UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE

CONSOLIDATED AND COMBINED
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019 AND 2018

Warren Averett
CPAs AND ADVISORS

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AND SUBSIDIARIES AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Central Alabama, Inc.

We have audited the accompanying financial statements of United Way of Central Alabama, Inc. and subsidiaries and affiliate (United Way) (a nonprofit organization), which comprise the consolidated and combined statement of financial position as of December 31, 2019, and the related consolidated and combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated and combined financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated and combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated and combined financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated and combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and combined financial statements.

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

Opinion
In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Alabama, Inc. and subsidiaries and affiliate as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Central Alabama, Inc. and subsidiaries and affiliate 2018 consolidated and combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The accompanying supplementary information, which includes the schedule of allocations to agencies by impact areas and schedule of expenditures of federal and nonfederal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated and combined 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 consolidated and combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements or to the consolidated and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated and combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of United Way of Central Alabama, Inc.'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 this report is 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 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 Central Alabama, Inc.'s internal control over financial reporting and compliance.

Warren Averett, LLC

Birmingham, Alabama
December 7, 2020

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Cash and cash equivalents	$ 7,909,845	$ 8,112,919
Restricted cash (Note 1)	10,637,783	11,403,566
Short-term investments	375,194	352,506
Due from agencies	28,989	58,989
Campaign pledges receivable – net:		
Current year (Note 2)	28,195,226	26,650,841
Prior year (Note 2)	1,616,575	1,742,138
	29,811,801	28,392,979
Grants receivable (Note 3)	6,832,566	5,360,337
Other current assets	1,127,022	1,633,916
Endowment receivables	114,779	102,789
Cash surrender value of life insurance	4,082,719	3,920,646
Long-term investments (Note 6 and 7)	34,765,570	29,268,261
Long-term pledges receivable (Note 2)	2,674,749	2,295,860
Investment property (Note 6 and 7)	1,165,000	1,010,000
Property and equipment – net (Note 5)	9,577,040	8,939,547
TOTAL ASSETS	$ 109,103,057	$ 100,852,315

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Accounts payable and accrued expenses	$ 5,072,909	$ 5,322,419
Due to agencies	6,709,640	7,112,876
Due to other United Way organizations	2,124,621	2,463,526
Pension and other postretirement benefits (Note 15)	5,056,847	4,521,267
Other liabilities	4,472,273	3,716,785
Total liabilities	23,436,290	23,136,873
NET ASSETS		
Net assets without donor restrictions (Note 8)	43,459,105	37,750,891
Net assets with donor restrictions (Note 9)	42,207,662	39,964,551
Total net assets	85,666,767	77,715,442
TOTAL LIABILITIES AND NET ASSETS	$ 109,103,057	$ 100,852,315

See notes to the consolidated and combined financial statements.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
CONSOLIDATED AND COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (SUMMARIZED DATA)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2019	Total All Funds 2018
REVENUES AND OTHER SUPPORT				
Campaign applicable to current period:				
Contributions recognized:				
Current period	$ 3,716,918	$ -	$ 3,716,918	$ 2,613,551
Prior periods	33,547,305	(33,547,305)	-	-
Donor designations	(4,227,021)	4,902,120	675,099	498,058
Allowance for uncollectible pledges	(2,104,446)	2,180,575	76,129	(169,881)
TOTAL CAMPAIGN FOR CURRENT PERIOD	30,932,756	(26,464,610)	4,468,146	2,941,728
Campaign revenue recognized for future allocation period	-	33,508,455	33,508,455	33,547,305
Donor designations	-	(4,163,212)	(4,163,212)	(4,902,120)
Allowance for uncollectible pledges	-	(2,178,050)	(2,178,050)	(2,180,575)
TOTAL CAMPAIGN FOR NEXT ALLOCATION PERIOD	-	27,167,193	27,167,193	26,464,610
Campaign revenue recognized for future allocation periods	-	501,007	501,007	438,741
TOTAL CAMPAIGN	30,932,756	1,203,590	32,136,346	29,845,079
OTHER SUPPORT				
Grants and other restricted revenue	44,912,041	150,548	45,062,589	41,484,197
Disaster relief contributions	44,000	-	44,000	1,617
Excess revenue over pledge loss	550,170	-	550,170	543,489
Sales and service to the public	703,029	-	703,029	583,474
Endowment contributions	148,689	21,273	169,962	997,151
Investment income (loss) (Note 6)	4,903,469	867,588	5,771,057	(1,633,857)
Gift-in-kind contributions	337,547	-	337,547	348,135
Campaign management fees	160,242	-	160,242	223,450
Initiative funding and transfers	1,242,649	(169,607)	1,073,042	1,031,396
Agency health insurance program (Note 15)	9,236,707	-	9,236,707	11,928,468
Sponsorship revenues – direct assistance	146,732	24,198	170,930	174,800
Change in cash surrender value of life insurance	16,552	145,521	162,073	119,902
Other	1,529,107	-	1,529,107	1,385,697
TOTAL OTHER SUPPORT	63,930,934	1,039,521	64,970,455	57,187,919
TOTAL REVENUES AND OTHER SUPPORT	94,863,690	2,243,111	97,106,801	87,032,998

See notes to the consolidated and combined financial statements.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
CONSOLIDATED AND COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (SUMMARIZED DATA)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2019	Total All Funds 2018
EXPENSES				
Allocation and community services:				
Funds allocated to partner agencies, initiatives and programs	$ 27,083,561	$ -	$ 27,083,561	$ 27,286,788
Other allocations	2,021,791	-	2,021,791	2,248,249
Less allocations funded through designations	(4,227,021)	-	(4,227,021)	(4,958,409)
Community and agencies services:				
Community service and disaster relief	4,364,488	-	4,364,488	4,667,941
Grant programs	44,722,507	-	44,722,507	40,612,832
Agency health insurance program (Note 15)	7,962,307	-	7,962,307	8,664,987
Fund distribution	629,988	-	629,988	538,494
Sponsorship expenses – direct assistance	143,732	-	143,732	217,557
Special events, net	190,775	-	190,775	74,911
TOTAL ALLOCATIONS AND COMMUNITY SERVICES	82,892,128	-	82,892,128	79,353,350
Fundraising and administrative costs:				
Fundraising	2,913,644	-	2,913,644	3,280,275
Administrative	2,084,794	-	2,084,794	2,035,330
TOTAL FUNDRAISING AND ADMINISTRATIVE COSTS	4,998,438	-	4,998,438	5,315,605
TOTAL EXPENSES	87,890,566	-	87,890,566	84,668,955
OPERATING EXCESS, BEFORE TRANSFERS	6,973,124	2,243,111	9,216,235	2,364,043
BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS				
Board designated transfers to (from) operations (Note 8)	(4,310,637)	-	(4,310,637)	740,507
OPERATING EXCESS, AFTER TRANSFERS	2,662,487	2,243,111	4,905,598	3,104,550
NON-OPERATING ITEMS				
Pension-related changes other than net periodic cost (Note 15)	(1,264,910)	-	(1,264,910)	92,191
BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS				
Board designated transfers from (to) operations (Note 8)	4,310,637	-	4,310,637	(740,507)
TOTAL NON-OPERATING ITEMS AND BOARD DESIGNATIONS	3,045,727	-	3,045,727	(648,316)
CHANGES IN NET ASSETS	5,708,214	2,243,111	7,951,325	2,456,234
NET ASSETS AT BEGINNING OF YEAR	37,750,891	39,964,551	77,715,442	75,259,208
NET ASSETS AT END OF YEAR	$ 43,459,105	$ 42,207,662	$ 85,666,767	$ 77,715,442

See notes to the consolidated and combined financial statements.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
CONSOLIDATED AND COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (SUMMARIZED DATA)

			United Way Programs				
	Fundraising	Administrative	Fund Distribution	Community Services and Disaster Relief	Grant Programs	Total 2019	Total 2018
Salaries	$ 1,356,423	$ 1,907,985	$ 351,860	$ 2,087,785	$ 2,315,156	$ 8,019,209	$ 7,660,428
Employee benefits	299,771	395,364	80,437	273,005	599,412	1,647,989	2,144,645
Payroll taxes	112,267	114,958	22,810	149,155	168,211	567,401	548,414
Total salaries and related expenses	1,768,461	2,418,307	455,107	2,509,945	3,082,779	10,234,599	10,353,487
Payments to affiliates	72,345	73,719	11,408	136,021	120,791	414,284	426,766
Professional fees	23,983	208,422	43,079	91,402	150,236	517,122	475,292
Supplies	49,660	47,879	7,041	133,923	56,087	294,590	363,952
Telephone	17,464	47,893	2,860	15,183	10,904	94,304	91,816
Postage and shipping	14,091	7,941	127	6,990	12,433	41,582	44,590
Occupancy	4,292	32,762	1,518	358,986	15,139	412,697	437,357
Rental and maintenance of equipment	13,886	114,292	4,994	22,177	6,601	161,950	121,856
Printing and publications	323,326	4,208	1,676	374,306	117,969	821,485	928,587
Travel	23,336	1,506	3,639	13,290	22,606	64,377	64,362
Conferences, conventions and meetings	18,119	18,612	3,274	29,999	59,169	129,173	169,688
Membership dues	3,726	12,155	1,226	48,287	2,430	67,824	65,312
Miscellaneous	14,452	16,500	2,813	48,914	27,928	110,607	79,509
Equipment and software	81,758	80,917	696	47,504	169,620	380,495	266,465
Indirect costs	464,290	(1,097,214)	85,667	(30,286)	577,543	-	-
Program services	487	21,039	67	76,400	40,290,272	40,388,265	36,682,507
Disaster relief payments	-	-	-	-	-	-	10,422
TOTAL BEFORE DEPRECIATION	2,893,676	2,008,938	625,192	3,883,041	44,722,507	54,133,354	50,581,968
Depreciation of property and equipment	19,968	75,856	4,796	481,447	-	582,067	552,904
TOTAL FUNCTIONAL EXPENSES	$ 2,913,644	$ 2,084,794	$ 629,988	$ 4,364,488	$ 44,722,507	$ 54,715,421	$ 51,134,872

