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

CONSOLIDATED AND COMBINED
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

Warren Averett
CPAs AND ADVISORS

**UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
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DECEMBER 31, 2020 AND 2019**

Warren Averett
CPAs AND ADVISORS

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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, 2020, 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, 2020, 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 2019 consolidated and combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 August 31, 2021, 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
August 31, 2021

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Cash and cash equivalents	$ 7,298,368	$ 7,909,845
Restricted cash (Note 1)	13,784,644	10,637,783
Short-term investments	350,000	375,194
Due from agencies	19,647	28,989
Campaign pledges receivable – net:		
Current year (Note 2)	27,010,022	28,195,226
Prior year (Note 2)	1,784,203	1,616,575
	28,794,225	29,811,801
Grants receivable (Note 3)	11,805,292	6,832,566
Other current assets	855,222	1,127,022
Endowment receivables	123,858	114,779
Cash surrender value of life insurance	4,120,390	4,082,719
Long-term investments (Note 6 and 7)	35,367,897	34,765,570
Long-term pledges receivable (Note 2)	3,839,334	2,674,749
Investment property (Note 6 and 7)	1,165,000	1,165,000
Property and equipment – net (Note 5)	17,838,786	9,577,040
TOTAL ASSETS	$ 125,362,663	$ 109,103,057

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts payable and accrued expenses	$ 5,214,644	$ 5,072,909
Due to agencies	5,900,102	6,709,640
Due to other United Way organizations	2,561,827	2,124,621
Pension and other postretirement benefits (Note 16)	6,451,475	5,056,847
Other liabilities	4,850,181	4,472,273
Total current liabilities	24,978,229	23,436,290
LONG-TERM DEBT (NOTE 8)	3,500,000	-
Total liabilities	28,478,229	23,436,290
NET ASSETS		
Net assets without donor restrictions (Note 9)	48,589,390	43,459,105
Net assets with donor restrictions (Note 10)	48,295,044	42,207,662
Total net assets	96,884,434	85,666,767
TOTAL LIABILITIES AND NET ASSETS	$ 125,362,663	$ 109,103,057

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, 2020 AND 2019 (SUMMARIZED DATA)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2020	Total All Funds 2019
REVENUES AND OTHER SUPPORT				
Campaign applicable to current period:				
Contributions recognized:				
Current period	$ 3,101,351	$ -	$ 3,101,351	$ 3,716,918
Prior periods	33,508,455	(33,508,455)	-	-
Donor designations	(3,424,804)	4,163,212	738,408	675,099
Allowance for uncollectible pledges	(2,689,661)	2,178,050	(511,611)	76,129
TOTAL CAMPAIGN FOR CURRENT PERIOD	30,495,341	(27,167,193)	3,328,148	4,468,146
Campaign revenue recognized for future allocation period	-	33,403,372	33,403,372	33,508,455
Donor designations	-	(3,283,832)	(3,283,832)	(4,163,212)
Allowance for uncollectible pledges	-	(2,505,253)	(2,505,253)	(2,178,050)
TOTAL CAMPAIGN FOR NEXT ALLOCATION PERIOD	-	27,614,287	27,614,287	27,167,193
Campaign revenue recognized for future allocation periods	-	435,842	435,842	501,007
TOTAL CAMPAIGN	30,495,341	882,936	31,378,277	32,136,346
OTHER SUPPORT				
Grants and other restricted revenue	58,554,923	3,216,737	61,771,660	45,062,589
Disaster relief contributions	-	-	-	44,000
Excess revenue over pledge loss	667,777	-	667,777	550,170
Sales and service to the public	707,672	-	707,672	703,029
Special event revenue	-	-	-	-
Endowment contributions	55,842	1,104,101	1,159,943	169,962
Investment income (loss) (Note 7)	3,035,697	885,310	3,921,007	5,771,057
Gift-in-kind contributions	107,383	-	107,383	337,547
Campaign management fees	166,547	-	166,547	160,242
Initiative funding and transfers	1,746,428	(51,904)	1,694,524	1,073,042
Agency health insurance program (Note 16)	10,645,918	-	10,645,918	9,236,707
Sponsorship revenues – direct assistance	167,400	12,532	179,932	170,930
Change in cash surrender value of life insurance	-	37,670	37,670	162,073
Other	6,500	-	6,500	1,529,107
TOTAL OTHER SUPPORT	75,862,087	5,204,446	81,066,533	64,970,455
TOTAL REVENUES AND OTHER SUPPORT	106,357,428	6,087,382	112,444,810	97,106,801

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, 2020 AND 2019 (SUMMARIZED DATA)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2020	Total All Funds 2019
EXPENSES				
Allocation and community services:				
Funds allocated to partner agencies, initiatives and programs	$ 26,396,499	$ -	$ 26,396,499	$ 27,083,561
Other allocations	1,690,972	-	1,690,972	2,021,791
Less allocations funded through designations	(3,424,804)	-	(3,424,804)	(4,227,021)
Community and agencies services:				
Community service and disaster relief	5,762,671	-	5,762,671	4,500,264
Grant programs	53,597,059	-	53,597,059	44,858,284
Agency health insurance program (Note 16)	8,346,596	-	8,346,596	7,962,307
Fund distribution	717,744	-	717,744	629,988
Sponsorship expenses – direct assistance	-	-	-	143,732
Special events, net	22,705	-	22,705	190,775
Pandemic relief payments	1,058,817	-	1,058,817	-
TOTAL ALLOCATIONS AND COMMUNITY SERVICES	94,168,259	-	94,168,259	83,163,681
Fundraising and administrative costs:				
Fundraising	3,053,888	-	3,053,888	2,913,644
Administrative	2,327,616	-	2,327,616	2,220,570
TOTAL FUNDRAISING AND ADMINISTRATIVE COSTS	5,381,504	-	5,381,504	5,134,214
TOTAL EXPENSES	99,549,763	-	99,549,763	88,297,895
OPERATING EXCESS, BEFORE TRANSFERS	6,807,665	6,087,382	12,895,047	8,808,906
BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS				
Board designated transfers to (from) operations (Note 9)	(6,231,451)	-	(6,231,451)	(4,310,637)
OPERATING EXCESS, AFTER TRANSFERS	576,214	6,087,382	6,663,596	4,498,269
NON-OPERATING ITEMS				
Pension-related changes other than net periodic cost (Note 16)	(1,677,380)	-	(1,677,380)	(857,581)
BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS				
Board designated transfers from (to) operations (Note 9)	6,231,451	-	6,231,451	4,310,637
TOTAL NON-OPERATING ITEMS AND BOARD DESIGNATIONS	4,554,071	-	4,554,071	3,453,056
CHANGES IN NET ASSETS	5,130,285	6,087,382	11,217,667	7,951,325
NET ASSETS AT BEGINNING OF YEAR	43,459,105	42,207,662	85,666,767	77,715,442
NET ASSETS AT END OF YEAR	$ 48,589,390	$ 48,295,044	$ 96,884,434	$ 85,666,767

