

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

**CONSOLIDATED AND COMBINED  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022 AND 2021**

**UNITED WAY OF CENTRAL ALABAMA, INC.  
AND SUBSIDIARIES AND AFFILIATE  
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DECEMBER 31, 2022 AND 2021**

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## **INDEPENDENT AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

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, 2022, 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.

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, 2022, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the consolidated and combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern within one year after the date that the consolidated and combined financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated and combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited United Way's 2021 consolidated and combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated and combined financial statements from which it has been derived.

**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*, is presented for purposes of additional analysis and is 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 28, 2023, on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control over financial reporting and compliance.



Birmingham, Alabama  
August 28, 2023

**UNITED WAY OF CENTRAL ALABAMA, INC.  
AND SUBSIDIARIES AND AFFILIATE  
CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>		
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 2,652,504	\$ 6,421,765
Restricted cash (Note 1)	9,896,255	14,092,379
Short-term investments	430,000	430,000
Campaign pledges receivable – net:		
Current year (Note 2)	29,236,053	27,611,706
Prior year (Note 2)	899,950	1,072,888
	<u>30,136,003</u>	<u>28,684,594</u>
Grants receivable (Note 3)	10,969,895	13,410,966
Other current assets	2,101,587	1,376,303
Endowment receivables	118,183	137,572
Cash surrender value of life insurance	4,177,337	4,016,521
Long-term investments (Note 6 and 7)	37,808,035	39,978,734
Long-term pledges receivable (Note 2)	5,273,417	6,014,678
Investment property (Note 6 and 7)	1,225,000	1,225,000
Property and equipment – net (Note 5)	<u>18,015,629</u>	<u>17,194,776</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 122,803,845</u></u>	<u><u>\$ 132,983,288</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,979,574	\$ 7,213,200
Due to agencies	6,859,504	6,759,502
Due to other United Way organizations	2,499,089	2,198,804
Pension and other postretirement benefits (Note 16)	3,110,096	3,717,717
Other liabilities	2,003,129	4,599,335
Long-term debt (Note 8)	<u>-</u>	<u>2,380,000</u>
Total liabilities	20,451,392	26,868,558
<b>NET ASSETS</b>		
Net assets without donor restrictions (Note 9)	51,845,880	52,808,896
Net assets with donor restrictions (Note 10)	<u>50,506,573</u>	<u>53,305,834</u>
Total net assets	<u>102,352,453</u>	<u>106,114,730</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 122,803,845</u></u>	<u><u>\$ 132,983,288</u></u>

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, 2022 AND 2021 (SUMMARIZED DATA)**

	Without Donor Restrictions	With Donor Restrictions	Total All Funds	
			2022	2021
<b>REVENUES AND OTHER SUPPORT</b>				
Campaign applicable to current period:				
Contributions recognized:				
Current period	\$ 2,523,851	\$ -	\$ 2,523,851	\$ 3,241,485
Prior periods	34,626,592	(34,626,592)	-	-
Donor designations	(2,966,806)	3,408,407	441,601	(224,166)
Allowance for uncollectible pledges	(2,188,829)	2,596,994	408,165	265,134
<b>TOTAL CAMPAIGN FOR CURRENT PERIOD</b>	31,994,808	(28,621,191)	3,373,617	3,282,453
Campaign revenue recognized for future allocation period	-	36,128,814	36,128,814	34,626,592
Donor designations	-	(4,120,526)	(4,120,526)	(3,408,407)
Allowance for uncollectible pledges	-	(2,348,373)	(2,348,373)	(2,596,994)
<b>TOTAL CAMPAIGN FOR NEXT ALLOCATION PERIOD</b>	-	29,659,915	29,659,915	28,621,191
Campaign revenue recognized for future allocation periods	-	(214,899)	(214,899)	1,495,951
<b>TOTAL CAMPAIGN</b>	31,994,808	823,825	32,818,633	33,399,595
<b>OTHER SUPPORT</b>				
Grants and other restricted revenue	64,305,186	(106,643)	64,198,543	59,448,963
Excess revenue over pledge loss	531,050	-	531,050	862,281
Sales and service to the public	690,637	-	690,637	828,474
Endowment contributions	130,762	383,477	514,239	1,949,665
Investment income (loss) (Note 6)	(3,534,151)	(1,286,934)	(4,821,085)	4,719,471
Gift-in-kind contributions	72,354	-	72,354	370,147
Campaign management fees	152,774	-	152,774	166,134
Initiative funding and transfers	3,433,093	(2,847,303)	585,790	1,150,472
Agency health insurance program (Note 16)	10,019,475	-	10,019,475	8,577,850
Sponsorship revenues – direct assistance	207,469	91,353	298,822	289,149
Change in cash surrender value of life insurance	17,853	142,964	160,817	(103,869)
Other	46,072	-	46,072	60,728
<b>TOTAL OTHER SUPPORT</b>	76,072,574	(3,623,086)	72,449,488	78,319,465
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	108,067,382	(2,799,261)	105,268,121	111,719,060