See notes to the consolidated and combined financial statements.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 7,951,325	$ 2,456,234
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of long-term receivables	(9,317)	2,168
Depreciation	582,067	552,904
Net realized and unrealized loss (gain) on investments and endowment transfers	(5,575,948)	1,663,396
Net loss on disposal of property	-	763
Change in provision for allowance for uncollectible campaign pledges	325,847	(422,569)
Gain on investment property	(155,000)	-
Changes in:		
Campaign pledges receivable – net	(1,744,669)	3,405,228
Grants receivable	(1,472,229)	(1,066,841)
Endowment receivables	(11,990)	5,230
Other current assets	506,894	(207,164)
Long-term pledges receivable	(369,572)	(361,019)
Accounts payable and accrued expenses	(249,510)	1,451,567
Due to/from agencies, net	(373,236)	(842,438)
Due to other United Way organizations	(338,905)	(420,467)
Pension and other postretirement benefits	535,580	(71,072)
Other liabilities	755,488	1,468,669
Net cash provided by operating activities	356,825	7,614,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	81,151	3,611,806
Purchases of investments	(25,200)	(3,637,465)
Decrease in cash surrender value of life insurance	(162,073)	(119,902)
Purchases of property and equipment	(1,219,560)	(4,448,576)
Net cash provided by (used in) investing activities	(1,325,682)	(4,594,137)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(968,857)	3,020,452
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,516,485	16,496,033
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 18,547,628	$ 19,516,485
Cash and cash equivalents	$ 7,909,845	$ 8,112,919
Restricted cash	10,637,783	11,403,566
CASH AT END OF YEAR	$ 18,547,628	$ 19,516,485

See notes to the consolidated and combined financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Central Alabama, Inc. (United Way or the Organization) is a voluntary health and welfare organization whose primary purpose is fundraising for Central Alabama (including the Alabama counties of Jefferson, Shelby, Walker, Blount and St. Clair) to support numerous not-for-profit agencies in the State of Alabama and other community projects. United Way also serves as a sponsor for several federal and state grant programs to fund services and needs in the community. Community Partnership of Alabama, Inc., Priority Veteran, Inc. and Meals on Wheels of Central Alabama, Inc. (the subsidiaries) are supporting organizations of United Way. Hands on Birmingham, Inc. (the affiliate) is a volunteer resource for Central Alabama. The activities and operations included in the accompanying consolidated and combined financial statements include those activities and operations over which United Way has oversight responsibility or for which United Way directly provides public services.

Principles of Consolidation

The accompanying consolidated and combined financial statements include the accounts of United Way; its subsidiaries, Community Partnership of Alabama, Inc., Priority Veteran, Inc., and Meals on Wheels of Central Alabama, Inc.; and its affiliate, Hands on Birmingham, Inc. All intercompany transactions have been eliminated upon consolidation and combination.

Basis of Presentation

The consolidated and combined financial statements reflect the accounts of United Way, exclusive of any agencies, which have their own independent board of directors and conduct independent service programs. The consolidated and combined financial statements include certain prior year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with United Way's audited consolidated and combined financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents consists of bank deposit accounts or money market funds. For purposes of cash flow, cash and cash equivalents and restricted cash are combined.

Restricted Cash

Cash required to be held in separate accounts is segregated in accordance with the specified guidelines. Restricted cash is held for various purposes at December 31:

	2019	2018
Grants and programs	$ 2,512,509	$ 1,912,806
Cash collected for future campaigns	5,398,764	7,218,296
Jefferson County Community Service Fund	2,726,510	2,272,464
	$ 10,637,783	$ 11,403,566

A corresponding liability of $2,524,609 and $2,387,587 is recorded in other liabilities for cash held for the grant-related programs and the Jefferson County Community Service Fund at December 31, 2019 and 2018, respectively. Cash collected for future campaigns is recorded within net assets with donor restrictions (see Note 9).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Short-term investments include bank certificates of deposit and donated stock. The recorded values approximate fair value.

Long-term investments include equity securities and fixed income pooled bond funds primarily placed in a revocable trust fund recorded at fair value, based on the quoted market price of the underlying securities. Long-term investments also include certain investments in hedge funds, which are recorded at the estimated underlying net asset valuation for the fund for the units held.

Realized and unrealized gains and losses are reflected in the consolidated and combined statements of activities. Investment income for which restrictions are met in the same reporting period are reported as unrestricted support. Investment earnings with donor restrictions are recorded in net assets with donor restrictions based on the nature of the restrictions.

Endowment Receivables

United Way transfers certain endowment contributions to a local foundation for investment and management purposes and classifies such contributions based on donor intent as net assets without donor restrictions or net assets with donor restrictions. United Way is the beneficiary of the funds, which are available for distribution at the request of the Board of Directors of United Way (the Board), subject to donor restrictions.

Property and Equipment

Land, buildings and equipment having a unit cost of $500 or more are capitalized at cost or, if contributed, at the estimated fair market value at the date of contribution. If donors stipulate how long-term assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed using the straight-line method over useful lives of 3 to 50 years. Repairs that do not extend the useful life of an asset are charged to expense as incurred.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor-restricted endowment) for the purpose of securing the Organization's mission.

See Note 8 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the consolidated and combined statements of activities as net assets released from restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See Notes 9 and 10 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Promises to Give/Pledges
Unconditional promises to give that are expected to be collected within one year are recorded at their expected net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received.

Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Public Support and Revenue
United Way's primary source of revenue is an annual fundraising campaign. United Way has the administrative responsibility of collecting the pledges and distributing proceeds to or on behalf of member organizations. All joint appeal proceeds and related fundraising costs are included in the consolidated and combined financial statements of United Way.

Pledges are recorded as received, and allowances are provided for amounts estimated to be uncollectible. In general, uncollected pledges are fully reserved by the end of the second year following the year in which payment is expected, and the pledges are recognized in revenues. Pledges designated for specific agencies and pledges for organizations out of the service area are reported as donor designations and a reduction to the applicable year campaign revenue, as they represent 'pass-through' funds and are not revenue for United Way.

United Way has the responsibility of processing work place campaigns for companies having regional and/or national work locations and whose headquarters are based in the Central Alabama region. Recognizing that other local United Way organizations are primarily involved with the direct solicitation of these respective company locations, United Way does not include the campaign results from these locations in the campaign revenue.

Grant revenues are recorded as unrestricted revenues in the year the expenditures are incurred. Endowment contributions and investments are permanently restricted by the donor.

Campaign and Advertising Expenses
Campaign and advertising expenses are charged to expense as incurred. Advertising costs were approximately $720,000 and $766,000 (including gift-in-kind expense for media services (Note 12) of $251,000 and $273,000) for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses
The consolidated statements of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a functional area of United Way are reported as expense of those functional areas. United Way allocates certain fundraising and administrative expenses and depreciation and amortization to programs generally based on personnel, square footage and actual usage.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Intermediate Measure of Operations

The Organization has presented the consolidated statements of activities based on an intermediate measure of operations. The operating excess/(loss), after transfers in the consolidated statements of activities includes all revenues and expenses that are an integral part of the Organization's programs and supporting activities, net assets released from restrictions to support operating expenditures, and transfers to/from Board designated and other non-operating funds to support current operating activities or set aside to support future operating activities aligning with the Organization's mission.

See Note 8 for more information regarding Board designated appropriations and transfers to/from operations.

The measure of operations includes the support for operating activities from both net assets with donor restrictions and net assets without donor restrictions designated for long-term investment (e.g. the donor-restricted and quasi-endowments) according to United Way's spending policy. The measure excludes pension related changes other than net periodic pension costs.

Tax Status

United Way and its' subsidiaries and affiliate are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. United Way has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

United Way is required to assess their uncertain tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. United Way has determined that it does not have any positions at December 31, 2019 or 2018, that it would be unable to substantiate. United Way has filed its not-for-profit tax returns for all years through December 31, 2019. Years ended December 31, 2016, and subsequent remain subject to audit by taxing authorities.