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, 2020 AND 2019 (SUMMARIZED DATA)

			United Way Programs				
	Fundraising	Administrative	Fund Distribution	Community Services and Disaster Relief	Grant Programs	Total 2020	Total 2019
Salaries	$ 1,404,955	$ 2,035,935	$ 408,428	$ 2,239,150	$ 2,656,597	$ 8,745,065	$ 8,019,209
Employee benefits	443,482	594,879	102,747	858,963	618,634	2,618,705	2,055,318
Payroll taxes	113,559	119,978	22,380	166,081	174,071	596,069	567,401
Total salaries and related expenses	1,961,996	2,750,792	533,555	3,264,194	3,449,302	11,959,839	10,641,928
Payments to affiliates	68,579	135,147	13,336	116,664	123,929	457,655	414,284
Professional fees	75,559	181,710	37,564	188,334	165,328	648,495	517,122
Supplies	20,741	33,292	2,778	53,211	42,220	152,242	294,590
Telephone	16,178	47,348	2,886	16,648	32,488	115,548	94,304
Postage and shipping	15,931	7,475	258	7,904	12,451	44,019	41,582
Occupancy	229,223	66,540	43,494	-	215,456	554,713	412,697
Rental and maintenance of equipment	10,508	130,890	4,852	17,991	6,558	170,799	161,950
Printing and publications	326,700	1,622	1,292	85,158	207,780	622,552	821,485
Travel	8,704	924	383	8,821	5,567	24,399	64,377
Conferences, conventions and meetings	2,670	7,324	287	8,354	11,296	29,931	129,173
Membership dues	3,607	11,827	1,463	38,972	5,660	61,529	67,824
Miscellaneous	8,678	17,778	1,688	35,421	20,037	83,602	110,607
Equipment and software	44,443	146,138	26,890	48,435	182,397	448,303	380,495
Indirect costs	231,316	(1,353,134)	42,863	521,077	557,878	-	-
Program services	5,100	25,846	-	771,437	48,558,712	49,361,095	40,388,265
Disaster relief payments	-	-	-	76,895	-	76,895	-
Pandemic relief payments	-	-	-	1,058,817	-	1,058,817	-
TOTAL BEFORE DEPRECIATION	3,029,933	2,211,519	713,589	6,318,333	53,597,059	65,870,433	54,540,683
Depreciation of property and equipment	23,955	116,097	4,155	503,155	-	647,362	582,067
TOTAL FUNCTIONAL EXPENSES	$ 3,053,888	$ 2,327,616	$ 717,744	$ 6,821,488	$ 53,597,059	$ 66,517,795	$ 55,122,750

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 11,217,667	$ 7,951,325
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of long-term receivables	4,394	(9,317)
Depreciation	647,362	582,067
Net realized and unrealized gains on investments and endowment transfers	(3,854,506)	(5,575,948)
Change in provision for allowance for uncollectible campaign pledges	(775,851)	325,847
Gain on investment property	-	(155,000)
Changes in:		
Campaign pledges receivable – net	1,793,427	(1,744,669)
Grants receivable	(4,972,726)	(1,472,229)
Endowment receivables	(9,079)	(11,990)
Other current assets	271,800	506,894
Long-term pledges receivable	(1,168,979)	(369,572)
Accounts payable and accrued expenses	141,735	(249,510)
Due to/from agencies, net	(800,196)	(373,236)
Due to other United Way organizations	437,206	(338,905)
Pension and other postretirement benefits	1,394,628	535,580
Other liabilities	377,908	755,488
Net cash provided by operating activities	4,704,790	356,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,277,373	81,151
Purchases of investments	-	(25,200)
Increase in cash surrender value of life insurance	(37,671)	(162,073)
Purchases of property and equipment	(8,909,108)	(1,219,560)
Net cash used in investing activities	(5,669,406)	(1,325,682)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	5,000,000	-
Payments on long-term debt	(1,500,000)	-
Net cash provided by investing activities	3,500,000	-

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, 2020 AND 2019

	2020	2019
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 2,535,384	$ (968,857)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,547,628	19,516,485
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 21,083,012	$ 18,547,628
Cash and cash equivalents	$ 7,298,368	$ 7,909,845
Restricted cash	13,784,644	10,637,783
CASH AT END OF YEAR	$ 21,083,012	$ 18,547,628

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.

During 2020, the Chilton County United Way notified United Way Worldwide (UWW) of its intent to cease operating as a United Way affiliate in 2021. The Organization 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 added Chilton County to the existing covered areas of Blount, Jefferson, Shelby, St. Clair and Walker counties.

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, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents consist 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:

	2020	2019
Grants and programs	$ 4,248,026	$ 2,512,509
Cash collected for future campaigns	6,548,768	5,398,764
Jefferson County Community Service Fund	2,987,850	2,726,510
	$ 13,784,644	$ 10,637,783

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A corresponding liability of $2,803,912 and $2,524,609 is recorded in other liabilities for cash held for the grant-related programs and the Jefferson County Community Service Fund at December 31, 2020 and 2019, respectively. Cash collected for future campaigns is recorded within net assets with donor restrictions (see Note 10).

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 9 for more information on the composition of net assets without donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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 10 and 11 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 workplace 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Campaign and Advertising Expenses
Campaign and advertising expenses are charged to expense as incurred. Advertising costs were approximately $548,000 and $720,000 (including gift-in-kind expense for media services (Note 13) of $14,000 and $251,000) for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses
The consolidated statements of functional expenses present 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.

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 9 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, 2020 or 2019, 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, 2017, and subsequent remain subject to audit by taxing authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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 August 31, 2021, which is the date these consolidated and combined financial statements were available to be issued. See Note 21 for subsequent events disclosures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassification
Certain comparative amounts have been reclassified to conform to the current year presentation.

