

UNITED WAY OF THE MID-SOUTH

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2023 AND 2022

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

June 30, 2023

BOARD OF DIRECTORS

Chris Anderson
Eric Brown
Shannon Brown
Darrell Cobbins
Reggie Crenshaw
Rebecca Cullison
John Daniel
Jon Paul Davis
Brett Harris
Scotty Hendricks
Mary Ann Jackson
James Jones
Melanie Keller
Robert Klesges
Todd Lockner
Ursula Madden
David May
Jean Morton
John Pettey
Josh Poag
Ayoka Pond
Beverly Robertson
Leticia Towns
Keith Townsend
Kevin Woods
Richard Wright

ADMINISTRATIVE STAFF

Rev. Kenneth S. Robinson, M.D., President / Chief Executive Officer
Gia Stokes, Chief Financial and Administrative Officer



Independent Auditor's Report

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

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, 2023 and 2022, 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, 2023 and 2022 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 opinions.

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.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The organizational data, which is the responsibility of management is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024 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, PLLC

Memphis, Tennessee
January 25, 2024

**UNITED WAY OF THE MID-SOUTH
STATEMENTS OF FINANCIAL POSITION**

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 226,446	\$ 1,102,012
Pledges receivable, net	2,718,728	2,392,018
Endowment receivable	6,000	-
Grants receivable	1,168,672	129,920
Assets held by others	10,728,903	10,337,529
Beneficial interests in trusts	746,619	736,295
Property and equipment, net of accumulated depreciation of \$944,288 and \$904,333, respectively	1,371,456	1,224,767
Other assets	35,497	17,032
Total assets	\$ 17,002,321	\$ 15,939,573
Liabilities		
Accounts payable and accrued expenses	\$ 1,004,259	\$ 856,839
Agency liability	25,565	35,000
Distributions payable	495,078	491,048
Notes payable	1,062,889	13,467
Total liabilities	2,587,791	1,396,354
Net Assets		
Without donor restrictions	5,949,183	6,414,906
With donor restrictions	8,465,347	8,128,313
Total net assets	14,414,530	14,543,219
Total liabilities and net assets	\$ 17,002,321	\$ 15,939,573

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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Annual campaign						
Contributions received	\$ 15,030	\$ 7,642,706	\$ 7,657,736	\$ 9,097	\$ 7,823,377	\$ 7,832,474
Less donor designations	-	(495,322)	(495,322)	-	(976,835)	(976,835)
Less provision for uncollectible pledges	-	(9,287)	(9,287)	-	(504,052)	(504,052)
	15,030	7,138,097	7,153,127	9,097	6,342,490	6,351,587
Investment income (loss)	1,003,215	-	1,003,215	(1,826,771)	-	(1,826,771)
Change in trust	-	10,324	10,324	-	(133,861)	(133,861)
Other contributions	206,206	-	206,206	73,790	-	73,790
In-kind contributions	142,286	-	142,286	204,948	-	204,948
PPP loan forgiveness	-	-	-	831,667	-	831,667
Grants and contracts	2,542,589	-	2,542,589	1,791,080	-	1,791,080
Miscellaneous income	1,950	-	1,950	4,025	-	4,025
	3,911,276	7,148,421	11,059,697	1,087,836	6,208,629	7,296,465
Total revenue	3,911,276	7,148,421	11,059,697	1,087,836	6,208,629	7,296,465
Net Assets Released from Restrictions						
Contributions received for current period						
Support	8,292,274	(8,292,274)	-	9,571,986	(9,571,986)	-
Less donor designations	(976,835)	976,835	-	(1,642,521)	1,642,521	-
Less provision for uncollectible pledges	(504,052)	504,052	-	(478,990)	478,990	-
Total assets released from restrictions	6,811,387	(6,811,387)	-	7,450,475	(7,450,475)	-
Total Revenue and Other Support	10,722,663	337,034	11,059,697	8,538,311	(1,241,846)	7,296,465