Fair Value Measurements

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction between market participants at the measurement date. Fair value is best determined based on quoted market prices. The fair value guidance established three categories within a fair value hierarchy, based on the reliability of inputs used in measuring fair value, as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 – Valuations based on observable inputs, including quoted prices (other than Level 1) in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatilities and default rates, and inputs that are derived principally from or corroborated by observable market data.

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A financial instrument's categorization within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Additional guidance is available for estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability, including guidance on circumstances that may indicate that a transaction is not orderly and requires additional disclosures about fair value measurements.

Some of the Organization’s financial instruments are not measured at fair value on a recurring basis. However, these instruments are carried at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and liabilities include campaign pledges receivable, grants receivable and accounts payable.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments in securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term, which could materially affect United Way’s net assets.

Subsequent Events
Management has evaluated subsequent events and their potential effects on these consolidated and combined financial statements through December 7, 2020, which is the date these consolidated and combined financial statements were available to be issued. See Note 19 for subsequent events disclosures.

2. PLEDGES RECEIVABLE

Campaign Pledges Receivable – Net (Current Year)
Included in pledges receivable are the following unconditional promises to give at December 31:

	2019	2018
Current campaign:		
Undesignated	$ 29,375,009	$ 28,677,829
Designated	4,163,212	4,902,120
Processed on behalf of other United Way organizations	1,687,370	1,957,413
Gross unconditional pledges	35,225,591	35,537,362
Cash collected during campaign	(4,674,284)	(6,403,769)
Pledges receivable – current year	30,551,307	29,133,593
Allowance for uncollectible pledges	(2,356,081)	(2,482,752)
	$ 28,195,226	$ 26,650,841

Campaign Pledges Receivable – Net (Prior Years)
Prior year pledges receivable are reported net of the allowance for uncollectible pledges of $2,362,181 and $2,695,817 for the years ended December 31, 2019 and 2018, respectively.

Long-Term Pledges Receivable
Long-term pledges receivable consist of initiative pledges, endowment pledges, capital campaign pledges and campaign pledges to be collected over a period of 5 to 10 years, with up to five years remaining at December 31, 2019. The related unamortized discount has been calculated using the U.S. Treasury Bill rate over the life of each individual pledge.

These amounts consist of the following at December 31:

	December 31, 2019			
	Pledge	Unamortized Discount	Discounted Pledge	Interest Rate
Campaign pledges	$ 2,429,819	$ 10,331	$ 2,419,488	Various
Capital campaign pledges	136,489	-	136,489	Various
Endowment pledges	120,160	1,388	118,772	Various
	$ 2,686,468	$ 11,719	$ 2,674,749	

2. PLEDGES RECEIVABLE – CONTINUED

	December 31, 2018			
	Pledge	Unamortized Discount	Discounted Pledge	Interest Rate
Campaign pledges	$ 1,988,686	$ -	$ 1,988,686	Various
Capital campaign pledges	170,000	-	170,000	Various
Endowment pledges	139,576	2,402	137,174	Various
	$ 2,298,262	$ 2,402	$ 2,295,860	

Included in endowment pledges are the premiums expected to be paid on life insurance policies with total face values approximating $18.4 million at December 31, 2019 and 2018, in which United Way is the owner and beneficiary.

The following table summarizes current and long-term pledge receivables, before reduction for the allowance for uncollectible pledges at December 31.

	2019	2018
Amounts due in:		
Less than one year	$ 4,002,798	$ 4,488,925
One to five years	33,192,681	31,397,483
	$ 37,195,479	$ 35,886,408

3. GRANTS RECEIVABLE

Grants receivable consist of the following amounts at December 31:

	2019	2018
U.S. Department of Health and Human Services:		
Ryan White Title II	$ 5,676,523	$ 4,554,017
Area Agency on Aging	402,452	389,833
Birmingham REACH for Better Health	-	11,812
U.S. Department of Veteran Affairs:		
Supportive Services for Veteran Families	439,040	206,470
U.S. Department of Housing and Urban Development:		
HUD	181,375	117,163
U.S. Department of Education:		
GEAR-UP	-	1,296
U.S. Department of Treasury:		
Internal Revenue Service - VITA	17,447	19,721
Alabama Department of Education:		
Walker 21st Century Community Learning	60,813	60,025
Alabama Department of Transportation:		
Alabama Partnership for Clean Air	5,340	-
Navigate Housing Affordability Trust Grants	2,014	-
Birmingham Promise Initiative	47,562	-
	$ 6,832,566	$ 5,360,337

4. ENDOWMENTS

United Way's invested endowment consists of approximately 50 separate funds established for a variety of purposes. Its endowment includes donor-restricted funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, United Way classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment and (c) accumulations to the donor restricted endowment subsequent to its addition to the fund. These funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by United Way in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the various funds, (b) the purposes of the donor restricted endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of United Way and (g) United Way's investment policies.

4. ENDOWMENTS – CONTINUED

Investment Return, Objectives, Risk Parameters and Strategies
United Way has adopted investment criteria, approved by the Board, for endowment assets to ensure that inherent investment risks are reasonably and prudently managed. The assets are held in three different asset classes: cash and short-term fixed income, fixed income and growth assets.

The cash and short-term fixed income pool is designed to provide United Way with a high level of liquidity and safety. This allocation will consist of 100% of the current budget year investment income budget along with 50% of the year two budget. This pool will be invested in pooled vehicles offering daily liquidity with duration of one year or less. The average credit quality of the vehicle should be AA or better. The fixed income pool is intended to provide further protection (in addition to the cash and short-term fixed income pool) for future investment income budget years. This allocation will consist of 50% of the year two-income budget along with 100% of the year three-income budget. The aggregate duration of any fixed income portfolio shall not be less than 75%, or greater than 125% of the duration of the chosen index. It is expected that approximately 50% of the fixed income allocation will be invested in enhanced cash fixed income with a maturity focus of one to three years, with the remaining 50% invested in core fixed income that will be longer in duration. The growth assets pool is designed to provide United Way with inflation protection and provide for the long-term growth of the investment program. This allocation will consist of all assets not specifically designated for the cash and short-term and fixed income pools. The growth assets pool shall include (but is not limited to) the following asset classes: domestic equities pool, global equity pool and alternative investments.

Spending Policy
The endowment's spending policy allows an agency or program to plan and budget its income from the endowment fund. In addition, the policy enables the endowment fund to build its assets, thus building for additional income in future years. Each year, United Way will distribute up to 5% of the 16-quarter moving average of the market value of the endowment fund's total assets.

Underwater Endowment Funds
The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. As of December 31, 2019 and 2018, the Organization had certain endowment funds that were valued at amounts less than the original funding amount; the total of which was not considered material for further disclosure.

Endowment net asset composition by type of fund as of December 31, 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ 646,607	$ 10,625,578	$ 11,272,185
Undesignated endowment funds	4,881,690	-	4,881,690
Total funds	$ 5,528,297	$ 10,625,578	$ 16,153,875

4. ENDOWMENTS – CONTINUED

Changes in endowment net assets as of December 31, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets at beginning of year	$ 4,507,477	$ 9,687,038	$ 14,194,515
Contributions	209,750	36,051	245,801
Investment income	149,977	136,559	286,536
Net appreciation	832,178	902,429	1,734,607
Amounts appropriated for expenditures	(46,517)	(113,273)	(159,790)
Fund transfer / in transit	(100,000)	-	(100,000)
Fees	(24,568)	(23,226)	(47,794)
Endowment net assets at end of year	$ 5,528,297	$ 10,625,578	$ 16,153,875

Endowment net asset composition by type of fund as of December 31, 2018, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ 375,334	$ 9,687,038	$ 10,062,372
Undesignated endowment funds	4,132,143	-	4,132,143
Total funds	$ 4,507,477	$ 9,687,038	$ 14,194,515

Changes in endowment net assets as of December 31, 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets at beginning of year	$ 8,638,634	$ 9,158,430	$ 17,797,064
Contributions	144,746	876,314	1,021,060
Investment income	114,431	101,963	216,394
Net depreciation	(402,140)	(277,777)	(679,917)
Amounts appropriated for expenditures	(47,182)	(151,030)	(198,212)
Fund transfer / in transit	(3,915,738)	-	(3,915,738)
Fees	(25,274)	(20,862)	(46,136)
Endowment net assets at end of year	$ 4,507,477	$ 9,687,038	$ 14,194,515

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2019	2018
Land	$ 1,637,878	$ 1,637,878
Building and campus improvements	11,188,434	10,194,555
Furniture, fixtures and equipment	1,565,391	1,449,226
	14,391,703	13,281,659
Less accumulated depreciation	(4,814,663)	(4,342,112)
	$ 9,577,040	$ 8,939,547

Depreciation expense was $582,067 and $552,904 for the years ended December 31, 2019 and 2018, respectively. In January of 2018, United Way purchased a building adjacent to the current corporate headquarters in the amount of $3,200,000. This amount is included in Land and Building and campus improvements above.