2. PLEDGES RECEIVABLE

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

	2020	2019
Current campaign:		
Undesignated	$ 30,159,178	$ 29,375,009
Designated	3,283,832	4,163,212
Processed on behalf of other United Way organizations	1,900,357	1,687,370
Gross unconditional pledges	35,343,367	35,225,591
Cash collected during campaign	(5,650,061)	(4,674,284)
Pledges receivable – current year	29,693,306	30,551,307
Allowance for uncollectible pledges	(2,683,284)	(2,356,081)
	$ 27,010,022	$ 28,195,226

Campaign Pledges Receivable – Net (Prior Years)
Prior year pledges receivable are reported net of the allowance for uncollectible pledges of $2,859,661 and $2,362,181 for the years ended December 31, 2020 and 2019, 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, 2020. 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, 2020			
	Pledge	Unamortized Discount	Discounted Pledge	Interest Rate
Campaign pledges	$ 2,643,140	$ 4,560	$ 2,638,580	Various
Capital campaign pledges	1,028,156	-	1,028,156	Various
Endowment pledges	175,363	2,765	172,598	Various
	$ 3,846,659	$ 7,325	$ 3,839,334	

2. PLEDGES RECEIVABLE – CONTINUED

	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	

Included in endowment pledges are the premiums expected to be paid on life insurance policies with total face values approximating $18.6 and $18.4 million at December 31, 2020 and 2019, respectively, 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.

	2020	2019
Amounts due in:		
Less than one year	$ 4,583,318	$ 4,002,798
One to five years	33,493,187	33,192,681
	$ 38,076,505	$ 37,195,479

3. GRANTS RECEIVABLE

Grants receivable consist of the following amounts at December 31:

	2020	2019
U.S. Department of Health and Human Services:		
Ryan White Title II	$ 9,854,771	$ 5,676,523
Area Agency on Aging	548,734	402,452
U.S. Department of Veteran Affairs:		
Supportive Services for Veteran Families	666,007	439,040
U.S. Department of Housing and Urban Development (HUD):		
CARES Act Funding	269,882	181,375
U.S. Department of Education:		
GEAR-UP	19,332	-
United Ways of Alabama:		
A-Reset	7,311	-
Jefferson County:		-
CARES Act Funding	284,017	
U.S. Department of Treasury:		
Internal Revenue Service - VITA	17,526	17,447
Alabama Department of Education:		
Walker 21st Century Community Learning	-	60,813
Alabama Department of Transportation:		
Alabama Partnership for Clean Air	3,081	5,340
Navigate Housing Affordability Trust Grants	124,127	2,014
Birmingham Promise Initiative	10,504	47,562
	$ 11,805,292	$ 6,832,566

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.

4. ENDOWMENTS – CONTINUED

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, 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 UPMIFA. In accordance with UPMIFA, 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.

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.

4. ENDOWMENTS – CONTINUED

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, 2020 and 2019, 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, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ 35,503	$ 12,912,835	$ 12,948,338
Undesignated endowment funds	5,682,822	-	5,682,822
Total funds	$ 5,718,325	$ 12,912,835	$ 18,631,160

Changes in endowment net assets as of December 31, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets at beginning of year	$ 5,528,297	$ 10,625,578	$ 16,153,875
Contributions	34,121	1,101,144	1,135,265
Investment income	115,463	174,602	290,065
Net appreciation	479,845	785,699	1,265,544
Amounts appropriated for expenditures	156,145	(194,430)	(38,285)
Fund transfer / in transit	(20,538)	(31,083)	(51,621)
Fees	(575,008)	451,325	(123,683)
Endowment net assets at end of year	$ 5,718,325	$ 12,912,835	$ 18,631,160

4. ENDOWMENTS – CONTINUED

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

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

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2020	2019
Land	$ 1,637,878	$ 1,637,878
Building and campus improvements	19,711,716	11,188,434
Furniture, fixtures and equipment	1,783,180	1,565,391
	23,132,774	14,391,703
Less accumulated depreciation	(5,293,988)	(4,814,663)
	$ 17,838,786	$ 9,577,040

Depreciation expense was $647,362 and $582,067 for the years ended December 31, 2020 and 2019, respectively. In January 2018, United Way purchased a building adjacent to the current corporate headquarters for $3,200,000 and have incurred approximately $9.6 million in renovation and improvement costs to date. At December 31, 2020, the estimated cost-to-complete the project was approximately $346,000.

6. INVESTMENTS

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

	December 31, 2020		December 31, 2019	
	Cost	Market	Cost	Market
Certificates of deposit	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Equity securities	22,623,283	27,848,207	21,811,041	27,022,374
U.S. Government obligations	466,284	515,282	499,583	534,696
Mortgage backed securities	628,533	670,681	688,834	713,592
Corporate bonds	1,324,290	1,452,329	1,126,901	1,178,649
Fixed income mutual funds	1,158,532	1,278,831	2,267,449	2,288,271
Alternative investments	1,615,759	3,602,567	1,616,973	3,053,182
	$ 28,166,681	$ 35,717,897	$ 28,360,781	$ 35,140,764

6. INVESTMENTS – CONTINUED

Investment return is reported net of investment expenses of approximately $24,000 and $23,000 in 2020 and 2019, respectively. The following summarizes investment return and its classification:

	Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	$ 673,900	$ 174,602	$ 848,502
Net realized and unrealized gains	2,361,797	710,708	3,072,505
	$ 3,035,697	$ 885,310	$ 3,921,007

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

The Organization holds certain alternative investments (hedge funds) as reported above at December 31, 2020 and 2019. 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 $3,600,000 and $3,100,000 at December 31, 2020 and 2019, respectively, 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 as of December 31, 2020 and 2019, 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, 2020			
	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	27,848,207	27,848,207	-	-
U.S. Government obligations	515,282	-	515,282	-
Mortgage backed securities	670,681	-	670,681	-
Corporate bonds	1,452,329	-	1,452,329	-
Fixed income mutual funds	1,278,831	1,278,831	-	-
Investment property	1,165,000	-	-	1,165,000
Alternative investments (a)	3,602,567	-	-	-
	$ 36,882,897	$ 29,477,038	$ 2,638,292	$ 1,165,000

	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

(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.

