and activities that support nonprofit agencies through volunteerism, collection drives that benefit United Way partner agencies, and community-related special events. United Way’s community service mission is driven by connecting corporations, civic organizations, and individuals with volunteer opportunities that build the capacity of local nonprofit organizations, while benefiting the communities we serve. United Way facilitates volunteerism across the Mid-South through Volunteer United, a public platform that connects nonprofits with the volunteer support they need to implement community-based programs.

Grant Expense: This category includes programs that manage and allocate government, foundation, and private grants to support our programs that improve education, financial stability, and health.

B. Income Taxes

The Internal Revenue Service has determined that United Way is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no income taxes are provided for in the accompanying financial statements. The Organization files exempt organization returns in the U.S. federal jurisdiction and various states. The Organization’s returns are subject to examination by the Internal Revenue Service (IRS) as well as state authorities.

UNITED WAY OF THE MID-SOUTH NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

C. Governance

All corporate powers and the affairs of the Organization are exercised and managed under and by the authority of the Board of Directors ("Board"). The Board is comprised of twenty-nine (29) voluntary Directors.

D. Basis of Presentation

The accompanying financial statements were prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America. This also conforms to the industry audit guide, *Not-for-Profit Organizations*, of the American Institute of Certified Public Accountants and *Accounting and Financial Reporting*, published by United Way Worldwide.

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by the donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets are reported as reclassification between applicable classes of net assets.

Certain amounts in prior years' financial statements have been reclassified to conform to current financial statement presentation.

E. Advertising Costs

The Organization had advertising costs of approximately \$197,965 and \$191,206 during the years ended June 30, 2025 and 2024, respectively. Advertising costs are expensed when they are incurred. Advertising valued at \$106,201 and \$15,200 was donated during the years ended June 30, 2025 and 2024, respectively and is included in the Statements of Functional Expenses. Corresponding revenue is included in the "In-kind Contributions" line of the Statement of Activities.

F. Functional Allocation of Expenses

The cost of providing the various program services has been summarized on the functional basis in the statement of activities. Accordingly, certain costs have been allocated based upon management's estimates, principally on an indirect basis, among the program and supporting services. Indirect costs are allocated primarily on the number of staff in each functional area.

UNITED WAY OF THE MID-SOUTH NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

G. Fair Value of Financial Instruments

The Organization, as required by GAAP, adopted *Fair Value Measurements*. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It describes three levels of input that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2—Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates and (d) inputs derived principally from other corroborated by observable market data by correlation or other means.

Level 3—Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Management has not elected the fair value option for certain financial assets and financial liabilities, as required by GAAP, since those assets were not affected by changes in management's risk management and investment strategy.

The carrying value of cash and cash equivalents, receivables, payables, accrued liabilities and due to sub recipients approximates fair value because of the short maturity of those instruments. Investments are carried at fair value based upon quoted market value.

H. 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 on contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant assumptions are made in recording the allowance for uncollectible pledges receivable based upon management's experience with historical collectability and other factors known to management. Actual results could differ from estimates.

I. Contributions

Contributions are recognized as revenue when the contributions or promises to give are unconditional. Contributions that are received or promised to give that are conditional, i.e. the Organization must fulfill an obligation before the right to use the contribution is transferred, are recognized as revenue when the obligation is fulfilled and are recorded as deferred revenue (conditional contributions) until the revenue is recognized. Campaigns are conducted primarily but

UNITED WAY OF THE MID-SOUTH NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

not exclusively in the Fall of each year to raise support for allocations to participating agencies in the subsequent calendar year and beyond. Pledges are recorded as temporarily restricted receivables with an allowance provided for uncollectible accounts. Campaign support pledged for use in the future year's operations is included as revenue with donor restrictions in the statements of activities and changes in net assets.

J. Beneficial Interests in Trusts

The Organization received a gift of a beneficial interest in a trust that is held by others. Under the terms of the trust, the Organization has the irrevocable right to receive a percentage of the income earned on the trust assets until April 15, 2042, at which time all trust assets will be liquidated and transferred to the beneficiary organizations in the same percentages as the beneficiaries are currently receiving income. The beneficial interest is reported at fair value, with the change in fair value reported as an increase or decrease in net assets with donor restrictions. Annual distributions from the trust are reported as unrestricted income based upon donor designations.