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, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Expenses						
Program services:						
Allocations to agencies	4,197,888	-	4,197,888	4,610,744	-	4,610,744
Less donor designations	(495,322)	-	(495,322)	(976,835)	-	(976,835)
Net funds distributed	3,702,566		3,702,566	3,633,909		3,633,909
Community service	3,510,736	-	3,510,736	3,124,515	-	3,124,515
Grant expenses	1,903,138	-	1,903,138	1,624,129	-	1,624,129
Total program services	9,116,440	-	9,116,440	8,382,553	-	8,382,553
Supporting services:						
Fund raising	493,170	-	493,170	583,646	-	583,646
Management and general	1,578,776	-	1,578,776	1,698,065	-	1,698,065
Total supporting services	2,071,946	-	2,071,946	2,281,711	-	2,281,711
Total expenses	11,188,386	-	11,188,386	10,664,264	-	10,664,264
Increase (Decrease) in Net Assets	(465,723)	337,034	(128,689)	(2,125,953)	(1,241,846)	(3,367,799)
Net Assets at Beginning of Year	6,414,906	8,128,313	14,543,219	8,540,859	9,370,159	17,911,018
Net Assets at End of Year	<u>\$ 5,949,183</u>	<u>\$ 8,465,347</u>	<u>\$ 14,414,530</u>	<u>\$ 6,414,906</u>	<u>\$ 8,128,313</u>	<u>\$ 14,543,219</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, 2023

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Allocations to Agencies	Community Service	Grant Expense	Fund Raising	Management and General	
Allocations to agencies	\$ 4,197,888	\$ -	\$ -	\$ -	\$ -	\$ 4,197,888
Less donor designations	(495,322)	-	-	-	-	(495,322)
Sub total	<u>3,702,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702,566</u>
Salaries	-	1,809,565	834,456	268,756	860,368	3,773,145
Employee benefits	-	418,971	131,176	62,225	199,202	811,574
Payroll taxes	-	129,033	62,355	19,164	61,350	271,902
Sub total	<u>-</u>	<u>2,357,569</u>	<u>1,027,987</u>	<u>350,145</u>	<u>1,120,920</u>	<u>4,856,621</u>
Professional fees	-	145,295	602,373	21,579	69,081	838,328
Supplies	-	88,343	29,987	13,121	42,003	173,454
Telephone	-	10,306	2,861	1,531	4,900	19,598
Postage	-	3,142	-	467	1,494	5,103
Occupancy	-	223,176	45,711	33,146	106,110	408,143
Equipment rent/maint	-	13,268	9,075	1,971	6,308	30,622
Software support/maint	-	85,052	56,144	12,632	40,439	194,267
Printing/publications	-	42,595	60,461	6,326	20,252	129,634
Local travel	-	20,850	13,472	3,097	9,913	47,332
Conferences/mtgs	-	30,467	12,839	4,525	14,486	62,317
Special events	-	41,621	-	6,182	19,789	67,592
Membership dues	-	6,807	-	1,011	3,236	11,054
Endowment fund management fees	-	19,021	-	2,825	9,043	30,889
Bank service fees	-	20,644	1,857	3,066	9,815	35,382
Miscellaneous	-	5,889	-	875	2,800	9,564
Interest	-	730	-	108	347	1,185
Depreciation	-	24,603	-	3,654	11,698	39,955
Contracts	-	190,178	40,371	-	-	230,549
Gifts in kind	-	87,616	-	13,013	41,657	142,286
Sub total	<u>-</u>	<u>1,059,603</u>	<u>875,151</u>	<u>129,129</u>	<u>413,371</u>	<u>2,477,254</u>
United Way dues	-	93,564	-	13,896	44,485	151,945
Total functional expenses	<u>\$ 3,702,566</u>	<u>\$ 3,510,736</u>	<u>\$ 1,903,138</u>	<u>\$ 493,170</u>	<u>\$ 1,578,776</u>	<u>\$ 11,188,386</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, 2022