6. INVESTMENTS

The following summarizes the aggregate carrying amount of short- and long-term investments by major type:

	December 31, 2019		December 31, 2018	
	Cost	Market	Cost	Market
Certificates of deposit	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Equity securities	21,811,041	27,022,374	20,739,154	22,257,813
U.S. Government obligations	499,583	534,696	424,477	423,662
Mortgage backed securities	688,834	713,592	2,767,600	2,757,289
Municipal obligations	-	-	83	204
Corporate bonds	1,126,901	1,178,649	1,251,150	1,248,839
Fixed income mutual funds	2,267,449	2,288,271	2,230	5,501
Alternative investments	1,616,973	3,053,182	1,625,947	2,577,459
	$ 28,360,781	$ 35,140,764	$ 27,160,641	$ 29,620,767

6. INVESTMENTS – CONTINUED

Investment return is reported net of investment expenses of approximately $23,000 and $18,000 in 2019 and 2018, respectively. The following summarizes investment return and its classification:

	Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	$ 762,379	$ 136,560	$ 898,939
Net realized and unrealized losses	4,141,090	731,028	4,872,118
	$ 4,903,469	$ 867,588	$ 5,771,057

	Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	$ 599,808	$ 101,962	$ 701,770
Net realized and unrealized losses	(1,927,914)	(407,713)	(2,335,627)
	$ (1,328,106)	$ (305,751)	$ (1,633,857)

The Organization holds certain alternative investments (hedge funds) as reported above at December 31, 2019 and 2018. These alternative investments consist primarily of three hedge funds, which are limited partnerships or similar arrangements. The hedge fund investments are fund-of-funds investments and, accordingly, due to the structure, flexibility and lower level of regulatory oversight, may create additional exposure to investment risk. The fund managers hold these unrated investments, which consist primarily of long/short equity investments and specific hedging strategies that deal with distressed/restructurings and capital structure arbitrage.

Certain hedge funds had initial lock up periods, which have expired. Hedge fund balances totaling approximately $3,100,000 at December 31, 2019, are subject to a 60-day notice for redemption; the remainder of the balances may be redeemed at their redemption value at or near the reporting date.

Investment Property
United Way holds an investment property that was donated in 2009 and is recorded at $1,165,000 and $1,010,000 as of December 31, 2019 and 2018, based on current appraised values. United Way updates the appraisal every two years. United Way obtained the most recent appraisal in July 2019 and recorded an unrealized gain of $155,000 in 2019 to adjust the property value to fair market value. The investment property was leased to a tenant under a 10-year lease in 2014.

7. FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Organization to estimate the fair value of each class of financial instruments using the fair value hierarchy described in Note 1:

The fair value of investments is based on observable inputs, such as quoted prices in active markets or other than quoted prices in active markets that are observable either directly or indirectly. Investments with values based on quoted market prices in active markets are classified by the Organization as Level 1 and include certificates of deposit and mutual funds. The mutual funds are exchange-traded funds and legally and contractually redeem their outstanding shares at net asset value.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as Level 2 by the Organization and include fixed income securities and pooled investment funds that are valued at the redemption value of units held based on the underlying assets and liabilities. Investments in the pool include equity securities, fixed income securities, hedge funds, real estate funds and commodities funds.

Investments with values based on unobservable inputs in which there is little or no market data are classified as Level 3 by the Organization and include investment property.

Investment property is valued using the current appraised fair market value. These fair value estimates are evaluated on a regular basis and are susceptible to revisions as more information becomes available. Because of these factors, it is reasonably possible that the estimated fair values of these investments may change materially in the near term.

Hedge funds are valued at the redemption value of units held based on the underlying assets and liabilities and include equity securities, fixed income securities, real estate funds, commodities funds and other types of nontraditional investments.

7. FAIR VALUE MEASUREMENTS – CONTINUED

The fair values of assets measured on a recurring basis at December 31 are as follows:

	December 31, 2019			
	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 350,000	$ 350,000	$ -	$ -
Equity securities	27,022,374	27,022,374	-	-
U.S. Government obligations	534,696	-	534,696	-
Mortgage backed securities	713,592	-	713,592	-
Corporate bonds	1,178,649	-	1,178,649	-
Fixed income mutual funds	2,288,271	2,288,271	-	-
Investment property	1,165,000	-	-	1,165,000
Alternative investments (a)	3,053,182	-	-	-
	$ 36,305,764	$ 29,660,645	$ 2,426,937	$ 1,165,000

	December 31, 2018			
	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 350,000	$ 350,000	$ -	$ -
Equity securities	22,257,813	22,257,813	-	-
U.S. Government obligations	423,662	2,852	420,810	-
Mortgage backed securities	2,757,289	2,203,592	553,697	-
Municipal obligations	204	204	-	-
Corporate bonds	1,248,839	8,558	1,240,281	-
Fixed income mutual funds	5,501	5,501	-	-
Investment property	1,010,000	-	-	1,010,000
Alternative investments (a)	2,577,459	-	-	-
	$ 30,630,767	$ 24,828,520	$ 2,214,788	$ 1,010,000

7. FAIR VALUE MEASUREMENTS – CONTINUED

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items in the statements of net assets available for benefits.

For investments in alternative investment funds, measured at net asset value (NAV), the funds are subject to a 60-day period for notice of redemption and funds are available annually on December 31 each year, since the initial two-year lock-up period for such investment funds has expired.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)	
	Investment Property	**Total**
January 1, 2018	$ 1,010,000	$ 1,010,000
Total unrealized gains (losses)	-	-
Total realized gains (losses)	-	-
Purchases and issuances	-	-
Settlements	-	-
December 31, 2018	1,010,000	1,010,000
Total unrealized gains (losses)	155,000	155,000
Total realized gains (losses)	-	-
Purchases and issuances	-	-
Settlements	-	-
December 31, 2019	$ 1,165,000	$ 1,165,000

7. FAIR VALUE MEASUREMENTS – CONTINUED

Gains and losses (realized and unrealized) included in changes in net assets investments (Level 3) for the years ended December 31, 2019 and 2018, are reported in investment income as follows:

	December 31, 2019	
	Without Donor Restrictions	With Donor Restrictions
Total unrealized gains (losses) included in changes in net assets for the year	$ 155,000	$ -
Change in unrealized gains (losses) relating to assets still held at year end	$ 155,000	$ -

	December 31, 2018	
	Without Donor Restrictions	With Donor Restrictions
Total unrealized gains (losses) included in changes in net assets for the year	$ -	$ -
Change in unrealized gains (losses) relating to assets still held at year end	$ -	$ -

8. NET ASSETS WITHOUT DONOR RESTRICTIONS

United Way's net assets without donor restrictions include amounts that have not been designated and amounts that have been designated for a particular use by the Board.

Net assets without donor restrictions are available for the following purposes at December 31:

	2019	2018
Undesignated	$ 11,212,727	$ 9,815,150
Building and campus improvements	598,521	340,852
Contingencies	10,786,921	8,767,716
Self-insurance reserve	8,890,546	7,616,146
Development fund	3,161,530	3,335,815
Endowment	5,528,297	4,507,477
Community impact and initiatives	3,280,563	3,367,735
Total net assets without donor restrictions	$ 43,459,105	$ 37,750,891

8. NET ASSETS WITHOUT DONOR RESTRICTIONS – CONTINUED

Building and campus improvements: The Spain Hodges Building located at 3600 8th Avenue South is on an annual rotation schedule for improvements to the building and grounds, not considered ordinary maintenance. These improvements/replacements should reduce ordinary maintenance as technology and materials continue to improve. These funds may also be used for any additional needed space which may require movement of walls, doors, electrical work and furniture.

Contingencies: United Way is not unique in having to determine annual estimates for uncollectable pledges, evergreen campaigns, and designations by donors to non-partner agencies that are within the organizational policy. Other considerations include economic trends that could affect campaign projections or delayed grant reimbursements that could negatively affect the Organization. Therefore, United Way sets aside funds to cover these types of contingencies.

Self-insurance reserves: United Way cannot predict catastrophic health claims for the self-insured health plan covering United Way employees as well as the employees of participating partner agencies. Therefore, a reserve was established and is reviewed annually by the Board to cover these unexpected claims, as well as to help stabilize the premium costs for health insurance coverage for all participants.

Development fund: The United Way Board approved and set aside funding outside of the annual budget, for development of new initiatives considered necessary for the increasing needs in the community as well as internal operations to keep competitive for current market trends in fundraising. Funding provides the backbone administrative costs driving United Way's Bold Goals work, as well as the development and implementation of a direct marketing strategy.

Endowment: United Way operates a quasi-endowment set up by the Board. This endowment type provides the benefit of flexibility of internal transfers for program or operational expenses and follows the United Way Endowment spending policy. These funds are managed and invested within the Investment Policy by the Board.

Community impact and initiatives: The Board approves funds for existing programs, new program initiatives and disaster aid that are funded outside of the United Way budget. Additionally, this fund can supplement federal grants only serving specific populations. Funds are used to cover costs incurred that are not allowed or are required for cash match by the grant contract, and/or serve clients that fall into a category that the grant does not cover but clients are in need of services. These funds allow United Way to respond to fast-emerging community needs to meet the Organization's mission.