The Organization is also named as a beneficiary under a trust administered by others. Under the terms of the trust, the Organization shall annually receive a percentage of the net income from the remaining assets of the trust in perpetuity. The beneficial interest is reported at fair value, with the change in fair value reported as an increase or decrease in net assets with donor restrictions. Annual distributions from the trust are reported as unrestricted income based upon donor designations.

	Beneficial Interests in Trusts
June 30, 2023	\$ 746,619
Net appreciation	65,568
June 30, 2024	812,187
Net appreciation	33,550
June 30, 2025	<u>\$ 845,737</u>

K. Grant Programs

United Way is the recipient of several government and private grants, most of which are reimbursement grants. Grant revenue is recognized over time as promised goods and services are provided to qualifying recipients. Performance obligations are met after costs to be claimed for reimbursement are incurred and services are provided. Funds are generally received within 90 days of the request for reimbursement. Grants received in excess of expenditures are included in the statement of financial position as liabilities (contract liabilities). Reimbursable expenditures in excess of cash receipts are included in the statements of financial position as grants receivable (contract assets). Beginning and ending grants receivable balances are as follows:

	2025	2024	2023
Grants Receivable	\$ 3,191,130	\$ 2,532,852	\$ 1,168,672

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

Management provides for probable uncollectible amounts through a charge to earnings and to credit to the allowance for credit losses based on its assessment of the current status of individual grant accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to grants receivable. An allowance for credit losses is based upon a credit review of the grants receivable, past experience, current economic conditions, and other pertinent factors which form a basis for determining the adequacy of the provision. The allowance represents an estimate by management based upon these and other factors, and it is at least reasonably possible that a change in the estimate will occur in the near term. No allowance for credit losses has been recorded, as amounts due from various governmental agencies are expected to be paid in full.

L. Cash Equivalents

United Way considers short-term investments with an original maturity of three months or less to be cash equivalents. Money markets related to the investment accounts is not included in cash and cash equivalents. There is a board reserved unemployment fund of \$60,215 at June 30, 2025 that management does not net against the operating account, even though the accounts are held by the same financial institution; therefore, the book overdraft in the operating account is shown as a liability on the statement of financial position.

M. Property and Equipment

Property and equipment purchased is recorded at cost and donated equipment is recorded at its fair value at the date of receipt. The Organization uses a capitalization policy of \$5,000. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Lives are 39 years for building, and 27.5 years for improvements, 5 years for furniture and fixtures, and 3-10 years for equipment.

Balances of major classes of depreciable assets at June 30, 2025 and 2024 are as follows:

	2025	2024
Land	\$ 281,489	\$ 281,489
Building	1,048,511	1,048,511
Equipment	148,614	176,261
Furniture & Fixtures	501,750	501,750
Building Improvements	1,311,324	628,070
	<u>3,291,688</u>	<u>2,636,081</u>
Less: Accumulated Depreciation	<u>(1,127,327)</u>	<u>(1,002,513)</u>
	<u><u>\$ 2,164,361</u></u>	<u><u>\$ 1,633,568</u></u>

Depreciation expense totaled \$124,814 and \$58,225 for the years ended June 30, 2025 and 2024, respectively.

**UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS**

June 30, 2025 and 2024

N. In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The organization benefited from donated consumer goods. This amount has been disclosed in the notes to the financial statements. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Unpaid volunteers contribute significant amounts of time to fund-raising campaigns and other program activities of United Way. No amounts have been reflected in the accompanying financial statements for these donated services, as there is no objective basis for measurement.

O. Adoption of New Accounting Standard

In June 2016, the FASB issued ASU 2016-13, which amended in part by subsequent accounting standards updates (collectively ASC 326). This standard requires earlier recognition of credit losses while also providing additional transparency about credit risk. Further, the new credit losses model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. We adopted ASC 326 using the modified retrospective approach, effective July 1, 2023. The adoption of this standard did not have a material impact on our financial statements and related disclosures.

P. Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating and finance leases are included in right-of-use ("ROU") assets, current liabilities, and other long-term lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Upon recognition, operating lease ROU assets include initial lease payments made and excludes any lease incentives. The Organization uses the implicit rate when it is readily determinable to calculate the present value of lease payments. When an implicit rate is not determinable, management uses its incremental borrowing rate based on the information available at lease commencement. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization, as lessee, had month-to-month operating leases for office equipment for the year ended June 30, 2025.

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 – LIQUIDITY

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 60,215	\$ 60,587
Pledges receivable, net	1,587,052	1,726,628
Grants receivable	3,191,130	2,532,852
Assets held by others	<u>10,107,894</u>	<u>10,288,547</u>
Total financial assets available within one year	14,946,291	14,608,614
Less:		
Amounts unavailable for general expenditure, due to:		
Restricted by donor in perpetuity	<u>(5,000,000)</u>	<u>(5,000,000)</u>
Total amounts unavailable for general expenditures within one year	<u>(5,000,000)</u>	<u>(5,000,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u><u>\$ 9,946,291</u></u>	<u><u>\$ 9,608,614</u></u>

NOTE 3 – PLEDGES RECEIVABLE

A summary of pledges receivable, all of which are due within one year, and the related allowance for estimated uncollectible pledges at June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
2024 Campaign	\$ 1,957,052	\$ -
2023 Campaign	-	2,061,628
Less allowance for uncollectible pledges	<u>(370,000)</u>	<u>(335,000)</u>
	<u><u>\$ 1,587,052</u></u>	<u><u>\$ 1,726,628</u></u>

UNITED WAY OF THE MID-SOUTH NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

The following summarizes the changes in the allowance for estimated uncollectible pledges for the years ended June 30, 2025 and 2024:

	2025	2024
Balance at beginning of year	\$ 335,000	\$ 400,000
Provision	280,253	406,322
Write-offs, net	(245,253)	(471,322)
Balance at end of year	<u>\$ 370,000</u>	<u>\$ 335,000</u>

NOTE 4 – ASSETS HELD AT REGIONS BANK

United Way's endowment funds are held by Regions Bank. Regions Bank has title to the investments and the right to invest these funds without material restriction or conditions imposed by the donor. This endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are reported based on the existence or absence of donor-imposed restrictions.

United Way has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purpose of the Organization and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation or deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Organization; and
- 7) The investment policies of the Organization.

Annually, all earnings on the donor designated endowment funds in excess of the permanently restricted amounts are appropriated to the board designated endowment fund. They are released from restrictions and available for distribution in accordance with board policy.

In 2011, The Board of Directors established a committee to explore ways to utilize the unrestricted portion of the Endowment Fund to further the organization's mission. The committee's charter was established to:

- 1) Leverage funding from federal, state, local and private sources;
- 2) Increase scale and replication of successful community initiatives;

UNITED WAY OF THE MID-SOUTH NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

- 3) Support strategically aligned public and private investments; and
- 4) Focus on long term impact areas in the community.

The Board had previously established a policy, in 2006, that limits the amounts distributed from the Endowment Fund to 5% of the average fair market value of the Fund over the preceding three years, except that any amount distributed cannot result in the fair market value of the Fund being less than \$5,000,000, after consideration of any such distribution. The amount available for distribution for fiscal years ended June 30, 2025 and 2024 were \$559,117 and \$535,249, respectively. In the current and prior fiscal year, the board approved additional withdrawals for capital improvements at the United Way headquarters. These withdrawals totaled \$605,517 and \$261,935, respectively.

The endowment fund balance is invested with Regions Bank Growth with Income pool comprised of the following asset classes as of June 30, 2025: Mutual funds 99%, and Cash 1%. Actual returns can vary from this objective in any given year. The Organization seeks to provide a predictable income stream and to maintain purchasing power of the endowment assets and has transferred the assets to Regions Bank as part of its strategy to achieve its long-term performance objectives. The Organization monitors the performance of the funds held at Regions Bank regularly.