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Allocations to Agencies	Community Service	Grant Expense	Fund Raising	Management and General	
Allocation to agencies	\$ 4,610,744	\$ -	\$ -	\$ -	\$ -	\$ 4,610,744
Less donor designations	(976,835)	-	-	-	-	(976,835)
Sub total	<u>3,633,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,633,909</u>
Salaries	-	1,560,365	682,969	314,122	913,912	3,471,368
Employee benefits	-	361,420	99,062	72,759	211,685	744,926
Payroll taxes	-	109,172	51,761	21,978	63,942	246,853
Sub total	<u>-</u>	<u>2,030,957</u>	<u>833,792</u>	<u>408,859</u>	<u>1,189,539</u>	<u>4,463,147</u>
Professional fees	-	99,597	458,548	20,050	58,334	636,529
Supplies	-	54,281	20,793	10,927	31,793	117,794
Telephone	-	13,849	6,774	2,788	8,111	31,522
Postage	-	2,396	2,481	482	1,404	6,763
Occupancy	-	217,241	9,211	43,733	127,239	397,424
Equipment rental and repairs	-	10,681	693	2,150	6,256	19,780
Software support/maintenance	-	80,237	28,871	16,153	46,995	172,256
Printing and publications	-	17,746	61,452	3,573	10,394	93,165
Local travel	-	8,693	4,909	1,750	5,092	20,444
Conferences, conventions, and meetings	-	12,404	4,547	2,497	7,265	26,713
Special events	-	11,443	3,357	2,304	6,702	23,806
Membership dues	-	7,304	-	1,470	4,278	13,052
Endowment fund management fees	-	17,657	-	3,555	10,342	31,554
Bank service fees	-	22,776	-	4,585	13,340	40,701
Miscellaneous	-	1,843	-	372	1,079	3,294
Interest	-	799	-	161	468	1,428
Depreciation	-	33,291	-	6,702	19,498	59,491
Contracts	-	225,327	188,701	-	-	414,028
Gifts in kind	-	114,687	-	23,088	67,173	204,948
Sub total	<u>-</u>	<u>952,252</u>	<u>790,337</u>	<u>146,340</u>	<u>425,763</u>	<u>2,314,692</u>
United Way dues	-	141,306	-	28,447	82,763	252,516
Total functional expenses	<u>\$ 3,633,909</u>	<u>\$ 3,124,515</u>	<u>\$ 1,624,129</u>	<u>\$ 583,646</u>	<u>\$ 1,698,065</u>	<u>\$ 10,664,264</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, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Decrease in net assets	\$ (128,689)	\$ (3,367,799)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation	39,955	59,491
Change in allowance for doubtful accounts	(100,000)	(140,000)
Other income from PPP loan forgiveness	-	(831,667)
(Increase) decrease in fair value of assets held by others	(391,374)	(256,971)
(Increase) decrease in fair value of beneficial interests in trusts	(10,324)	133,862
Changes in assets and liabilities		
Gross pledges receivable	(226,710)	1,247,984
Endowment receivable	(6,000)	2,500,000
Grant receivable	(1,038,752)	299,318
Other assets	(18,465)	11,143
Accounts payable and accrued expenses	147,420	52,830
Agency liability	(9,435)	(77,226)
Distributions payable	4,030	77,719
Net cash used in operating activities	(1,738,344)	(291,316)
Cash flows from investing activities		
Purchase of property and equipment	(186,644)	-
Net cash used in investing activities	(186,644)	-
Cash flows from financing activities		
Proceeds from notes payable	1,052,907	-
Principal payments on note payable	(3,485)	(3,484)
Net cash provided by (used in) financing activities	1,049,422	(3,484)
Net decrease in cash and cash equivalents	(875,566)	(294,800)
Cash and cash equivalents at beginning of year	1,102,012	1,396,812
Cash and cash equivalents at end of year	\$ 226,446	\$ 1,102,012
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 1,184	\$ 1,429