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, 2022 AND 2021 (SUMMARIZED DATA)**

	Without Donor Restrictions	With Donor Restrictions	Total All Funds	
			2022	2021
<b>EXPENSES</b>				
Allocation and community services:				
Funds allocated to partner agencies, initiatives and programs	\$ 23,760,615	\$ -	\$ 23,760,615	\$ 23,757,553
Other allocations	1,390,550	-	1,390,550	1,262,799
Less allocations funded through designations	(3,374,666)	-	(3,374,666)	(3,223,165)
Community and agencies services:				
Community service and disaster relief	5,485,281	-	5,485,281	5,766,573
Grant programs	63,359,475	-	63,359,475	58,200,826
Agency health insurance program (Note 16)	10,046,423	-	10,046,423	10,083,921
Fund distribution	732,727	-	732,727	789,849
Special events, net	356,812	-	356,812	217,023
Pandemic relief payments	1,157,187	-	1,157,187	2,250,427
<b>TOTAL ALLOCATIONS AND COMMUNITY SERVICES</b>	102,914,404	-	102,914,404	99,105,806
Fundraising and administrative costs:				
Fundraising	3,371,295	-	3,371,295	3,449,809
Administrative	2,764,487	-	2,764,487	2,871,905
<b>TOTAL FUNDRAISING AND ADMINISTRATIVE COSTS</b>	6,135,782	-	6,135,782	6,321,714
<b>TOTAL EXPENSES</b>	109,050,186	-	109,050,186	105,427,520
<b>OPERATING EXCESS, BEFORE TRANSFERS</b>	(982,804)	(2,799,261)	(3,782,065)	6,291,540
<b>BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS</b>				
Board designated transfers to (from) operations (Note 9)	3,282,176	-	3,282,176	(921,605)
<b>OPERATING EXCESS, AFTER TRANSFERS</b>	2,299,372	(2,799,261)	(499,889)	5,369,935
<b>NON-OPERATING ITEMS</b>				
Pension-related changes other than net periodic cost (Note 16)	19,788	-	19,788	2,938,756
<b>BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS</b>				
Board designated transfers from (to) operations (Note 9)	(3,282,176)	-	(3,282,176)	921,605
<b>TOTAL NON-OPERATING ITEMS AND BOARD DESIGNATIONS</b>	(3,262,388)	-	(3,262,388)	3,860,361
<b>CHANGES IN NET ASSETS</b>	(963,016)	(2,799,261)	(3,762,277)	9,230,296
<b>NET ASSETS AT BEGINNING OF YEAR</b>	52,808,896	53,305,834	106,114,730	96,884,434
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 51,845,880</u>	<u>\$ 50,506,573</u>	<u>\$ 102,352,453</u>	<u>\$ 106,114,730</u>

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, 2022 AND 2021 (SUMMARIZED DATA)**