United Way recognizes contribution revenue at the fair value of the fund assets upon notification that its rights to receive benefits under the agreement are unconditional. Changes in the fair value of the United Way interests in the fund assets are reflected as gains or losses in the statement of activities in the period they occur. United Way's endowment funds held at Regions Bank reported by type and net assets class are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	\$ 5,728,903	\$ 5,000,000	\$ 10,728,903
Appropriation for expenditure	(1,514,186)	-	(1,514,186)
Investment income (loss)	(11,528)	-	(11,528)
Net appreciation	1,085,358	-	1,085,358
Total return	<u>(440,356)</u>	<u>-</u>	<u>(440,356)</u>
Endowment net assets, June 30, 2024	5,288,547	5,000,000	10,288,547
Appropriation for expenditure	(1,164,635)	-	(1,164,635)
Investment income (loss)	601,042	-	601,042
Net appreciation	382,940	-	382,940
Total return	<u>(180,653)</u>	<u>-</u>	<u>(180,653)</u>
Endowment net assets, June 30, 2025	<u>\$ 5,107,894</u>	<u>\$ 5,000,000</u>	<u>\$ 10,107,894</u>

Fees related to the management of these funds were \$29,886 and \$32,169 for the years ended June 30, 2025 and 2024, respectively.

In previous years, the United Way of the Mid-South Board of Directors approved the Investment Committee's recommendation to invest in a local investment firm, representative of the diversity in their community. The Committee selected the Preserver Fund (ticker PAOIX) and directed Regions Bank to invest 2% of the investment account's balance in a non-managed secondary portfolio.

**UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS**

June 30, 2025 and 2024

NOTE 5 – FAIR VALUE MEASUREMENT

During the years ended June 30, 2025 and 2024, the Organization had fair value of assets measured on a recurring basis using a market approach, as follows for assets held for others and beneficial interests in trusts:

	Fair Value Measurements at Reporting Date Using:			
	Total	Quoted Prices in Active Markets for Identical Assets	Significant	
			Other Observable Inputs	Significant Unobservable Inputs
	June 30, 2025	Level 1	Level 2	Level 3
Assets Held by Others - Mutual Fund Investment Balanced Pool				
Mutual funds	\$ 9,200,041	\$ 9,200,041	\$ -	\$ -
Exchange-traded fund	907,853	907,853	-	-
	10,107,894	10,107,894	-	-
Beneficial Interest in Trusts				
Cash and cash equivalents	9,240	9,240	-	-
Exchange-traded funds	401,735	401,735	-	-
Mutual funds	274,068	274,068	-	-
	685,043	685,043	-	-
Perpetual Beneficial Interest in Trusts				
Cash and cash equivalents	3,913	-	-	3,913
Mutual funds	156,781	-	-	156,781
	160,694	-	-	160,694
Total	\$ 10,953,631	\$ 10,792,937	\$ -	\$ 160,694

	Fair Value Measurements at Reporting Date Using:			
	Total	Quoted Prices in Active Markets for Identical Assets	Significant	
			Other Observable Inputs	Significant Unobservable Inputs
	June 30, 2024	Level 1	Level 2	Level 3
Assets Held by Others - Mutual Fund Investment Balanced Pool				
Mutual funds	\$ 9,948,783	\$ 9,948,783	\$ -	\$ -
Exchange-traded fund	339,764	339,764	-	-
	10,288,547	10,288,547	-	-
Beneficial Interest in Trusts				
Cash and cash equivalents	18,930	18,930	-	-
Exchange-traded funds	374,822	374,822	-	-
Mutual funds	418,435	418,435	-	-
	812,187	812,187	-	-
Total	\$ 11,100,734	\$ 11,100,734	\$ -	\$ -

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

Fair value of the beneficial interest in trusts is measured using the fair value of the assets held in the trusts as reported by the trustees as of June 30, 2025 and 2024. The perpetual beneficial interest in trusts were transferred from a Level 1 measurement to Level 3 during the year ended June 30, 2025 after the Organization evaluated the terms of the trust agreements and considered the current practice for classifying beneficial interest in trust that are perpetual. This transfer totaled \$160,694, which included a \$3,209 increase in change in value of the perpetual beneficial interest in trusts. The Organization considers the measurement of its beneficial interest in trusts to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustees, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

NOTE 6 – RETIREMENT PLAN

United Way has a contributory defined contribution retirement plan which provides retirement benefits and is administered by Mutual of America. Full-time employees with at least one year of service who have attained age 21 are eligible to participate in the plan. Participants who are hired at age 60 or above are immediately eligible to participate in the plan. United Way's contribution to the plan was \$386,757 and \$403,336 for the years ended June 30, 2025 and 2024, respectively.