8. NET ASSETS WITHOUT DONOR RESTRICTIONS – CONTINUED

The Board designated, appropriations and transfers from operations consist of the following for the years ending December 31:

	2019	2018
Building and campus improvements	$ 257,669	$ (270,837)
Contingencies	2,019,205	(129,454)
Self-insurance reserve	1,274,400	3,013,481
Development fund	(174,285)	812,290
Endowment	1,020,820	(4,131,188)
Community impact and initiatives	(87,172)	(34,799)
Total Board designated, appropriations and transfers from operations	$ 4,310,637	$ (740,507)

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

	2019	2018
Purpose restrictions:		
Community impact and initiatives	$ 393,584	$ 382,382
Sponsorship programs	418,026	446,189
Capital campaign	461,720	270,656
Time restrictions:		
Net campaign for future years	30,308,754	29,178,285
Total purpose and time restrictions	31,582,084	30,277,512
Endowments subject to United Way's spending policy	10,625,578	9,687,039
Total net assets with donor restrictions	$ 42,207,662	$ 39,964,551

United Way's endowment includes investments in perpetuity (original amount of $8,945,428 and $8,513,109 in 2019 and 2018, respectively), which once appropriated is expendable to support the campaign. Of this amount, $4,004,495 and $3,858,974 is invested in legacy life insurance policies and is representative of the cash surrender value of the policies as of December 31, 2019 and 2018, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

The various purposes of the above donor restricted amounts are as follows:

Community impact and initiatives: Donor designated funds received from either annual campaigns or direct marketing campaigns to support programs, new program initiatives and disaster aid. These gifts fund programs outside of the United Way budget and can be used as cash match requirements or to supplement federal grants serving clients who may be ineligible for services under grant constraints. These funds allow United Way to respond to fast-emerging community needs to meet the organization's mission.

Sponsorship programs: Donor funds collected by 12 different Corporate Assistance funds where companies and their employees make gifts to United Way, outside of the annual campaign, that are designated by the donors, (employees and companies) to benefit employees of their company experiencing financial instability. The 12 companies designate an individual at their company to work with a United Way case manager. The case manager determines the need and follows each company's sponsorship contract for providing assistance. Assistance payments for employees are made directly to vendors. In cases of disaster, United Way works with the company to get help for their employees in the most efficient way possible.

Capital campaign: Funds collected for renovations to the building purchased at the end of 2017. These gifts can be cash gifts and/or pledges over a certain number of years. Renovations began in January 2020 and are estimated at $8.7 million.

Endowment: Funds collected by United Way and designated by individual donors that follow the legacy and endowment policy set by the Board. Consistent withdrawals support future campaign gifts from these individuals and are subject to the United Way endowment spending policy. Endowment funds are invested and follow the United Way investment policy set by the Board.

10. NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the years ended December 31:

	2019	2018
Purpose restrictions:		
Community impact and initiatives	$ 283,810	$ 29,500
Sponsorship programs	147,072	227,157
Capital campaign	136,499	151,030
Time restrictions:		
Net campaign for future years	26,464,610	27,205,186
Total purpose and time restrictions	$ 27,031,991	$ 27,612,873

11. ALLOCATIONS, GRANTS UNDER MANAGEMENT AND COMMUNITY SERVICES

Allocations and Grants under Management

In 2019, allocations and grants under management invested in the community (classified by impact area) are as follows:

Impact Areas	Allocations to Member Agencies	Special Initiatives and Programs	Other Allocations	Grants under Management	Agency Health Insurance Program	Amount	Percent
Health	$ 8,991,426	$ 80,675	$ 220,180	$ 37,210,591	$ 7,962,307	$ 54,465,179	66.59%
Education	7,330,681	118,464	276,947	507,844	-	8,233,936	10.07%
Income	3,920,189	112,476	31,498	2,563,376	-	6,627,539	8.10%
Crisis/access to services	6,841,265	117,141	113,710	3,935,218	-	11,007,334	13.46%
Other	-	-	950,699	505,478	-	1,456,177	1.78%
	$ 27,083,561	$ 428,756	$ 1,593,034	$ 44,722,507	$ 7,962,307	$ 81,790,165	100.00%

In 2018, allocations and grants under management invested in the community (classified by impact area) are as follows:

Impact Areas	Allocations to Member Agencies	Special Initiatives and Programs	Other Allocations	Grants under Management	Agency Health Insurance Program	Amount	Percent
Health	$ 10,037,129	$ 30,018	$ 488,361	$ 33,538,578	$ 8,664,987	$ 52,759,073	66.94%
Education	6,242,474	108,660	343,851	524,624	-	7,219,609	9.16%
Income	7,423,197	113,846	240,261	2,678,795	-	10,456,099	13.27%
Crisis/access to services	3,160,541	170,923	4,295	3,870,835	-	7,206,594	9.14%
Other	-	-	1,171,481	-	-	1,171,481	1.49%
	$ 26,863,341	$ 423,447	$ 2,248,249	$ 40,612,832	$ 8,664,987	$ 78,812,856	100.00%

Community Services

United Way provides building space, information technology and accounting services for certain initiatives, programs and agencies. Revenue from sales and services to the public includes bookkeeping, administrative and rental income for agencies of approximately $362,000 and $360,000 in 2019 and 2018, respectively. The costs of such services, including depreciation, were approximately $369,000 and $389,000 in 2019 and 2018, respectively. United Way held cash at December 31, 2019 and 2018, of approximately $98,000 and $85,000, respectively, in conjunction with services provided for agencies.

United Way pays certain expenses and administers grant receipts on behalf of these agencies in providing the above-mentioned services. The agencies subsequently reimburse United Way for these expenses, usually within the next month. There is a net receivable from these agencies of approximately $29,000 and $54,000 at December 31, 2019 and 2018, respectively, which is netted in due to agencies.

12. CONTRIBUTED SERVICES

Employees of local companies and other organizations participating in United Way's Loaned Executive Program volunteered approximately 11,185 and 11,095 hours, with an approximate fair value of $304,000 and $282,000 not recognized as revenue for the years ended December 31, 2019 and 2018, respectively. The Loaned Executives assist United Way during the annual campaign. United Way received contributed services including a gift-in-kind for media services of approximately $251,000 and $273,000 for the years ended December 31, 2019 and 2018, respectively, based on an allocation from United Way Worldwide (UWW) for services provided to United Way of Central Alabama's market area. These contributed services are reported as gift-in-kind revenue and functional expenses in the accompanying financial statements.

Additionally, people across the community participated in United Way's Visiting Allocation Team (VAT) process volunteering approximately 4,626 and 6,096 hours, with an approximate fair value of $126,000 and $155,000 for the years ended December 31, 2019 and 2018, respectively. VAT members review allocation requests from United Way agency partners, participate in site visits to assess programs from a community perspective and make recommendations on funding.

Meals on Wheels of Central Alabama received a gift-in-kind lease of approximately $21,000 for the years ended December 31, 2019 and 2018, for space in which to prepare meals for delivery to participants and to senior centers throughout the area. This lease is reported as gift-in-kind revenue and functional expenses in the accompanying financial statements.

13. OVERHEAD RATE

Consistent with industry practice, the Organization calculates the overhead rate by combining the fundraising and administrative expenses and dividing by total expenses of the Organization. The following totals were obtained from the consolidated and combined statements of activities for calendar years 2019 and 2018.

	2019	2018
Administrative Expenses	$ 2,084,794	$ 2,035,330
Fundraising Expenses	2,913,644	3,280,275
	4,998,438	5,315,605
Total Expenses	$ 87,890,566	$ 84,668,955
Overhead Rate	5.69%	6.28%

14. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2019	2018
Cash	$ 7,909,845	$ 8,112,919
Short-term investments	375,194	352,506
Due from agencies	28,989	58,989
Prior year Campaign pledges receivable, net	1,616,575	1,742,138
Grants receivable	6,832,566	5,360,337
Other current assets	837,825	1,420,295
Long-term investments without donor restrictions	24,139,992	19,581,223
Total financial assets available within one year	41,740,986	36,628,407
Less:		
Amounts unavailable to management without Board approval	32,246,378	27,935,741
Total financial assets available to management for general expenditure within one year	$ 9,494,608	$ 8,692,666

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization has a committed line of credit of $10,000,000, which it could draw upon in the event of an unanticipated liquidity need. Additionally, the Organization has board designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations if necessary. The Organization's investment policy also requires that fifty percent of the current year's budget be held in cash and fifty percent in fixed income securities.

15. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

United Way sponsors a noncontributory defined benefit pension plan covering substantially all full-time employees. The benefits for this plan are based on the employees' final average earnings, as defined in the plan agreement, and years of service. United Way's funding policy is to make the minimum annual contribution required by applicable regulations. Contributions are intended to provide not only benefits attributed to service, but also for those expected to be earned in the future.