	United Way Programs						
	Fundraising	Administrative	Fund Distribution	Community Services and Disaster Relief	Grant Programs	Total 2022	Total 2021
Salaries	\$ 1,564,984	\$ 2,492,440	\$ 401,571	\$ 2,008,087	\$ 3,306,757	\$ 9,773,839	\$ 8,960,753
Employee benefits	337,772	565,412	83,272	511,316	756,089	2,253,861	2,666,391
Payroll taxes	123,673	160,171	27,342	164,342	227,782	703,310	629,878
Total salaries and related expenses	2,026,429	3,218,023	512,185	2,683,745	4,290,628	12,731,010	12,257,022
Payments to affiliates	35,902	44,399	7,123	42,927	86,460	216,811	731,279
Professional fees	37,600	292,154	18,600	110,930	176,810	636,094	608,068
Supplies	47,005	78,617	4,784	71,134	160,117	361,657	350,626
Telephone	13,849	80,581	1,918	12,703	39,507	148,558	155,301
Postage and shipping	17,126	7,374	229	8,646	18,615	51,990	54,734
Occupancy	350,776	326,904	90,997	-	283,402	1,052,079	1,036,370
Rental and maintenance of equipment	18,398	176,040	7,979	13,717	7,278	223,412	232,512
Printing and publications	389,993	3,725	1,656	51,955	120,641	567,970	564,897
Travel	13,838	3,010	1,418	4,606	12,445	35,317	18,747
Conferences, conventions and meetings	14,758	21,743	7,400	4,961	52,181	101,043	19,945
Membership dues	4,500	14,981	1,880	26,048	5,653	53,062	44,706
Interest expense	-	-	-	23,181	28,376	51,557	111,346
Miscellaneous	5,884	22,648	1,167	128,920	17,635	176,254	66,406
Equipment and software	50,939	166,666	7,915	25,412	256,423	507,355	458,045
Indirect costs	321,097	(1,822,740)	63,695	679,223	758,725	-	-
Program services	838	10,926	225	548,821	57,044,579	57,605,389	53,159,108
Disaster relief payments	-	-	-	23,305	-	23,305	30,410
Pandemic relief payments	-	-	-	1,157,187	-	1,157,187	2,250,427
<b>TOTAL BEFORE DEPRECIATION</b>	3,348,932	2,645,051	729,171	5,617,421	63,359,475	75,700,050	72,149,949
Depreciation of property and equipment	22,363	119,436	3,556	1,025,047	-	1,170,402	1,179,440
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 3,371,295</u>	<u>\$ 2,764,487</u>	<u>\$ 732,727</u>	<u>\$ 6,642,468</u>	<u>\$ 63,359,475</u>	<u>\$ 76,870,452</u>	<u>\$ 73,329,389</u>

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (3,762,277)	\$ 9,230,296
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of long-term receivables	24,497	20,007
Depreciation	1,170,402	1,179,440
Net realized and unrealized (gains) losses on investments and endowment transfers	3,586,712	(4,610,667)
Change in provision for allowance for uncollectible campaign pledges	(248,621)	307,503
Gain on investment property	-	(60,000)
Net loss on disposal of property and equipment	-	3,673
Changes in:		
Campaign pledges receivable – net	(1,202,788)	(197,872)
Grants receivable	2,441,071	(1,605,674)
Endowment receivables	19,389	(13,714)
Other current assets	(725,284)	(501,434)
Long-term pledges receivable	716,764	(2,195,351)
Accounts payable and accrued expenses	(1,233,626)	1,998,556
Due to/from agencies – net	100,002	859,400
Due to other United Way organizations	300,285	(363,023)
Pension and other postretirement benefits	(607,621)	(2,733,758)
Other liabilities	(2,596,206)	(250,846)
Net cash (used in) provided by operating activities	<u>(2,017,301)</u>	<u>1,066,536</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,416,013)	(80,171)
(Increase) decrease in cash surrender value of life insurance	(160,816)	103,869
Purchases of property and equipment	(1,991,255)	(539,102)
Net cash used in investing activities	<u>(3,568,084)</u>	<u>(515,404)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(2,380,000)	(1,120,000)
Net cash used in financing activities	<u>(2,380,000)</u>	<u>(1,120,000)</u>

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, 2022 AND 2021**

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	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	\$ (7,965,385)	\$ (568,868)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>20,514,144</u>	<u>21,083,012</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 12,548,759</u></u>	<u><u>\$ 20,514,144</u></u>
 Cash and cash equivalents	 \$ 2,652,504	 \$ 6,421,765
Restricted cash	<u>9,896,255</u>	<u>14,092,379</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 12,548,759</u></u>	<u><u>\$ 20,514,144</u></u>

See notes to the consolidated and combined financial statements.