7. FAIR VALUE MEASUREMENTS – CONTINUED

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, 2019	$ 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
Total unrealized gains (losses)	-	-
Total realized gains (losses)	-	-
Purchases and issuances	-	-
Settlements	-	-
December 31, 2020	$ 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, 2020 and 2019, are reported in investment income as follows:

	December 31, 2020	
	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	$ -	$ -

	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	$ -

8. LONG-TERM DEBT

During 2018, United Way purchased the building adjacent to its main campus for $3,200,000. On October 11, 2018, the Organization entered into a financing agreement with a financial institution to obtain a construction loan of $5,000,000 with a fixed interest rate of 3.9%. The loan was funded through advances during the construction period of the renovation. The loan is secured by realized capital campaign pledges that will be raised to fund the renovation of the building and pay off the loan. The loan matures and becomes due and payable on October 11, 2023. During 2020, the Organization obtained advances of $5,000,000 on the loan and repaid $1,500,000. The balance outstanding on the loan at December 31, 2020, was $3,500,000. There were no borrowings under the agreement during 2019. Renovation of the building for expansion of the Organization's programmatic services was completed during 2021.

9. 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:

	2020	2019
Undesignated	$ 10,111,561	$ 11,212,727
Building and campus improvements	1,065,307	598,521
Contingencies	10,019,249	10,786,921
Self-insurance reserve	11,131,532	8,890,546
Development fund	2,834,147	3,161,530
Endowment	5,718,325	5,528,297
Community impact and initiatives	7,709,269	3,280,563
Total net assets without donor restrictions	$ 48,589,390	$ 43,459,105

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.

9. NET ASSETS WITHOUT DONOR RESTRICTIONS – CONTINUED

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.

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

	2020	2019
Building and campus improvements	$ 466,786	$ 257,669
Contingencies	(767,672)	2,019,205
Self-insurance reserve	2,240,986	1,274,400
Development fund	(327,383)	(174,285)
Endowment	190,028	1,020,820
Community impact and initiatives	4,428,706	(87,172)
Total Board designated, appropriations and transfers from operations	$ 6,231,451	$ 4,310,637

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Purpose restrictions:		
Community impact and initiatives	$ 45,273	$ 393,584
Sponsorship programs	482,920	418,026
Capital campaign	2,661,682	461,720
Time restrictions:		
Net campaign for future years	32,192,334	30,308,754
Total purpose and time restrictions	35,382,209	31,582,084
Endowments subject to United Way's spending policy	12,912,835	10,625,578
Total net assets with donor restrictions	$ 48,295,044	$ 42,207,662

10. NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

United Way's endowment includes investments in perpetuity (original amount of $10,204,266 and $8,945,428 in 2020 and 2019, respectively), which, once appropriated, is expendable to support the campaign. Of this amount, $4,042,165 and $4,004,495 is invested in legacy life insurance policies and is representative of the cash surrender value of the policies as of December 31, 2020 and 2019, respectively.

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 13 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 13 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. Renovations began in January 2020 (estimated at $9.9 million) and were completed in 2021.

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.

11. 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:

	2020	2019
Purpose restrictions:		
Community impact and initiatives	$ 203,830	$ 283,810
Sponsorship programs	167,400	147,072
Capital campaign	123,684	136,499
Time restrictions:		
Net campaign for future years	27,167,193	26,464,610
Total purpose and time restrictions	$ 27,662,107	$ 27,031,991

12. ALLOCATIONS, GRANTS UNDER MANAGEMENT AND COMMUNITY SERVICES

Allocations and Grants under Management

In 2020, 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	$ 8,702,765	$ 51,621	$ 194,113	$ 43,237,712	$ 8,346,596	$ 60,532,807	67.10%
Education	7,167,018	112,248	252,575	521,174	-	8,053,015	8.93%
Income	3,839,561	131,590	98,665	3,149,524	-	7,219,340	8.00%
Crisis/access to services	6,687,155	148,109	62,500	4,656,404	-	11,554,168	12.81%
Other	-	-	817,620	2,032,245	-	2,849,865	3.16%
	$ 26,396,499	$ 443,568	$ 1,425,473	$ 53,597,059	$ 8,346,596	$ 90,209,195	100.00%

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	66.48%
Education	7,330,681	118,464	276,947	507,844	-	8,233,936	10.05%
Income	3,920,189	112,476	31,498	2,563,376	-	6,627,539	8.09%
Crisis/access to services	6,841,265	117,141	113,710	3,935,218	-	11,007,334	13.44%
Other	-	-	950,699	641,255	-	1,591,954	1.94%
	$ 27,083,561	$ 428,756	$ 1,593,034	$ 44,858,284	$ 7,962,307	$ 81,925,942	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 $445,000 and $362,000 in 2020 and 2019, respectively. The costs of such services, including depreciation, were approximately $405,000 and $369,000 in 2020 and 2019, respectively.

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 $19,000 and $29,000 at December 31, 2020 and 2019, respectively, which is netted in due to agencies.

13. CONTRIBUTED SERVICES

Employees of local companies and other organizations participating in United Way's Loaned Executive Program volunteered approximately 11,665 and 11,185 hours, with an approximate fair value of $333,000 and $304,000 not recognized as revenue for the years ended December 31, 2020 and 2019, 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 for the years ended December 31, 2019 (none in 2020), respectively, based on an allocation from 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 consolidated and combined financial statements.

Additionally, people across the community participated in United Way's Visiting Allocation Team (VAT) process volunteering approximately 4,104 and 4,626 hours, with an approximate fair value of $117,000 and $126,000 for the years ended December 31, 2020 and 2019, 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 each of the years ended December 31, 2020 and 2019, 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 consolidated and combined financial statements.

In addition, gift-in kind artwork, advertising and other items totaling approximately $87,000 were donated for the year ended December 31, 2020 and are recorded as gift-in-kind revenue and functional expenses in the accompanying consolidated and combined financial statements.

14. 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 2020 and 2019.

	2020	2019
Administrative Expenses	$ 2,327,616	$ 2,220,570
Fundraising Expenses	3,053,888	2,913,644
	5,381,504	5,134,214
Total Expenses	$ 99,549,763	$ 88,297,895
Overhead Rate	5.41%	5.81%

15. 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:

	2020	2019
Cash	$ 7,298,368	$ 7,909,845
Short-term investments	350,000	375,194
Due from agencies	19,647	28,989
Prior year Campaign pledges receivable, net	1,784,203	1,616,575
Grants receivable	11,805,292	6,832,566
Other current assets	474,600	837,825
Long-term investments without donor restrictions	22,455,062	24,139,992
Total financial assets available within one year	44,187,172	41,740,986
Less:		
Amounts unavailable to management without Board approval	38,477,829	32,246,378
Total financial assets available to management for general expenditure within one year	$ 5,709,343	$ 9,494,608

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.