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

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

June 30, 2023 and 2022

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, 2023 and 2022

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-six (26) 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 \$80,100 and 58,663 during the years ended June 30, 2023 and 2022, respectively. Advertising costs are expensed when they are incurred. Advertising valued at \$15,200 and \$24,232 was donated during the years ended June 30, 2023 and 2022, respectively and is included in the Statements of Functional Expenses. Corresponding revenue is included in the "Other 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, 2023 and 2022

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

Campaigns are conducted primarily but 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.

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

June 30, 2023 and 2022

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 assets will be liquidated and transferred to the organizations in the same percentages as they 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.

	Beneficial Interests in Trusts
June 30, 2021	\$ 870,157
Net appreciation (depreciation)	(133,862)
June 30, 2022	736,295
Net appreciation (depreciation)	10,324
June 30, 2023	\$ 746,619

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.

K. Grant Programs

United Way is the recipient of several government and private grants. Grants received in excess of expenditures are included in the statement of financial position as liabilities. Reimbursable expenditures in excess of cash receipts are included in the statements of financial position as grants receivable. Grants receivable balances at year end are as follows:

	2023	2022	2021
Grants Receivable	\$ 1,168,672	\$ 129,920	\$ 429,238

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.

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

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

June 30, 2023 and 2022

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, and 3-10 years for equipment.

Balances of major classes of depreciable assets at June 30, 2023 and 2022 are as follows:

	2023	2022
Land	\$ 281,489	\$ 281,489
Building	1,048,511	1,048,511
Equipment	142,789	142,789
Furniture & Fixtures	501,750	501,750
Leasehold Improvements	341,205	154,561
	2,315,744	2,129,100
Less: Accumulated Depreciation	(944,288)	(904,333)
	\$ 1,371,456	\$ 1,224,767

Depreciation expense totaled \$39,955 and \$59,491 for the years ended June 30, 2023 and 2022, respectively.

N. Donated Services

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 February 2016, the FASB issued guidance codified in ASC Topic 842, *Leases*, which amends the guidance in former ASC Topic 840. The new standard increases transparency and comparability by requiring the recognition by lessees of right-of-use ("ROU") assets and lease liabilities on the consolidated statement of financial position for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASC Topic 842, *Leases*, is effective for fiscal years beginning after December 15, 2021 for nonpublic companies.

The Organization adopted the lease standard effective July 1, 2022 using the transition alternative approach and elected the package of practical expedients which permits the Organization to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any existing leases as of the effective date. As a result of adopting the new standard effective July 1, 2022, there was no effect on the statement of financial position or the statement of activities and changes in net assets.

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

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

June 30, 2023 and 2022

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 had no right-of-use assets for the year ended June 30, 2023.

The Organization, as lessee, had month-to-month operating leases for office equipment for the year ended June 30, 2023.

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>2023</u>	<u>2022</u>
Financial assets to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 226,446	\$ 1,102,012
Pledges receivable, net	2,718,728	2,392,018
Grants receivable	1,168,672	129,920
Assets held by others	<u>10,728,903</u>	<u>10,337,529</u>
Total financial assets available within one year	14,842,749	13,961,479
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>\$ 9,842,749</u></u>	<u><u>\$ 8,961,479</u></u>

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

June 30, 2023 and 2022

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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
2022 Campaign	\$ 3,118,728	\$ -
2021 Campaign	-	2,892,018
Less allowance for uncollectible pledges	<u>(400,000)</u>	<u>(500,000)</u>
	<u>\$ 2,718,728</u>	<u>\$ 2,392,018</u>

The following summarizes the changes in the allowance for estimated uncollectible pledges for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 500,000	\$ 640,000
Provision	9,287	504,052
Write-offs, net	<u>(109,287)</u>	<u>(644,052)</u>
Balance at end of year	<u>\$ 400,000</u>	<u>\$ 500,000</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;

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

- 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;
- 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, 2023 and 2022 were \$580,952 and \$384,703, respectively.