**UNITED WAY OF CENTRAL ALABAMA, INC.  
AND SUBSIDIARIES AND AFFILIATE  
NOTES TO THE CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Principles of Consolidation**

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

**Basis of Presentation**

The consolidated and combined financial statements reflect the accounts of United Way, exclusive of any agencies, which have their own independent board of directors and conduct independent service programs. The consolidated and combined financial statements include certain prior year summarized information. 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, 2021, 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:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Grants and programs	\$ 2,812,312	\$ 4,147,038
Cash collected for future campaigns	7,083,943	6,956,932
Jefferson County Community Service Fund	<u>-</u>	<u>2,988,409</u>
	<u><b>\$ 9,896,255</b></u>	<u><b>\$ 14,092,379</b></u>

**UNITED WAY OF CENTRAL ALABAMA, INC.  
AND SUBSIDIARIES AND AFFILIATE  
NOTES TO THE CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

A corresponding liability of \$2,763,488 is recorded in other liabilities for cash held for the Jefferson County Community Service Fund at December 31, 2021.

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 \$2,500 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.

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**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 sources of revenue consist of grants and 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. 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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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.

**Campaign and Advertising Expenses**

Campaign and advertising expenses are charged to expense as incurred. Advertising costs were approximately \$438,000 and \$526,000 for the years ended December 31, 2022 and 2021, 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, 2022 or 2021, that it would be unable to substantiate. United Way has filed its not-for-profit tax returns for all years through December 31, 2021. Years ended December 31, 2019, and subsequent remain subject to audit by taxing authorities.



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**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 28, 2023, which is the date these consolidated and combined financial statements were available to be issued.

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**2. PLEDGES RECEIVABLE**

**Campaign Pledges Receivable – Net (Current Year)**

Included in pledges receivable are the following unconditional promises to give at December 31:

	<u>2022</u>	<u>2021</u>
Current campaign:		
Undesignated	\$ 32,069,573	\$ 31,306,140
Designated	4,120,526	3,408,407
Processed on behalf of other United Way organizations	<u>2,024,290</u>	<u>1,805,660</u>
Gross unconditional pledges	38,214,389	36,520,207
Cash collected during campaign	<u>(6,391,634)</u>	<u>(6,073,178)</u>
Pledges receivable – current year	31,822,755	30,447,029
Allowance for uncollectible pledges	<u>(2,586,702)</u>	<u>(2,835,323)</u>
	<u><u>\$ 29,236,053</u></u>	<u><u>\$ 27,611,706</u></u>

**Campaign Pledges Receivable – Net (Prior Years)**

Prior year pledges receivable are reported net of the allowance for uncollectible pledges of \$2,353,829 and \$2,400,119 for the years ended December 31, 2022 and 2021, 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, 2022. 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:

	<u>December 31, 2022</u>			
	<u>Pledge</u>	<u>Unamortized Discount</u>	<u>Discounted Pledge</u>	<u>Interest Rate</u>
Campaign pledges	\$ 4,112,567	\$ 20,364	\$ 4,092,203	Various
Capital campaign pledges	639,845	19,405	620,440	Various
Endowment pledges	<u>657,217</u>	<u>96,443</u>	<u>560,774</u>	Various
	<u><u>\$ 5,409,629</u></u>	<u><u>\$ 136,212</u></u>	<u><u>\$ 5,273,417</u></u>	

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**2. PLEDGES RECEIVABLE – CONTINUED**

	<b>December 31, 2021</b>			
	<b>Pledge</b>	<b>Unamortized Discount</b>	<b>Discounted Pledge</b>	<b>Interest Rate</b>
Campaign pledges	\$ 4,421,057	\$ 20,364	\$ 4,400,693	Various
Capital campaign pledges	1,025,000	19,405	1,005,595	Various
Endowment pledges	680,336	71,946	608,390	Various
	<u>\$ 6,126,393</u>	<u>\$ 111,715</u>	<u>\$ 6,014,678</u>	

Included in endowment pledges are the premiums expected to be paid on life insurance policies with total face values approximating \$19.1 and \$18.9 million at December 31, 2022 and 2021, 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.