16. 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.

16. 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 9).

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	
	2020	2019	2020	2019
Benefit obligations at beginning of year	$ (16,186,472)	$ (13,046,588)	$ (892,707)	$ (1,288,771)
Service cost	(852,068)	(574,812)	(103,281)	(63,964)
Interest cost	(470,518)	(488,332)	(33,378)	(29,344)
Actuarial gain (loss)	(2,565,495)	(3,040,354)	(247,918)	484,981
Benefits paid	224,573	963,614	51,892	4,391
Benefit obligations at December 31	(19,849,980)	(16,186,472)	(1,225,392)	(892,707)
Fair value of plan assets at beginning of year	12,022,332	9,814,032	-	-
Actual return on plan assets	1,518,281	2,061,119	-	-
Employer contributions	1,307,857	1,110,795	-	-
Annuities purchased or benefits paid	(224,573)	(963,614)	-	-
Fair value of plan assets at December 31	14,623,897	12,022,332	-	-
Funded status	$ (5,226,083)	$ (4,164,140)	$ (1,225,392)	$ (892,707)
Amounts recorded at December 31 consist of:				
Pension liability	$ (5,226,083)	$ (4,164,140)	$ -	$ -
Postretirement liability	-	-	(1,225,392)	(892,707)
Totals	$ (5,226,083)	$ (4,164,140)	$ (1,225,392)	$ (892,707)

16. EMPLOYEE BENEFIT PLANS – CONTINUED

	Pension Benefits		Postretirement Benefits	
	2020	2019	2020	2019
Changes in Funded Status				
Amounts recognized consist of:				
Service cost	$ 852,068	$ 574,812	$ 103,281	$ 63,964
Interest cost	470,518	488,332	33,378	29,344
Return on plan assets, (gain) losses	(1,518,281)	(2,061,119)	-	-
Actuarial (gain) loss and deferrals	1,160,638	1,775,504	(76,497)	(81,983)
Net periodic benefit cost	964,943	777,529	60,162	11,325
Pension-related changes other than net periodic cost	1,404,857	1,264,910	272,523	(407,329)
	2,369,800	2,042,439	332,685	(396,004)
Less employer contributions	1,307,857	1,110,795	-	-
Change in Funded Status - (increase) decrease	$ 1,061,943	$ 931,644	$ 332,685	$ (396,004)

	Pension Benefits		Postretirement Benefits	
	2020	2019	2020	2019
Amounts previously recognized in unrestricted net assets, not yet recognized as net periodic pension cost at December 31 consist of:				
Unrecognized actuarial loss	$ 6,693,877	$ 5,289,020	$ (291,857)	$ (616,273)

During 2020, management elected to adopt the 10% corridor method for recognizing the actuarial gain and loss of the postretirement medical plan into operating excess. The purpose of the change was to make the reporting for the postretirement medical plan more consistent with the reporting of the pension plan. This change has been implemented retrospectively, with the impact being a reclassification of actuarial gain in the amount of $407,329 for 2019 to non-operating items, increasing operating expenses. The change has no impact on the postretirement liability or changes in net assets.

United Way had board designated assets of $727,830 and $685,623 for the pension plan and $588,711 and $528,048 for the postretirement plan, set aside for the purpose of funding the plans at December 31, 2020 and 2019, respectively.

16. EMPLOYEE BENEFIT PLANS – CONTINUED

Plan Assets
The benefit plan's asset allocations at December 31, 2020 and 2019, by asset category are as follows:

	Pension Benefits	
	2020	2019
Equity securities	59%	51%
Fixed income debt securities	28%	35%
Real estate	2%	2%
General account	11%	12%
Totals	100%	100%

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 2020 or 2019. No pension plan assets are expected to be returned to United Way during 2020.

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

	Pension Benefits	Postretirement Benefits
2021	$ 1,580,596	$ 30,741
2022	2,229,068	44,359
2023	1,515,861	36,650
2024	466,649	42,841
2025	912,630	49,353
Years 2026-2030	5,498,968	382,760
Totals	$ 12,203,772	$ 586,704

16. 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	
	2020	2019	2020	2019
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate:				
Pre-Retirement	2.34%	3.10%	2.56%	4.25%
Post-Retirement	2.34%	3.10%	2.56%	4.25%
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Medical trend rate:				
Year 1			7.37%	-15.03%
Year 2			5.90%	4.90%
Year 3			5.70%	5.10%
Year 4			5.40%	5.20%
Year 5			5.28%	5.14%
Thereafter			3.53%-4.67%	5.07%-4.30%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate:	2.34%	4.11%	2.56%	3.37%
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

For 2020 reporting, mortality for the Pension Plan was determined using the Society of Actuary (SOA) published Pri-2012 mixed collar table adjusted with Mortality Improvement Projection by Scale MP-2020 (RP-2014 Mixed Collar Table, separate for Males and Females, adjusted with Mortality Improvement Projection by Scale MP-2018 generational for 2019).

Postretirement mortality was determined using RP-2006 (all collars) generational (RP-2006 is based on same data used in constructing RP-2014); projected using MP-2020 for 2020 (MP-2019 for 2019)(Mortality Improvement Table). The actuarially estimated impact of a 1% change in health care cost trend assumptions for service and interest costs, using a current trend of $136,659 is $160,373 for a 1% increase and $116,955 for a 1% decrease).

Cash Flows

United Way expects to contribute approximately $1,000,000 to its pension plan in 2021.

16. 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 $10,645,918 and $9,236,707 for the years ended December 31, 2020 and 2019, 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 up to an unlimited reimbursement for the maximum per covered person as of December 31, 2020 and 2019. The aggregate contract period reimbursement is $1,000,000 for policy years 2020 and 2019.

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 $8,346,596 and $7,962,307 for the years ending December 31, 2020 and 2019, 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 $592,131 and $632,820 at December 31, 2020 and 2019, respectively, and was reported in other liabilities. In addition, the Board designated funds for a self-insurance reserve of $11,131,532 and $8,890,546 at December 31, 2020 and 2019, respectively. For additional description of the self-insurance reserve, see Note 9.