The endowment fund balance is invested with Regions Bank Growth with Income pool comprised of the following asset classes as of June 30, 2023: Mutual funds 95%, and Cash 5%. 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 OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023 and 2022

United Way's endowment funds held at Regions Bank reported by type and net assets class are as follows:

Changes in Endowment Net Assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ 5,080,558	\$ 5,000,000	\$ 10,080,558
Contributions	2,500,000	-	2,500,000
Appropriation for expenditure	(384,703)	-	(384,703)
Investment income	571,117	-	571,117
Net appreciation (depreciation)	(2,429,443)	-	(2,429,443)
Total return	<u>256,971</u>	<u>-</u>	<u>256,971</u>
Endowment net assets, June 30, 2022	5,337,529	5,000,000	10,337,529
Appropriation for expenditure	(580,952)	-	(580,952)
Investment income	303,294	-	303,294
Net appreciation (depreciation)	669,032	-	669,032
Total return	<u>391,374</u>	<u>-</u>	<u>391,374</u>
Endowment net assets, June 30, 2023	<u>\$ 5,728,903</u>	<u>\$ 5,000,000</u>	<u>\$ 10,728,903</u>

Fees related to the management of these funds were \$30,889 and \$31,554 for the years ended June 30, 2023 and 2022, respectively.

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

June 30, 2023 and 2022

	Board Designated Endowment Funds	Donor Restricted Endowment Funds	Total
Balance at June 30, 2021	\$ 5,080,558	\$ 5,000,000	\$ 10,080,558
Contributions	2,500,000	-	2,500,000
Appropriation for expenditure	(384,703)	-	(384,703)
Investment income, net of expenses	571,117	-	571,117
Net appreciation (depreciation)	(2,429,443)	-	(2,429,443)
Total return	<u>256,971</u>	<u>-</u>	<u>256,971</u>
Endowment net assets, June 30, 2022	5,337,529	5,000,000	10,337,529
Contributions	-	-	-
Appropriation for expenditure	(580,952)	-	(580,952)
Investment income, net of expenses	303,294	-	303,294
Net appreciation (depreciation)	669,032	-	669,032
Total return	<u>391,374</u>	<u>-</u>	<u>391,374</u>
Endowment net assets, June 30, 2023	<u>\$ 5,728,903</u>	<u>\$ 5,000,000</u>	<u>\$ 10,728,903</u>

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, 2023 and 2022

NOTE 5 – FAIR VALUE MEASUREMENT

During the years ended June 30, 2023 and 2022, 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:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	<u>Total</u>	<u>Quoted Prices in</u>	<u>Significant</u>	<u>Significant</u>
	<u>June 30, 2023</u>	<u>Active Markets</u>	<u>Other</u>	<u>Unobservable</u>
		<u>for Identical</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2023				
Assets Held by Others - Mutual				
Fund Investment Balanced Pool				
Mutual funds	\$ 10,416,057	\$ 10,416,057	\$ -	\$ -
Exchange-traded fund	312,846	312,846	-	-
	<u>10,728,903</u>	<u>10,728,903</u>	<u>-</u>	<u>-</u>
Beneficial Interest in Trusts				
Cash and cash equivalents	11,209	11,209	-	-
Exchange-traded funds	220,368	220,368	-	-
Mutual funds	515,042	515,042	-	-
	<u>746,619</u>	<u>746,619</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,475,522</u>	<u>\$ 11,475,522</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2022				
Assets Held by Others - Mutual				
Fund Investment Balanced Pool				
Mutual funds	\$ 10,066,789	\$ 10,066,789	\$ -	\$ -
Exchange-traded fund	270,740	270,740	-	-
	<u>10,337,529</u>	<u>10,337,529</u>	<u>-</u>	<u>-</u>
Beneficial Interest in Trusts				
Cash and cash equivalents	24,432	24,432	-	-
Exchange-traded funds	155,111	155,111	-	-
Mutual funds	556,752	556,752	-	-
	<u>736,295</u>	<u>736,295</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,073,824</u>	<u>\$ 11,073,824</u>	<u>\$ -</u>	<u>\$ -</u>

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 \$354,788 and \$308,211 for the years ended June 30, 2023 and 2022, respectively.