	<b>2022</b>	<b>2021</b>
Amounts due in:		
Less than one year	\$ 37,051,397	\$ 36,374,977
One to five years	3,298,554	3,559,737
	<u>\$ 40,349,951</u>	<u>\$ 39,934,714</u>

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### **3. GRANTS RECEIVABLE**

Grants receivable consist of the following amounts at December 31:

	<u><b>2022</b></u>	<u><b>2021</b></u>
U.S. Department of Health and Human Services:		
Ryan White Part B	\$ 9,408,594	\$ 11,697,288
Area Agency on Aging	630,251	619,541
COVID-19 Wraparound Services - ADPH	11,497	21,208
COVID-19 Wraparound Services - JCDH	50,821	67,910
211 Healthcare Navigator	2,259	1,913
U.S. Department of Veteran Affairs:		
Supportive Services for Veteran Families	506,781	621,901
U.S. Department of Housing and Urban Development (HUD):		
HUD	224,216	205,515
CBDG Birmingham	-	31,008
CBDG Bessemer	49,961	17,835
U.S. Department of Education:		
Emergency Relief Fund	2,624	-
United Ways of Alabama:		
A-Reset	7,419	8,584
U.S. Department of Treasury:		
Internal Revenue Service - VITA	12,557	20,404
Homeowner Assistance Fund	26,025	-
Navigate Housing Affordability Trust Grants	35,995	87,006
High Dosage Tutoring Program	895	10,000
Other	-	853
	<u><u>\$ 10,969,895</u></u>	<u><u>\$ 13,410,966</u></u>

### **4. ENDOWMENTS**

United Way's invested endowment consists of approximately 60 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.

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#### **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.

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**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, 2022 and 2021, 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, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ 34,521	\$ 14,127,714	\$ 14,162,235
Undesignated endowment funds	5,869,986	-	5,869,986
Total funds	<u>\$ 5,904,507</u>	<u>\$ 14,127,714</u>	<u>\$ 20,032,221</u>

Changes in endowment net assets as of December 31, 2022, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets at beginning of year	\$ 6,552,264	\$ 15,088,741	\$ 21,641,005
Contributions	191,983	416,268	608,251
Investment income	99,603	169,439	269,042
Net appreciation	(836,477)	(1,269,655)	(2,106,132)
Amounts appropriated for expenditures	(80,496)	(237,943)	(318,439)
Fees	<u>(22,370)</u>	<u>(39,136)</u>	<u>(61,506)</u>
Endowment net assets at end of year	<u>\$ 5,904,507</u>	<u>\$ 14,127,714</u>	<u>\$ 20,032,221</u>

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**4. ENDOWMENTS – CONTINUED**

Endowment net asset composition by type of fund as of December 31, 2021, is as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total Net Endowment Assets</u></b>
Donor-restricted endowment funds	\$ 38,992	\$ 15,088,741	\$ 15,127,733
Undesignated endowment funds	<u>6,513,272</u>	<u>-</u>	<u>6,513,272</u>
Total funds	<u><u>\$ 6,552,264</u></u>	<u><u>\$ 15,088,741</u></u>	<u><u>\$ 21,641,005</u></u>

Changes in endowment net assets as of December 31, 2021, are as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total Net Endowment Assets</u></b>
Endowment net assets at beginning of year	\$ 5,718,325	\$ 12,912,835	\$ 18,631,160
Contributions	157,050	1,423,904	1,580,954
Investment income	105,250	171,369	276,619
Net appreciation	600,243	812,942	1,413,185
Amounts appropriated for expenditures	(3,600)	(191,878)	(195,478)
Fees	<u>(25,004)</u>	<u>(40,431)</u>	<u>(65,435)</u>
Endowment net assets at end of year	<u><u>\$ 6,552,264</u></u>	<u><u>\$ 15,088,741</u></u>	<u><u>\$ 21,641,005</u></u>

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**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Land	\$ 1,637,878	\$ 1,637,878
Building and campus improvements	19,288,820	19,216,422
Furniture, fixtures and equipment	2,422,333	2,338,800
Construction in progress	<u>1,726,025</u>	<u>9,578</u>
	25,075,056	23,202,678
Less accumulated depreciation	<u>(7,059,427)</u>	<u>(6,007,902)</u>
	<u><u>\$ 18,015,629</u></u>	<u><u>\$ 17,194,776</u></u>

Depreciation expense was \$1,170,402 and \$1,179,440 for the years ended December 31, 2022 and 2021, respectively.