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 $205,000 and $220,000 for 2020 and 2019, 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.

17. 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, 2020 and 2019, were approximately $19,510,000 and $17,000,000, 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.

18. COMMITMENTS AND CONTINGENCIES

United Way has outstanding commitments for contracts entered into with various agencies for grant-related program services of approximately $6,613,000 and $8,162,000 at December 31, 2020 and 2019, 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 2.0% in excess of 30-day LIBOR at December 31, 2020. The line of credit will mature on December 31, 2021. There were no borrowings under the agreement during 2020 and 2019.

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, any technical violations identified by ERISA could 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.

19. PANDEMIC IMPACT AND RESPONSE

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets and (v) the effects on the economy overall, all of which are uncertain.

In 2020, COVID-19 related grants and donations added approximately $3.6 million to total revenues and other support. Revenues from federal grants related to COVID-19 were approximately $2.8 million and revenues from non-federal grants and other donations related to COVID-19 were approximately $800,000. This additional revenue allowed United Way of Central Alabama to provide much needed support to United Way programs in communities impacted by COVID-19.

19. PANDEMIC IMPACT AND RESPONSE – CONTINUED

The Organization raised additional funds of approximately $1,448,000 from individual donors and designated approximately $1,395,000 of internal reserves for the support of agencies impacted by COVID-19. As a result, the Organization's Community Impact Crisis Fund Committee allocated approximately $664,000 and $2,515,000 to over 120 partner and community agencies for distribution during 2020 and 2021, respectively.

During 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of $2,085,500 from a local bank under a program administered by the Small Business Administration (SBA). The Organization fully utilized the funds for the PPP's intended purpose. Therefore, the balance has been recorded as Paycheck Protection Program grant revenue in the Statement of Activities and Net Assets for the year ended December 31, 2020. United Way received confirmation that the loan and accrued interest had been forgiven in full in June 2021.

20. NEW ACCOUNTING PRONOUNCEMENTS

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.

21. SUBSEQUENT EVENTS

Effective, January 1, 2021, the operations of the Organization added Chilton County to the existing covered areas of Blount, Jefferson, Shelby, St. Clair, and Walker counties. See Note 1 for additional background on combination of efforts of the Organization and Chilton County United Way.

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, 2020

	Pandemic Response	United Way Allocations
		Health
AIDS Alabama Inc.	$ -	$ 72,693
Alabama Head Injury Foundation	-	171,169
Alabama Kidney Foundation	5,000	112,549
Aletheia House Inc.	5,000	443,795
Amelia Center	-	85,847
American Cancer Society	-	632,462
American Heart Association	-	470,905
Arc of Central Alabama	10,000	605,946
Arc of St. Clair County	15,000	48,099
Arc of Walker County	-	383,046
Birmingham Jewish Federation	-	28,054
Blount County Children's Center	-	114,835
Cahaba Valley Health Care	-	49,932
Catholic Family Services	-	154,538
Children's of Alabama	-	591,443
Christian Love Pantry	-	39,727
Community Food Bank of Central Alabama	-	345,849
Concerned Citizens for our Youth	5,000	179,176
Crisis Center	5,000	728,585
Developing Alabama Youth Foundation	-	129,934
Disability Rights & Resources	-	149,695
Easter Seals of the Birmingham Area	-	173,712
Family Connection	-	209,976
Fellowship House Inc.	5,000	260,164
Gateway	5,000	1,120,875
Glenwood Inc.	5,000	142,483
Lakeside Hospice	-	27,000
Levite Jewish Community Center	5,000	246,959
Oasis Counseling for Women & Children	10,000	90,698
Positive Maturity, Inc.	-	633,555
Salvation Army - Walker County	5,000	97,735
Shelby County Children's Advocacy Center - Owens House	-	50,075
Sickle Cell Disease Association of America - Central Alabama Chapter	-	65,120
St. Clair Children's Advocacy Center - The Children's Place	-	46,134
		8,702,765
		Education
A.G. Gaston Boys & Girls Club	10,000	669,654
Better Basics Inc.	-	166,883
Big Brothers/Big Sisters of Greater Birmingham	10,000	398,728
Boy Scouts of America - Black Warrior Council	-	80,913
Boy Scouts of America - Greater Alabama Council	5,000	917,237
Boys & Girls Club of Central Alabama	-	647,950
Camp Fire USA - Central Alabama Council	5,000	939,330
Girl Scouts of North Central Alabama	-	529,710
Girls Incorporated of Central Alabama	-	799,990
Impact Family Counseling	28,500	90,926
Legacy YMCA	-	96,516
St. Clair County Day Program Inc.	-	106,361
The Literacy Council	-	198,985
United Ability (UCP)	5,000	713,977
YMCA of Greater Birmingham	-	809,858
		7,167,018

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, 2020

	Pandemic Response	United Way Allocations
		Access to Services
American Red Cross - Mid Alabama Region	$ 10,000	$ 2,799,859
Blount County Aid to Homeless Children (DHR)	-	50,129
Children's Aid Society	5,000	888,816
Collat Jewish Family Services	-	95,081
Family Resource Center of Northwest Alabama	-	157,974
Hispanic Coalition of Central Alabama	25,000	122,559
Legal Aid Society of Birmingham	-	24,375
Pathways	4,167	332,066
Ronald McDonald House Charities of Alabama	-	138,689
SafeHouse of Shelby County	-	125,657
Salvation Army - Birmingham, Alabama Area Command	10,000	1,645,391
St. Clair County Department of Human Resources	-	48,550
Traveler's Aid Society of Birmingham, Alabama, Inc.	-	258,009
		6,687,155
		Income
Alabama Goodwill Industries, Inc.	-	64,637
Arc of Shelby County	-	138,970
Birmingham Urban League	15,000	156,795
Childcare Resources	10,000	607,607
Greater Birmingham Habitat for Humanity	10,000	346,664
Shelby Emergency Assistance, Inc.	5,000	217,988
United Community Centers, Inc.	15,000	90,564
Workshops, Inc.	-	727,487
YWCA of Central Alabama	10,000	1,488,849
		3,839,561
Total Allocations/Pandemic response to Member Agencies	**262,667**	**26,396,499**
Special Initiatives and Programs:		
Central AL Senior Support Fund	-	11,095
Child Hunger Fund	-	100
Healthy Communities	-	1,355
Meals on Wheels	-	39,071
Central Alabama Children's Fund - General	-	17,223
Central Alabama Children's Fund - Blount County		4,302
Central Alabama Children's Fund - Jefferson County	-	9,864
Central Alabama Children's Fund - Shelby County	-	16,323
Central Alabama Children's Fund - St Clair County	-	2,445
Central Alabama Children's Fund - Walker County	-	6,708
Success by 6	-	55,382
Emergency Relief	-	57,031
2-1-1 of Central Alabama	-	602
Community HIV Partnership	-	3,028
Disaster Recovery Reserve Fund	-	6,974
Priority Veteran	-	73,720
UWCA Impact Funds	-	6,755
Financial Stability Partnership	-	131,590
Total Special Initiatives and Programs		**443,568**
Other Allocations		
Special Designations to Member Agencies and Non-Member Agencies		**1,240,983**