NOTE 7 – LINE OF CREDIT

The Organization entered into an agreement for an unsecured line of credit for \$3,000,000 with First Horizon Bank. The line of credit matures in April 2026. Interest is payable monthly based on the bank's Prime Rate less 75 basis points (7.50% and 8.50%) for the applicable period such advance has been outstanding at June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the outstanding balance was \$1,907,172 and \$1,568,179, respectively.

NOTE 8 – AGENCY LIABILITY AND DESIGNATED GIFTS

In conducting the annual campaign, the Organization receives donations that are specified for specific agencies. The agency liability reflects those donations that were received but not disbursed by June 30, 2025 and 2024.

The Organization receives contributions that have been designated by the donor for certain member groups and agencies. The Organization honors these designations and transfers the donor designated gift to the appropriate group or agency. At June 30, 2025 and 2024, all designated gifts received have been allocated, accordingly.

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Pledges receivable, due in future periods, net	\$ 1,587,052	\$ 1,726,628
Donor restricted - endowments	5,000,000	5,000,000
Beneficial interests in trusts	<u>845,737</u>	<u>812,187</u>
	<u>\$ 7,432,789</u>	<u>\$ 7,538,815</u>

Net assets with donor restrictions are gifts and bequests given with the stipulation that the principal be maintained intact in perpetuity and gifts and bequests with time restrictions.

NOTE 10 – NOTES PAYABLE

	<u>2025</u>	<u>2024</u>
Non-interest bearing note payable to a non-profit organization, maturing December 2025	\$ 1,000,000	\$ 1,000,000
Note payable to a bank, collateralized by equipment, maturing October 2025, at an interest rate of 4.515% and due in monthly installments of \$371	<u>1,469</u>	<u>5,742</u>
	<u>\$ 1,001,469</u>	<u>\$ 1,005,742</u>

June 30, 2026	\$ 1,001,469
June 30, 2027	-
June 30, 2028	-
June 30, 2029	-
June 30, 2030	<u>-</u>
	<u>\$ 1,001,469</u>

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 11 – ALLOCATIONS TO AGENCIES

Allocations to agencies for the years ended June 30, 2025 and 2024 consists of the following:

Agency	Allocations	Total Donor	Grand Total	2024
		Designations	Allocations	Allocations
Alliance Healthcare Services	\$ 85,766	\$ 590	\$ 86,356	\$ 136,806
Alpha Omega Veterans Services	111,797	21,798	133,595	204,104
American Red Cross, Mid South Chapter	104,161	4,052	108,213	171,758
ARC of NW Mississippi	3,836	51,802	55,638	62,467
Boys & Girls Club of Memphis, Inc.	159,512	4,416	163,928	265,044
Catholic Charities of West TN	65,600	1,028	66,628	67,404
Community Foundation of Greater Memphis	-	58,017	58,017	-
Goodwill Homes Community Services, Inc.	95,456	323	95,779	152,000
Grace House of Memphis, Inc.	89,600	1,971	91,571	132,469
Hope House	58,532	23,531	82,063	94,995
Kindred Place	-	-	-	62,673
Knowledge Quest	153,546	10,870	164,416	255,401
Latino Memphis	34,540	843	35,383	58,245
LINC/2-1-1	36,424	49	36,473	58,178
Memphis Child Advocacy Center	48,064	20,107	68,171	96,364
Memphis Crisis Center	68,765	810	69,575	86,557
Memphis Jewish Community Center	32,656	445	33,101	52,002
Memphis Public Interest Law Center	127,056	-	127,056	-
Memphis Recovery Centers, Inc.	41,632	108	41,740	111,471
Memphis Urban League	49,009	1,367	50,376	78,546
Meritan	237,070	-	237,070	377,556
Porter-Leath Children's Center	202,907	6,645	209,552	331,012
Salvation Army	134,776	3,263	138,039	216,927
Shelby Residential and Voc. Services (SRVS)	-	1,553	1,553	39,452
YMCA	84,780	5,156	89,936	138,115
YWCA	44,107	430	44,537	70,986
Non member agencies and those less than \$50k	274,492	301,104	575,596	865,328
	<u>\$ 2,344,084</u>	<u>\$ 520,278</u>	<u>\$ 2,864,362</u>	<u>\$ 4,185,860</u>

NOTE 12 – CONCENTRATIONS

Throughout the years ending June 30, 2025 and 2024, United Way maintained cash in accounts at one Federally-insured financial institution. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025 and 2024, United Way held \$0 and \$0 that was in excess of FDIC limitations.