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

June 30, 2023 and 2022

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 2024. Interest is payable monthly based on the bank's Prime Rate less 75 basis points (7.50% and 4.00%) for the applicable period such advance has been outstanding at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the outstanding balance was \$0 and \$0, respectively.

NOTE 8 – AGENCY LIABILITY

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, 2023 and 2022.

NOTE 9 – DESIGNATED GIFTS

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, 2023 and 2022, all designated gifts received have been allocated, accordingly.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Pledges receivable, due in future periods, net	\$ 2,718,728	\$ 2,392,018
Donor restricted - endowments	5,000,000	5,000,000
Beneficial interests in trusts	746,619	736,295
	<u>\$ 8,465,347</u>	<u>\$ 8,128,313</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.

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

June 30, 2023 and 2022

NOTE 11 – NOTES PAYABLE

	2023	2022
Non interest bearing note payable to a non-profit organization, maturing June 30, 2024	\$ 1,000,000	\$ -
Non interest bearing note payable to a non-profit organization, maturing September 1, 2023	52,907	-
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	9,982	13,467
	\$ 1,062,889	\$ 13,467

Minimum future payments on note payable as of June 30, 2023 is as follows:

June 30, 2024	\$ 1,056,996
June 30, 2025	4,278
June 30, 2026	1,615
	\$ 1,062,889

UNITED WAY OF THE MID-SOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 12 – ALLOCATIONS TO AGENCIES

Allocations to agencies for the years ended June 30, 2023 and 2022 consists of the following:

Agency	Total Allocations	Total Donor Designations	Grand Total Allocations	2022 Allocations
Alliance Healthcare Services	\$ 134,400	\$ -	\$ 134,400	\$ 119,211
Alpha Omega Veterans Services	164,062	23,210	187,272	242,181
American Red Cross, Mid South Chapter	143,707	4,191	147,898	143,691
Boys & Girls Club of Memphis, Inc.	254,500	12,210	266,710	270,957
Catholic Charities of West TN	67,000	-	67,000	67,000
Community Foundation of Greater Memphis	-	-	-	51,881
Goodwill Homes Community Services, Inc.	152,000	445	152,445	153,190
Grace House of Memphis, Inc.	129,500	2,086	131,586	131,683
Hope House	72,000	12,785	84,785	58,712
Kindred Place	89,000	719	89,719	90,366
Knowledge Quest	225,000	12,572	237,572	237,872
Latino Memphis	55,500	4,131	59,631	57,241
LeBonheur Early Intervention & Development Prg.	-	-	-	23,744
LINC/2-1-1	58,000	71	58,071	70,205
Literacy Mid-South	60,000	1,250	61,250	-
Memphis Child Advocacy Center	60,247	11,743	71,990	101,470
Memphis Crisis Center	94,560	278	94,838	101,231
Memphis Jewish Community Center	61,500	104	61,604	62,008
Memphis Recovery Centers, Inc.	109,500	747	110,247	111,224
Memphis Urban League	76,800	435	77,235	105,634
Meritan	371,500	10,025	381,525	372,830
Porter-Leath Children's Center	302,500	12,947	315,447	336,509
Salvation Army	211,200	4,091	215,291	225,688
Shelby Residential and Voc. Services (SRVS)	37,920	624	38,544	41,957
YMCA	131,000	3,636	134,636	136,593
YWCA	69,120	44	69,164	72,048
Non member agencies and those less than \$50k	572,050	376,978	949,028	1,225,618
	<u>\$ 3,702,566</u>	<u>\$ 495,322</u>	<u>\$ 4,197,888</u>	<u>\$ 4,610,744</u>

NOTE 13 – CONCENTRATIONS

Throughout the years ending June 30, 2023 and 2022, 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, 2023 and 2022, United Way held \$122,539 and \$868,249 that was in excess of FDIC limitations.