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, 2020

	Pandemic Response	United Way Allocations
Bold Goals Initiatives:		
* 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
* Cahaba Medical Care	-	3,597
Camp Fire USA Central Alabama Chapter	-	5,000
Childcare Resources	-	33,332
Community Food Bank of Central Alabama	-	31,000
* Community Foundation of Greater Birmingham	-	4,000
Girls Incorporated of Central Alabama	-	8,000
* Homewood Board of Education	-	4,000
Impact Family Counseling, Inc.	-	10,000
* Jefferson County Department of Health	-	8,075
* St. Vincent's Foundation	-	29,700
* Tenth Judicial Circuit District Attorney's Office	-	31,875
The Literacy Council of Central Alabama	-	8,000
YMCA-Shades Valley Family Branch	-	13,000
YWCA of Central Alabama	-	13,000
Total Bold Goals		**246,579**
Total Other Allocations		**1,487,562**
Total UWCA Allocations		**28,327,629**
UWCA Programs		
Hands On Birmingham	-	253,523
211 Assistance Program	-	200,000
Total UWCA Programs		**453,523**
Total UWCA Allocations, Programs and Community Initiatives		**$ 28,781,152**
Pandemic Payments to Non-Member Agencies		
* Affordable Counseling Therapy	$ 2,500	$ -
* Alabama Autism Assistance Program	15,000	-
* Alabama Poverty Project (Alabama Possible)	10,000	-
* Alliance Ministries (Faith in Communities)	2,500	-
* ALS Association of Alabama	15,000	-
* Backpack Buddies (Smithfield Community Development)	15,000	-
* Backyard Blessings	5,000	-
* Birmingham AIDS Outreach	12,500	-
* Birmingham Education Foundation	10,000	-
* Blount County Education Foundation	5,000	-
* Breakthrough Birmingham	10,000	-
* Bundles of Hope Diaper Bank	5,000	-
* Cahaba Medical Care Foundation	5,000	-
* Capstone Rural Health Center	25,000	-
* Central Park Church of God	2,500	-

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, 2020

	Pandemic Response	United Way Allocations
Pandemic Payments to Non-Member Agencies – Continued		
* Christian Service Mission	$ 5,000	$ -
* Community Care Development Network	13,750	-
* Community Kitchens of Birmingham	15,000	-
* Cornerstone Schools of Alabama	5,000	-
* East Lake Initiative	2,500	-
* Epilepsy Foundation Alabama	15,000	-
* First Baptist Church Alabaster Food Ministry	7,500	-
* God Did It Ministries	2,500	-
* Grace Klein Community	2,500	-
* Haggai Food Bank at Jesus House Birmingham	4,800	-
* Hope Inspired Ministries	6,000	-
* Horizons School	10,000	-
* IJ Community Development	2,500	-
* Jalayah Hackman Foundation	2,500	-
* Jesus is The Way, Truth and Life Mobile Ministries	7,500	-
* Jones Valley Teaching Farm	15,000	-
* Laura Crandall Brown Foundation	5,000	-
* Leeds Welfare Cooperative	5,000	-
* Magic City Harvest	2,500	-
* Manna Ministries	2,500	-
* Metro West Ministries Food Bank	5,000	-
* Ministry of Deliverance	2,500	-
* Mission of Hope	7,500	-
* New Life SDA Church Pantry	15,000	-
* North Jefferson Baptist Association Caring Center	5,000	-
* P.E.E.R., Inc.	5,000	-
* Prescott House Child Advocacy Center	5,000	-
* Project Noah Community Development Corporation	3,500	-
* Railroad Park Foundation	10,000	-
* Raising Arrows	10,000	-
* Senior Housing Services	5,000	-
* Shepherds Fold	10,000	-
* Sixth Avenue Baptist Church	3,600	-
* Standing in the Gap	2,000	-
* TBTA Ministries (Revocation Radio)	1,000	-
* The Charlie Jean Foundation	5,000	-
* The HUB Community Development Corporation	5,000	-
* The Ministry Center at Green Springs	2,000	-
* Trinity United Methodist Church	4,500	-
* Triumph Services	5,000	-
* Turning Point Foundation	5,000	-
* Walker County Coalition for the Homeless	5,500	-
* Will Bright Foundation	5,000	-
* Youth Towers	2,000	-
	401,150	
Total Pandemic Response	**$ 663,817**	

* Not a UWCA Agency

See independent auditors' report.