The top three contributors accounted for approximately 45% and 38% of the campaign total for the years ended June 30, 2025 and 2024, respectively.

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 13 – IN-KIND CONTRIBUTIONS

	<u>2025</u>	<u>2024</u>	<u>Usage</u>
Office space	\$ 128,525	\$ 91,875	Social services programs
Consumer goods	-	1,438	Social services programs
Advertising	106,201	15,200	Social services programs
Equipment rental/service	1,000	450	Social services programs
	<u>\$ 235,726</u>	<u>\$ 108,963</u>	

Office space, advertising, and equipment rental were valued using estimated average US prices of identical or similar products or services using pricing data of similar products or services under a “like-kind” methodology, considering the utility of the goods and services at the time of the contribution. Consumer goods were valued at the estimated fair value on the basis of estimates of retail values that would be received for selling similar products in the United States.

NOTE 14 – SUBSEQUENT EVENTS

In December 2025, the Organization paid off a non-interest bearing note payable of \$1,000,000. The amount is included in Notes payable on the Statements of Financial Position and disclosed in Note 10.

Management has evaluated subsequent events to the balance sheet date through January 5, 2026, the date the financial statements were available to be issued.

NOTE 15 – EMPLOYEE RETENTION TAX CREDIT

The Organization qualified for and applied for refundable employee retention tax credits for the period October 2020 through September 2021 and received a refund in February 2025. Amounts received totaling \$263,459 and \$0 for the years ended June 30, 2025, and 2024, respectively, are included in miscellaneous income on the statements of financial position.

SUPPLEMENTARY INFORMATION

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2025

	<u>Pass Through Grant Number</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
U.S. Department of Treasury				
Direct Award				
Volunteer Income Tax Assistance (VITA) Matching Grant Program		21.009	\$ 343,616	\$ -
Total U.S. Department of Treasury			<u>343,616</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through Tennessee Department of Human Services				
Temporary Assistance for Needy Families	76783	93.558	<u>9,397,884</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>9,397,884</u>	<u>-</u>
Total Federal Financial Assistance			<u><u>\$ 9,741,500</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report.

UNITED WAY OF THE MID-SOUTH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of United Way of the Mid-South. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Certain amounts shown on the schedule of expenditures of federal awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. United Way of the Mid-South has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors of
United Way of the Mid-South
Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of the Mid-South (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of the Mid-South's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of the Mid-South's internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way of the Mid-South's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of the Mid-South's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA, PC

Memphis, Tennessee
January 5, 2026



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
United Way of the Mid-South
Memphis, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of the Mid-South's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of the Mid-South's major federal programs for the year ended June 30, 2025. United Way of the Mid-South's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of the Mid-South complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of the Mid-South and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of the Mid-South's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Way of the Mid-South's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an

opinion on United Way of the Mid-South's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of the Mid-South's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way of the Mid-South's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of the Mid-South's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way of the Mid-South's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-01 and 2025-02 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on United Way of Mid-South's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. United Way of Mid-South's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ATA, PC

Memphis, Tennessee
January 5, 2026

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	<u> </u> yes	<u> X </u>	no
Significant deficiencies identified?	<u> </u> yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u>	no

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u> </u> yes	<u> X </u>	no
Significant deficiencies identified?	<u> X </u> yes	<u> </u>	none reported

Type of auditor's report issued on compliance for major programs:		Unmodified
--	--	------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> yes	<u> X </u>	no
---	-----------------------	----------------------	----

Identification of major programs:	
<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster:</u>
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and B programs:	<u> \$ 750,000 </u>
--	-------------------------------

Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
--	--------------------------	----------------------

Section II – Financial Statement Findings

There are no findings reported.