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

June 30, 2023 and 2022

The top three contributors accounted for approximately 45% and 45% of the campaign total for the years ended June 30, 2023 and 2022, respectively.

NOTE 14 – THIRD PARTY PROCESSORS, DONOR DESIGNATIONS, AND PARTNER AGENCY CONTRIBUTIONS

Pledges and contributions have historically been reported by United Way to reflect not only undesignated contributions for United Way’s operations, but also both designated pass-through contributions and partner agencies’ in-house campaign contributions; both of which have been previously accounted for as a product of United Way’s resource development functions but are contributions functionally unavailable to its operations. Over the past few years, many of United Way’s corporate partners have increasingly contracted with third-party processors to internally manage their employees’ United Way contributions. More commonly now, if donors elect to designate their contributions, third-party processors will forward those contributions directly to recipient non-profits, without reporting the amounts of those contributions to United Way for its accounting purposes. Consequently, United Way is unable to accurately document all the contributions its staff help generate. This shift has precipitated a change in the manner United Way records both pledges receivable and contributions received. Since both pass-through, and internal agency campaign contributions can no longer be consistently accounted for, United Way has adjusted its financial reporting to no longer present such contributions. There is no effect on net pledges receivable, as previously those contributions were recorded as revenue and an offsetting expense.

NOTE 15 – IN-KIND CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>	<u>Usage</u>
Office space	\$ 100,758	\$ 99,621	Social services programs
Consumer goods	23,328	78,095	Social services programs
Advertising	15,200	24,232	Social services programs
Equipment rental/service	3,000	3,000	Social services programs
	<u>\$ 142,286</u>	<u>\$ 204,948</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 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events to the balance sheet date through January 25, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

	<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	\$ 19,213	\$ -
Volunteer Income Tax Assistance (VITA) Matching Grant Program		21.009	191,969	-
			<u>211,182</u>	<u>-</u>
Total U.S. Department of Treasury				
U.S. Department of Health and Human Services				
Passed through Methodist Le Bonheur Community Outreach				
Community Program to Improve Minority Health	CPIMP201195	93.137	114,760	-
			<u>114,760</u>	<u>-</u>
Passed through Tennessee Department of Human Services				
Temporary Assistance for Needy Families	76783	93.558	1,251,044	-
			<u>1,365,804</u>	<u>-</u>
Total U.S. Department of Health and Human Services				
U.S. Department of Homeland Security				
Direct Award				
Emergency Food and Shelter National Board Program		97.024	23,736	-
			<u>23,736</u>	<u>-</u>
Total U.S. Department of Homeland Security				
Total Federal Financial Assistance			<u><u>\$ 1,600,722</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, 2023

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 modified 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, 2023, 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 25, 2024.

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 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, PLLC

Memphis, Tennessee
January 25, 2024



**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, 2023. 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, 2023.

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 audit.

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

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.

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. 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 above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, PLLC

Memphis, Tennessee
January 25, 2024

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ yes	_____ X	no
Significant deficiencies identified?	_____ yes	_____ X	none reported

Type of auditor's report issued on compliance for major programs:		Unmodified	
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		_____ X	no
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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:		_____ \$750,000	
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Auditee qualified as low-risk auditee?		_____ X	no
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Section II – Financial Statement Findings

There are no findings reported.

Section III – Federal Award Findings and Questioned Costs

There are no findings reported.

UNITED WAY OF THE MID-SOUTH
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2023

Financial Statement Findings

There are no findings reported.

Federal Award Findings and Questioned Costs

There are no findings reported.