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Pass-Through Grantor	Program or Cluster Title	Federal CFDA Number	Grant Number	Total Expenditures	Transfers to Subrecipients
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	$ 10,745,375	$ 2,961,071
Passed Through Alabama Department of Senior Services					
Program Cluster: Special Programs for the Aging					
	COVID-19 (FFCRA) - Title III C-1 Congregate Meals	93.045	FAIN-2001ALOACMC2	69,248	69,248
	COVID-19 (FFCRA) - Title III C-2 Home Delivered Meals	93.045	FAIN-2001ALOAHDC2	400,856	-
	COVID-19 (CARES) - Title III B Administration	93.044	FAIN-20AAALOASSC3	110,557	-
	COVID-19 (CARES) - Title III B Supportive Services	93.044	FAIN-2001ALOASSC3	99,928	-
	COVID-19 (CARES) - Title III C-2 Home Delivered Meals	93.045	FAIN-2001ALOAHDC3	1,007,985	-
	Title III B Administration	93.044	FAIN-20AAALOASS	46,687	-
	Title III B Supportive Services	93.044	FAIN-2001ALOASS	266,965	-
	Title III C-1 Congregate Meals	93.045	FAIN-2001ALOACM	161,094	123,671
	Title III C-2 Home Delivered Meals	93.045	FAIN-2001ALOAHD	1,320,606	-
	Total Program Cluster: Special Programs for the Aging			3,483,926	192,919
	COVID-19 (CARES) - Title III E-1 National Family Caregivers	93.052	FAIN-2001ALOAFCC3	144,158	-
	COVID-19 (CARES) - Title III E Administration	93.052	FAIN-2001ALOAFCC3	16,217	-
	COVID-19 (CARES) - Title VII Ombudsman	93.042	FAIN-2001ALOAOMC3	36,430	-
	COVID-19 (CARES) - Aging and Disability Resource Center (ADRC)	93.048	90NWC30014-01-00	66,694	-
	Title VII Elder Abuse Prevention	93.041	FAIN-2001ALOAFC	8,823	-
	Title III D Preventative Health	93.043	FAIN-2001ALOAPH	29,396	-
	Title III E-1 National Family Caregivers	93.052	FAIN-2001ALOAFC	192,161	-
	Title III E Administration	93.052	FAIN-2001ALOAFC	8,062	-
	Title VII Ombudsman	93.042	FAIN-2001ALOAOM	10,992	-
	Gateway (Survey)	93.791		1,944	-
	Gateway (Outreach)	93.791		14,942	-
	MIPPA AAA - Medicare Improvements for Patients and Providers	93.071	2001ALMIAA-00	15,146	-
	MIPPA ADRC - Medicare Enrollment Assistance Program	93.071	2001ALMIDR-00	7,458	-
	MIPPA SHIP - Medicare Enrollment Assistance Program	93.071	2001ALMISH-00	18,438	-
	State Health Insurance Assistance Program	93.324	90SAPG0058	98,359	-
	Senior Medicare Patrol Project	93.048	90MPPG-0032-03-00	27,411	-
Total U.S. Department of Health and Human Services				14,925,932	3,153,990
U.S. DEPARTMENT OF VETERAN AFFAIRS – DIRECT PROGRAMS					
	COVID-19 (CARES) - SSVF -VA Supportive Services for Veteran Families	64.033	14-ZZ-153-CA	726,068	-
	SSVF -VA Supportive Services for Veteran Families	64.033	14-ZZ-153	1,687,058	-
Total U.S. Department of Veteran Affairs				2,413,126	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT – DIRECT PROGRAMS					
	Comprehensive Housing Counseling	14.169	HC200011025	499,847	298,146
Total U. S. Department of Housing and Urban Development				499,847	298,146
U.S. DEPARTMENT OF THE TREASURY – INTERNAL REVENUE SERVICE					
DIRECT PROGRAMS					
	Volunteer Income Tax Assistance	21.009	21VITA0095	62,515	-
Passed Through Jefferson County					
	COVID-19 - Coronavirus Relief Fund	21.019		121,166	-
Total U.S. Department of the Treasury – Internal Revenue Service				183,681	-

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, 2020

Federal Pass-Through Grantor	Program or Cluster Title	Federal CFDA Number	Grant Number	Total Expenditures	Transfers to Subrecipients
U.S. DEPARTMENT OF EDUCATION					
Passed Through to University of Montevallo					
	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334		$ 68,530	$ -
Total U.S. Department of Education				68,530	-
U.S. DEPARTMENT OF TRANSPORTATION					
Passed Through Regional Planning Commission of Greater Birmingham					
	Federal-Aid Highway Program	20.205		5,237	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 18,096,353	$ 3,452,136
NONFEDERAL GRANTS AND AWARDS					
	State of Alabama Department of Public Health			34,720,422	-
	Title III B Supportive Services - State of Alabama Funds			15,648	-
	Title III C-1 Congregate Meals - State of Alabama Funds			6,698	-
	Title III C-2 Home Delivered Meals - State of Alabama Funds			119,199	-
	Title VII Elder Abuse Prevention - State of Alabama Funds			464	-
	Title III D Preventative Health - State of Alabama Funds			1,602	-
	Title III E-1 Nat. Family Caregivers - State of Alabama Funds			54,939	-
	Title VII Ombudsman - State of Alabama Funds			511	-
	SNAP ADRC			14,504	-
	Senior Rx			175,253	-
	Ombudsman			97,086	-
	ADRC			42,506	-
	Auburn University Montgomery - ADRC			6,124	-
	Assets for Independence			152,525	-
	Census			40,000	-
	Walker County Health Initiative			20,558	-
	Walker County Partnership on Health & Education			76,571	-
	Safe Routes to School			2,218	-
	Success By 6			236,905	-
	Success By 6 Help Me Grow			88,422	-
	GEAR-UP			68,536	-
	VITA			90,048	-
	Financial Stability Partnership Case Management			103,193	-
	Comprehensive Housing Counseling			15,933	-
	Navigate HAT			84,294	-
	Truist Foundation			50,485	-
	Jefferson County Service Fund			164,502	-
	Birmingham Promise			516,266	-
	Meals on Wheels of Central Alabama			659,309	-
	211			374,027	-
	Alabama Resources for Enrichment, Self-Sufficiency and Employability Training			37,261	-
	Hands on Birmingham			356,251	-
TOTAL EXPENDITURES OF NONFEDERAL GRANTS AND AWARDS				38,392,260	-
	TOTAL FEDERAL AND NONFEDERAL AWARDS			$ 56,488,613	$ 3,452,136
UNITED WAY FISCAL AGENT PROGRAMS					
	Jefferson County Community Service Fund*			$ 3,320,697	$ -
TOTAL UNITED WAY FISCAL AGENT PROGRAMS				3,320,697	-
	TOTAL ALL PROJECTS			$ 59,809,310	$ 3,452,136

* 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. INDIRECT COST RATE

The Organization did not elect to charge a de minimis rate of 10% for all federal awards.

Warren Averett
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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, 2020, 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 August 31, 2021.

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
August 31, 2021

Warren Averett
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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.'s (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, 2020. 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 federal statutes, regulations and the terms and conditions of its federal awards 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 of its major federal programs for the year ended December 31, 2020.

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
August 31, 2021

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

**UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020

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.*