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

Section III – Federal Award Findings and Questioned Costs

The following represents a significant deficiency in internal control over major programs:

2025-01 – The Organization did not charge expenditures timely to the Grant Contract.

Criteria – An invoice under TANF Contract shall be presented to the State within 60 days after the end of the calendar month in which the subject costs were incurred or services were rendered by the Organization.

Condition – The Organization charged expenditures to the grant contract that were not submitted in a timely manner.

Cause – For one of the housing assistance items selected during the testing, the Organization paid the bill in October 2024; however, the request for reimbursement of this expense was submitted with the February 2025 invoice as sufficient documentation from the subcontracted party could not be obtained until that time.

Effect – The State does not consider this a timely submitted cost, therefore not allowable and reimbursable, so the invoice wouldn't be paid.

Recommendation – We recommend implementing internal controls to ensure that invoices are presented to the State within 60 days after the end of the calendar month in which the subject costs were incurred or services were rendered by the Organization.

Response – Effective immediately, and alignment with Section C.5b(4), the Organization will not accept late submissions unless express, written approval has been granted by the State.

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2025

The following represents a significant deficiency in internal control over major programs:

2025-02 – The Organization did not provide sufficient documentation to verify expenditures for Specific Assistance to Individuals.

Criteria – The Organization should maintain documentation for all charges under the TANF Contract that clearly indicates the delivery of benefits to a designated recipient.

Condition – The Organization did not provide sufficient documentation to verify Specific Assistance to Individuals expenditures charged to the Grant Contract.

Cause – For one of the assistance items selected during the testing, the Organization provided supporting documentation of the gift card purchase; however, there was no documentation of the gift card being received by the designated recipient.

Effect – The State doesn't deem such costs without sufficient supporting documentation allowable and reimbursable, so the invoice wouldn't be paid.

Recommendation – We recommend implementing internal controls to ensure that all documentation is maintained and available at the time of audit review. The supporting documentation for assistance items should have records of the delivery of benefits to a designated recipient and the date of the delivery. A specific recommendation would be to implement a control requiring a recipient to sign a form acknowledging the receipt of the gift card and date of the receipt and possibly the purpose of the gift card if not already documented elsewhere. This could be implemented by partner agencies as well.

Response – By September 15, 2025, all staff and partner agencies received targeted training on the Emergency Assistance Guidelines and related documentation requirements to ensure consistent understanding and compliance. New staff with procurement responsibilities will receive this training during onboarding, while current staff and partners will participate in scheduled refresher sessions and quality improvement meetings. Supplemental training and resources will be available on a recurring basis, and staff will be asked to acknowledge receipt and review of the guidelines.

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2025

Financial Statement Findings

There were no findings reported.

Federal Award Findings and Questioned Costs

There were no findings reported.



MANAGEMENT'S CORRECTIVE ACTION PLAN
For the year ended June 30, 2025

United Way of the Mid-South, Inc. respectively submits the following corrective action plan.

2025-001

Person Responsible for Implementing the Corrective Action:

Stacey Hammond & Shayla Kolheim

Corrective Action Planned:

Effective immediately, and alignment with Section C.5b(4), we will not accept late submissions unless express, written approval has been granted by the State.

Anticipated Completion Date of Corrective Action:

September 30, 2025

2025-002

Person Responsible for Implementing the Corrective Action:

Stacey Hammond & Shayla Kolheim

Corrective Action Planned:

All staff and partner agencies received targeted training on the Emergency Assistance Guidelines and related documentation requirements to ensure consistent understanding and compliance. New staff with procurement responsibilities will receive this training during onboarding, while current staff and partners will participate in scheduled refresher sessions and quality improvement meetings. Supplemental training and resources will be available on a recurring basis, and staff will be asked to acknowledge receipt and review of the guidelines.

Anticipated Completion Date of Corrective Action:

September 15, 2025

Respectively submitted:

Name: Stacey Hammond

Title: 12-17-2025

Name: Shayla Kolheim

Title: Managing Dir. Community Impact



UWMIDSOUTH.ORG

1005 Tillman Street, Memphis, TN 38112 USA | +1 (901) 433-4300