15. EMPLOYEE BENEFIT PLANS – CONTINUED

Defined Benefit Postretirement Health Care Plan

United Way sponsors a defined benefit postretirement health care plan (the Plan) for eligible employees. The Plan covers retirees with 15 years of continuous service with United Way and/or a member agency, who are a United Way of Central Alabama, Inc. employee at time of retirement and who are age 55 or over, as well as eligible spouses. The Plan is contributory for retirees, with reduced premiums for eligible employees. The Plan is not funded; however, United Way has set aside funds under the oversight of the Investment Committee for the Plan (reported as board designated net assets, see Note 8).

Obligations and Funded Status

The annual measurement date is December 31 for both the pension and postretirement benefit plans. The following tables provide further information about pension benefits and postretirement benefits for the years ended December 31:

	Pension Benefits		Postretirement Benefits	
	2019	**2018**	**2019**	**2018**
Benefit obligations at beginning of year	$ (13,046,588)	$ (13,552,654)	$ (1,288,771)	$ (1,191,606)
Service cost	(574,812)	(677,124)	(63,964)	(122,942)
Interest cost	(488,332)	(472,313)	(29,344)	(44,556)
Actuarial gain (loss)	(3,040,354)	1,059,695	484,981	56,511
Benefits paid	963,614	595,808	4,391	13,882
Benefit obligations at December 31	(16,186,472)	(13,046,588)	(892,707)	(1,288,711)
Fair value of plan assets at beginning of year	9,814,032	10,151,921	-	-
Actual return on plan assets	2,061,119	(659,409)	-	-
Employer contributions	1,110,795	917,328	-	-
Annuities purchased or benefits paid	(963,614)	(595,808)	-	-
Fair value of plan assets at December 31	12,022,332	9,814,032	-	-
Funded status	$ (4,164,140)	$ (3,232,556)	$ (892,707)	$ (1,288,711)
Amounts recorded at December 31 consist of:				
Pension liability	$ (4,164,140)	$ (3,232,556)	$ -	$ -
Postretirement liability	-	-	(892,707)	(1,288,711)
Totals	$ (4,164,140)	$ (3,232,556)	$ (892,707)	$ (1,288,711)

15. EMPLOYEE BENEFIT PLANS – CONTINUED

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Changes in Funded Status				
Amounts recognized consist of:				
Service cost	$ 574,812	$ 677,124	$ 63,964	$ 122,942
Interest cost	488,332	472,313	29,344	44,556
Return on plan assets, (gain) losses	(2,061,119)	659,409	-	-
Actuarial (gain) loss and deferrals	1,775,504	(967,504)	(512,143)	(56,511)
Net periodic benefit cost	777,529	841,342	(418,835)	110,987
Pension-related changes other than net periodic cost	1,264,910	(92,191)	-	-
	2,042,439	749,151	(418,835)	110,987
Less employer contributions	1,110,795	917,328	4,391	13,882
Change in Funded Status - (increase) decrease	$ 931,644	$ (168,177)	$ (423,226)	$ 97,105

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Amounts previously recognized in unrestricted net assets, not yet recognized as net periodic pension cost at December 31 consist of:				
Unrecognized actuarial loss	$ 5,289,020	$ 4,024,110	$ -	$ -

United Way had board designated assets of $685,623 and $688,420 for the pension plan and $528,048 and $400,712 for the postretirement plan, set aside for the purpose of funding the plans at December 31, 2019 and 2018, respectively.

Plan Assets

The benefit plan's asset allocations at December 31, 2019 and 2018, by asset category are as follows:

	Pension Benefits	
	2019	2018
Equity securities	51%	57%
Fixed income debt securities	35%	40%
Real estate	2%	2%
General account	12%	1%
Totals	100%	100%

15. EMPLOYEE BENEFIT PLANS – CONTINUED

United Way's investment strategy is to minimize risk and maximize returns for the pension plan's assets. The target asset allocation is 50% equities and 50% debt securities/money market. The maximum exposure for equity investments is limited to 70%. The pension plan assets are managed by professional investment managers and are monitored by management and United Way's Board and Investment Committee.

There are no plan assets for the postretirement benefit plans for 2019 or 2018. No pension plan assets are expected to be returned to United Way during 2019.

The following benefit payments, which reflect approximate expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Postretirement Benefits
2020	$ 1,861,768	$ 31,624
2021	264,458	33,002
2022	237,438	45,348
2023	2,129,791	36,492
2024	912,630	37,880
Years 2025-2029	4,010,275	220,884
Totals	$ 9,416,360	$ 405,230

15. EMPLOYEE BENEFIT PLANS – CONTINUED

Assumptions

Weighted-average assumptions used in the accounting for United Way's pension and postretirement benefit plans were:

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate:				
Pre-Retirement	3.10%	4.11%	4.25%	4.50%
Post-Retirement	3.10%	4.11%	4.25%	3.75%
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Medical trend rate:				
Year 1			-15.03%	4.20%
Year 2			4.90%	5.40%
Year 3			5.10%	5.30%
Year 4			5.20%	5.20%
Year 5			5.14%	5.10%
Thereafter			5.07%-4.30%	5.10%-3.80%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate:	4.11%	3.80%	3.37%	4.25%
Expected long-term return on plan assets	6.75%	6.75%	N/A	N/A
Rate of compensation increase for past	4.00%	4.00%	N/A	N/A
Rate of compensation increase for future	4.00%	4.00%	N/A	N/A

During 2019, mortality for the Pension Plan was determined using the Adjusted RP-2014 Mixed Collar Table, separate for Males and Females with Mortality Improvement Projection by Scale MP-2019 (Adjusted RP-2014 Mixed Collar Table, separate for Males and Females with Mortality Improvement Projection by Scale MP-2018 for 2018).

Postretirement mortality was determined using the RP-2006 (all collars) Generational, projected using MP-2019 for 2019 (RP-2006 (rates underlying RP-2014) Generational, projected using MP-2018 for 2018). The actuarially estimated impact of a 1% change in health care cost trend assumption for service and interest costs, using a current trend of $93,308 is $109,785 for a 1% increase and $79,663 for a 1% decrease.

Cash Flows

United Way expects to contribute approximately $1,100,000 to its pension plan and $32,000 to its postretirement plan in 2020.

15. EMPLOYEE BENEFIT PLANS – CONTINUED

Self-Insured Health Benefit Plan

United Way provides a self-insured health benefit plan (SIHP) for the benefit of all employees who voluntarily elect to participate in the SIHP of United Way and thirty affiliated agencies (who contract with United Way to participate in the SIHP). The SIHP includes defined benefits for medical, dental and prescription drug coverage, as further defined by the plan handbook.

United Way administers the plan through the use of third-party administrators, determines coverage rates, and receives an administrative fee of $10.00 per participant (as determined by the Board). Participants made total contributions to the SIHP in the amount of $9,236,707 and $11,928,468 for the years ending December 31, 2019 and 2018, respectively. United Way and each of the thirty agencies independently determine the portion of contributions to the SIHP they will contribute based on their employee benefit policies. United Way pays a portion of the contributions on behalf of its employees.

Stop loss insurance has been purchased to supplement the SIHP, which will reimburse United Way for annual individual claims exceeding $125,000 and $100,000 and up to an unlimited reimbursement for the maximum per covered person as of December 31, 2019 and 2018, respectively. The aggregate contract period reimbursement is $1,000,000 for policy years 2019 and 2018.

As the administrator of the SIHP, United Way pays the major medical claims, dental claims, drug claims, administrative fees of the plan incurred by third party administrators and the stop loss insurance referenced above. These SIHP expenditures were $8,861,971 and $8,664,987 for the years ending December 31, 2019 and 2018, respectively.

United Way has established a self-insurance reserve liability account, primarily to account for the timing differences in premium collections and claims processing, which totaled $632,820 and $777,182 at December 31, 2019 and 2018, respectively, and was reported in other liabilities. In addition, the Board designated funds for a self-insurance reserve of $7,962,307 and $7,616,146 at December 31, 2019 and 2018, respectively. For additional description of the self-insurance reserve, see Note 8.

Tax Deferred Annuity Plan

United Way also offers its employees an opportunity to participate in a tax deferred annuity plan. Under the tax deferred annuity plan, employees may contribute 1% to 25% of their annual wages, subject to Internal Revenue Code limits. United Way does not contribute to the tax deferred annuity plan.

403(b) Thrift Plan

United Way established a 403(b) Thrift Plan (the 403(b) Plan) on June 1, 2009. Eligible employees, as defined by the 403(b) Plan, may elect to contribute, on a tax-deferred basis, a portion of their compensation not to exceed the dollar limit set by law. The 403(b) Plan permits employer base contributions for all United Way employees, with certain exceptions as defined by the Plan. Employer matching contributions are not provided under this Plan. Participants immediately vest 100% in any employee contributions and vest ratably over a five-year period in employer contributions.

United Way has the right to determine the amount of any discretionary employer base contributions annually that will be made for all eligible employees (as defined by the 403(b) Plan), who have met the age and service requirements and are actively employed by United Way on the last day of the plan year. Employer contributions accrued for the 403(b) Plan were 3%, or approximately $220,000 and $175,000 for 2019 and 2018, respectively. Employer contributions may be net of any unvested forfeitures for separated employees. Employer contributions are allocated on a pro rata basis to those eligible employees based on annual compensation, as defined by the 403(b) Plan.

16. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject United Way to credit risk consist of cash, investments and pledges receivable. Investments are discussed in Note 6. Pledges receivable are discussed in Note 2. United Way maintains its cash and certificates of deposit accounts with financial institutions located in Alabama, and the accounts are guaranteed by federal deposit insurance up to $250,000. The total uninsured balances at December 31, 2019 and 2018, were approximately $17,000,000 and $18,700,000, respectively. United Way has not experienced any losses in such accounts, and management believes United Way is not exposed to any significant credit risk related to cash and certificates of deposit.

United Way is economically dependent on contributions received from corporations and their employees. Any significant sales, mergers or economic downturns could affect the contributions received from these groups.

17. COMMITMENTS AND CONTINGENCIES

United Way has outstanding commitments for contracts entered into with various agencies for grant-related program services of approximately $8,162,000 and $3,155,000 at December 31, 2019 and 2018, respectively.

United Way has an unsecured bank line of credit of up to $10,000,000 with a variable interest rate based upon a margin of 1.85% in excess of 30-day LIBOR at December 31, 2019. The line of credit was renewed on October 31, 2020 and will mature on December 31, 2020. There were no borrowings under the agreement during 2019 and 2018.

During 2018, United Way purchased the building adjacent to its main campus for $3,200,000. Management plans to renovate the building for expansion of its programmatic services. A construction line of credit of up to $5,000,000 with a fixed interest rate of 3.9% will be used to fund the renovation during construction. The line of credit is secured by realized capital campaign pledges that will be raised to fund the renovation of the building and pay off the loan. The line of credit matures on October 11, 2023. There were no borrowings under the agreement during 2019 and 2018. The Organization made draws on the line of credit subsequent to December 31, 2019.

18. NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, that clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations (NFPs) and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this standard as of January 1, 2019. The adoption of this standard did not have a significant impact on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This ASU clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this standard as of January 1, 2019. The adoption of this standard did not have a significant impact on the financial statements.

18. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

In February 2016, the FASB issued ASU No. 2016-2, *Leases (Subtopic 842).* The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on their balance sheets and disclosing key information about leasing arrangements. The amendments in this ASU require that lessees recognize the rights and obligations resulting from leases as assets and liabilities on their balance sheets, initially measured at the present value of the lease payments over the term of the lease, including payments to be made in optional periods to extend the lease and payments to purchase the underlying assets if the lessee is reasonably certain of exercising those options. Subtopic 842 requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. This guidance is effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this accounting standard on the financial statements.

19. SUBSEQUENT EVENTS

The outbreak of the novel coronavirus has adversely impacted global commercial activity and contributed to significant volatility in financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents uncertainty and risk with respect to the Organization, its performance and its financial results. Furthermore, such conditions have and may continue to cause the reduction of the Organization’s dividend and other investment income, and have a material adverse impact on its cash flows and the market value of all investments.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed in 2020 by the United States Congress and signed into law by the President of the United States, allocated funds to the Paycheck Protection Program to help organizations keep workers employed amid the COVID-19 pandemic and economic downturn. On April 15, 2020, the Organization entered into a $2,085,500 term loan under the Paycheck Protection Program (the PPP Term Loan). The U.S. Small Business Administration (SBA), an agency of the United States, fully guaranteed the PPP Term Loan. The PPP Term Loan bears interest at a fixed rate of 1.00%. The PPP Term Loan and related accrued interest is eligible to be partially or fully forgiven if the terms of the SBA loan forgiveness criteria are met by the Organization. Management has determined that the conditions for loan forgiveness have been met by the Organization and expects the loan to be fully forgiven.

The Organization received an information request dated October 19, 2020, from the Employee Benefits Security Administration of the U.S. Department of Labor requesting information about the UWCA Group Health and Dental Care Plan and certain aspects of its compliance with the Employee Retirement Income Security Act of 1974 (ERISA). No violations have been alleged; however, technical violations of ERISA may result in an assessment of penalties. Management believes penalties are not likely and affirms that the Plan is actuarially sound and has been administered reasonably and in good faith for the benefit of plan participants.

During 2020, the Chilton County United Way notified UWW of its intent to cease operating as a United Way affiliate in 2021. The United Way of Central Alabama successfully petitioned UWW to grant it Chilton County as part of its coverage area beginning in 2021. The existing Chilton County United Way is working closely with the Organization on the transition. In 2021, the operations of the Organization will add Chilton County to the existing covered areas of Blount, Jefferson, Shelby, St. Clair, and Walker counties.

SUPPLEMENTARY INFORMATION

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF ALLOCATIONS TO AGENCIES BY IMPACT AREAS
FOR THE YEAR ENDED DECEMBER 31, 2019

	United Way Allocations
Health:	
AIDS Alabama Inc.	$ 73,334
Alabama Head Injury Foundation	173,928
Alabama Kidney Foundation	114,212
Aletheia House Inc.	454,359
Amelia Center	86,689
American Cancer Society	647,456
American Heart Association	481,757
Arc of Central Alabama	620,668
Arc of St. Clair County	96,197
Arc of Walker County	390,830
Birmingham Jewish Federation	28,366
Blount County Children's Center	116,421
Cahaba Valley Health Care	49,582
Catholic Family Services	156,870
Children's of Alabama	604,978
Christian Love Pantry	39,217
Community Food Bank of Central Alabama	353,698
Concerned Citizens for our Youth	180,713
Crisis Center	745,636
Developing Alabama Youth Foundation	130,820
Disability Rights & Resources	152,107
Easterseals of the Birmingham Area	176,943
Family Connection	212,915
Fellowship House Inc.	265,205
Gateway	1,149,615
Glenwood Inc.	144,098
Lakeside Hospice	26,470
Levite Jewish Community Center	253,291
Oasis, A Counseling Center for Women and Children	91,665
Positive Maturity, Inc.	647,966
Salvation Army - Walker County	99,222
Shelby County Children's Advocacy Center - Owens House	50,001
Sickle Cell Disease Association of America - Central Alabama Chapter	130,239
St. Clair Children's Advocacy Center - The Children's Place	45,958
	8,991,426
Education:	
A.G. Gaston Boys & Girls Club	685,398
Better Basics Inc.	169,532
Big Brothers/Big Sisters of Greater Birmingham	406,914
Boy Scouts of America - Black Warrior Council	81,765
Boy Scouts of America - Greater Alabama Council	939,941
Boys & Girls Club of Central Alabama	662,934
Camp Fire USA - Central Alabama Council	961,785
Girl Scouts of North Central Alabama	541,662
Girls Incorporated of Central Alabama	819,076
Impact Family Counseling	91,899
Legacy YMCA	97,768
St. Clair County Day Program Inc.	109,088
The Literacy Council	202,049
United Ability (UCP)	731,469
YMCA of Greater Birmingham	829,401
	7,330,681

See independent auditors' report.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF ALLOCATIONS TO AGENCIES BY IMPACT AREAS
FOR THE YEAR ENDED DECEMBER 31, 2019

	United Way Allocations
Income:	
Alabama Goodwill Industries, Inc.	$ 63,849
Arc of Shelby County	141,107
Birmingham Urban League	156,795
Childcare Resources	622,372
Greater Birmingham Habitat for Humanity	354,194
Shelby Emergency Assistance, Inc.	221,947
United Community Centers, Inc.	90,564
Workshops, Inc.	743,695
YWCA of Central Alabama	1,525,666
	3,920,189
Crisis/Access to Services:	
American Red Cross - Mid Alabama Region	2,870,292
Blount County Aid to Homeless Children (DHR)	49,886
Children's Aid Society	910,587
Collat Jewish Family Services	95,685
Family Resource Center of Northwest Alabama	160,666
Hispanic Coalition of Central Alabama	124,071
Legal Aid Society of Birmingham	25,000
Pathways	338,543
Ronald McDonald House Charities of Alabama	140,615
SafeHouse of Shelby County	127,520
Salvation Army - Birmingham, Alabama Area Command	1,686,222
St. Clair County Department of Human Resources	48,776
Traveler's Aid Society of Birmingham, Alabama, Inc.	263,402
	6,841,265
Total Allocations to Member Agencies	**27,083,561**
Special Initiatives and Programs:	
Central AL Senior Support Fund	4,072
Healthy Communities	341
Meals on Wheels	76,262
Central Alabama Children's Fund - General	7,975
Central Alabama Children's Fund - Blount County	14,481
Central Alabama Children's Fund - Jefferson County	17,577
Central Alabama Children's Fund - Shelby County	26,050
Central Alabama Children's Fund - St Clair County	10,005
Central Alabama Children's Fund - Walker County	18,328
Success by 6	24,048
Emergency Relief	61,483
2-1-1 of Central Alabama	206
Community HIV Partnership	2,064
Disaster Recovery Reserve Fund	4,407
Priority Veteran	48,981
Financial Stability Partnership	112,476
Total Special Initiatives and Programs	**428,756**
Other Allocations	
Special Designations to Member Agencies and Non Member Agencies	**1,316,423**

See independent auditors' report.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF ALLOCATIONS TO AGENCIES BY IMPACT AREAS
FOR THE YEAR ENDED DECEMBER 31, 2019

	United Way Allocations
Bold Goals Initiatives:	
* Alabama Possible	$ 25,000
* American Baseball Foundation	10,000
Better Basics	6,000
* Birmingham Education Foundation	5,000
* Blount County Education Foundation	10,000
Boys & Girls Club of Central Alabama, Inc.	13,000
Camp Fire USA Central Alabama Chapter	3,000
Childcare Resources	33,336
* Community Education Jefferson County Schools	5,000
Community Food Bank of Central Alabama	36,000
Gateway	25,000
Girls Incorporated of Central Alabama	8,000
* Homewood Board of Education	4,000
Impact Family Counseling, Inc.	10,000
* Jefferson County Department of Health	5,000
* Public Affairs Research Council Of Alabama	6,250
* Shades Valley Family YMCA	13,000
* St. Vincents Foundation	22,275
* Tenth Judicial Circuit District Attorney's Office	11,250
* Woodlawn Foundation	7,500
YMCA-Alabaster Family Branch	5,000
YWCA of Central Alabama	13,000
	276,611
Total Other Allocations	**1,593,034**
Total UWCA Allocations	**29,105,351**
UWCA Programs	
Hands On Birmingham	253,523
Success by Six	122,412
211 Assistance Program	197,043
Total UWCA Programs	**572,978**
Total UWCA Allocations, Programs, and Community Initiatives	**$ 29,678,329**

* Not a UWCA Agency

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Pass-Through Grantor	Program or Cluster Title	Federal CFDA Number	Grant Number	Direct Awards	Pass-Through Awards	Total Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed Through the State of Alabama Department of Public Health						
	HIV Care Formula Grant - Ryan White Part B	93.917	X07HA00049	$ -	$ 5,776,661	$ 5,776,661
Passed Through Alabama Department of Senior Services						
Program Cluster: Special Programs for the Aging						
	Title III B Administration	93.044	FAIN-18AAALT3SS	-	133,188	133,188
	Titile III B Supportive Services	93.044	FAIN-18AAALT3SS	-	401,253	401,253
	Title III C-1 Congregate Meals	93.045	FAIN-18AAALT3CM	-	725,074	725,074
	Title III C-2 Home Delivered Meals	93.045	FAIN-18AAALT3HD	-	1,018,162	1,018,162
	Total Program Cluster: Special Programs for the Aging			-	2,277,677	2,277,677
	Title VII Elder Abuse Prevention	93.041	FAIN-18AAALT7EA	-	15,435	15,435
	Title III D Preventative Health	93.043	FAIN-18AAALT3PH	-	62,880	62,880
	Title III E-1 Nat. Family Caregivers	93.052	FAIN-18AAALT3FC	-	342,775	342,775
	Title III E Administration	93.052	FAIN-18AAALT3FC	-	21,201	21,201
	Title VII Ombudsman	93.042	FAIN-18AAALT7OM	-	26,120	26,120
	Gateway (Survey)	93.791		-	2,126	2,126
	Gateway (Outreach)	93.791		-	30,433	30,433
	MIPPA AAA - Medicare Improvements for Patients and Providers	93.071	1801ALMIAA-01	-	9,819	9,819
	MIPPA ADRC - Medicare Enrollment Assistance Program	93.071	1801ALMIDR-01	-	4,614	4,614
	MIPPA SHIP - Medicare Enrollment Assistance Program	93.071	1801ALMISH-01	-	6,687	6,687
	State Health Insurance Assistance Program	93.324	90SAPG0016-02-00	-	74,582	74,582
Total U.S. Department of Health and Human Services				-	8,651,010	8,651,010
U.S. DEPARTMENT OF VETERAN AFFAIRS						
	SSVF -VA Supportive Services for Veteran Families	64.033	14-ZZ-153	1,947,652	-	1,947,652
Total U.S. Department of Veteran Affairs				1,947,652	-	1,947,652
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
	Comprehensive Housing Counseling	14.169	HC180011014	458,315	-	458,315
Total U. S. Department of Housing and Urban Development				458,315	-	458,315
U.S. DEPARTMENT OF THE TREASURY – INTERNAL REVENUE SERVICE						
	Volunteer Income Tax Assistance	21.009	19VITA0184	45,462	-	45,462
Total U.S. Department of the Treasury – Internal Revenue Service				45,462	-	45,462
U.S. DEPARTMENT OF EDUCATION						
Passed Through Alabama Department of Education						
	21st Century Community Learning Centers	84.287	S87C170001	-	104,100	104,100
Passed Through Birmingham City Schools						
	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334		-	40,216	40,216
Passed Through to University of Montevallo						
	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334		-	1,075	1,075
Total U.S. Department of Education				-	145,391	145,391

See independent auditors' report and notes to the schedule of expenditures of federal and nonfederal awards.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Pass-Through Grantor	Program or Cluster Title	Federal CFDA Number	Grant Number	Direct Awards	Pass-Through Awards	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION						
Passed Through Regional Planning Commission of Greater Birmingham						
	Federal-Aid Highway Program	20.205		-	9,250	9,250
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 2,451,429	$ 8,805,651	$ 11,257,080
NONFEDERAL GRANTS AND AWARDS						
	State of Alabama Department of Public Health					$ 32,967,119
	Walker County Health Initiative					11,332
	Walker County Partnership on Health & Education					65,345
	Safe Routes to School					5,591
	Success By 6					228,699
	Success By 6 Help Me Grow					81,739
	Financial Stability Partnership Case Management					113,840
	VITA					92,688
	Comprehensive Housing Counseling					12,116
	Navigate HAT					8,458
	Assets for Independence					151,800
	Jefferson County Service Fund					146,445
	Senior Picnic					4,277
	SNAP ADRC					6,401
	Senior Rx					199,468
	Ombudsman					99,202
	ADRC					43,269
	Sr Medicare Patrol Project					23,134
	Auburn University Montgomery - ADRC					6,000
	Birmingham Promise					74,828
	Meals on Wheels					413,748
	211					290,350
	Hands on Birmingham					381,741
TOTAL EXPENDITURES OF NONFEDERAL GRANTS AND AWARDS						35,427,590
TOTAL FEDERAL AND NONFEDERAL AWARDS						$ 46,684,670
UNITED WAY FISCAL AGENT PROGRAMS						
	Jefferson County Community Service Fund*					$ 3,145,954
TOTAL UNITED WAY FISCAL AGENT PROGRAMS						3,145,954
TOTAL ALL PROJECTS						$ 49,830,624

* United Way is the fiscal agent for funds passed through from the Jefferson County Community Service Fund to local recipients.

See independent auditors' report and notes to the schedule of expenditures of federal and nonfederal awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and nonfederal awards includes the federal grant activity of United Way and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated and combined financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, United Way provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
HIV Care Formula Grant - Ryan White Part B	93.917	$ 1,933,192
Program Cluster: Special Programs for the Aging	93.044 & 93.045	$ 392,932
Comprehensive Housing Counseling	14.169	$ 285,452

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INDEPENDENT AUDITORS' 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
United Way of Central Alabama, Inc.

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 consolidated and combined financial statements of United Way of Central Alabama, Inc. and subsidiaries and affiliate (United Way) (a nonprofit organization), which comprise the consolidated and combined statement of financial position as of December 31, 2019, and the related consolidated and combined statements of activities, 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 December 7, 2020.

Internal Control over Financial Reporting
In planning and performing our audit of the consolidated and combined financial statements, we considered United Way's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated and combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's consolidated and combined financial statements are free from 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 determination of financial statement amounts. 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.

Warren Averett, LLC

Birmingham, Alabama
December 7, 2020

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

To the Board of Directors
United Way of Central Alabama, Inc.

Report on Compliance for Each Major Federal Program
We have audited United Way of Central Alabama, Inc. (United Way) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way's major federal programs for the year ended December 31, 2019. United Way's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of United Way's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way's compliance.

Opinion on Each Major Federal Program
In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Warren Averett, LLC

Birmingham, Alabama
December 7, 2020

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statement Section

Type of auditors' report issued:	Unmodified	
	Yes	**No**
Internal control over financial reporting:		
Material weakness(es) identified?		**X**
Significant deficiencies identified that are not considered to be material weaknesses?		**None reported**
Noncompliance material to financial statements noted?		**X**

Federal Awards Section

	Yes	**No**
Internal control over major programs:		
Material weakness(es) identified?		**X**
Significant deficiencies identified that are not considered to be material weaknesses?		**None reported**
Type of auditors' report on compliance for major programs:	Unmodified	
	Yes	**No**
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?		**X**

Identification of major programs:

CFDA Number(s)	Name of Federal Program(s)
93.917	Ryan White Part B
93.044 & 93.045	Program Cluster: Special Programs for the Aging

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
	Yes	**No**
Auditee qualified as low-risk auditee?	X	

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

There were no prior audit findings on compliance for each major program, or internal control over compliance, with the requirements described in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*