**6. INVESTMENTS**

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

	<u><b>December 31, 2022</b></u>		<u><b>December 31, 2021</b></u>	
	<u><b>Cost</b></u>	<u><b>Market</b></u>	<u><b>Cost</b></u>	<u><b>Market</b></u>
Certificates of deposit	\$ 430,000	\$ 430,000	\$ 430,000	\$ 430,000
Equity securities	25,020,133	27,642,346	25,692,555	32,266,579
U.S. Government obligations	5,155,709	5,057,653	554,996	578,383
Mortgage backed securities	735,155	677,018	607,384	629,379
Corporate bonds	1,151,262	1,043,852	1,323,041	1,379,857
Fixed income mutual funds	1,158,389	1,006,373	1,159,310	1,237,789
Alternative investments	<u>1,605,761</u>	<u>2,380,793</u>	<u>1,617,232</u>	<u>3,886,747</u>
	<u><u>\$ 35,256,409</u></u>	<u><u>\$ 38,238,035</u></u>	<u><u>\$ 31,384,518</u></u>	<u><u>\$ 40,408,734</u></u>



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**6. INVESTMENTS – CONTINUED**

Investment return is reported net of investment expenses of approximately \$8,000 and \$24,000 in 2022 and 2021, respectively. The following summarizes investment return and its classification:

	<b>Year Ended December 31, 2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income	\$ 523,226	\$ 169,439	\$ 692,665
Net realized and unrealized losses	(4,057,377)	(1,456,373)	(5,513,750)
	<u>\$ (3,534,151)</u>	<u>\$ (1,286,934)</u>	<u>\$ (4,821,085)</u>

  

	<b>Year Ended December 31, 2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income	\$ 557,239	\$ 171,369	\$ 728,608
Net realized and unrealized gains	3,084,531	906,332	3,990,863
	<u>\$ 3,641,770</u>	<u>\$ 1,077,701</u>	<u>\$ 4,719,471</u>

The Organization holds certain alternative investments (hedge funds) as reported above at December 31, 2022 and 2021. 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 market value balances totaling approximately \$2,400,000 and \$3,900,000 at December 31, 2022 and 2021, 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 \$1,225,000 and \$1,225,000 as of December 31, 2022 and 2021, respectively, based on current appraised values. United Way updates the appraisal every two years. United Way obtained the most recent appraisal in June 2021 and recorded an unrealized gain of \$60,000 in 2021 to adjust the property value to fair market value. The investment property was leased to a tenant under a 10-year lease in 2014.

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## **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.

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**7. FAIR VALUE MEASUREMENTS – CONTINUED**

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

<b>December 31, 2022</b>				
<b>Fair Value Measurements at Reporting Date Using:</b>				
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Certificates of deposit	\$ 430,000	\$ 430,000	\$ -	\$ -
Equity securities	27,642,347	27,642,347	-	-
U.S. Government obligations	5,057,653	-	5,057,653	-
Mortgage backed securities	677,018	-	677,018	-
Corporate bonds	1,043,852	-	1,043,852	-
Fixed income mutual funds	1,006,372	1,006,372	-	-
Investment property	1,225,000	-	-	1,225,000
Alternative investments (a)	2,380,793	-	-	-
	<u>\$ 39,463,035</u>	<u>\$ 29,078,719</u>	<u>\$ 6,778,523</u>	<u>\$ 1,225,000</u>
<b>December 31, 2021</b>				
<b>Fair Value Measurements at Reporting Date Using:</b>				
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Certificates of deposit	\$ 430,000	\$ 430,000	\$ -	\$ -
Equity securities	32,266,579	32,266,579	-	-
U.S. Government obligations	578,383	-	578,383	-
Mortgage backed securities	629,379	-	629,379	-
Corporate bonds	1,379,857	-	1,379,857	-
Fixed income mutual funds	1,237,789	1,237,789	-	-
Investment property	1,225,000	-	-	1,225,000
Alternative investments (a)	3,886,747	-	-	-
	<u>\$ 41,633,734</u>	<u>\$ 33,934,368</u>	<u>\$ 2,587,619</u>	<u>\$ 1,225,000</u>

(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 financial position.

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**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:

	<b>Fair Value Measurement Using Significant Unobservable Inputs (Level 3)</b>	
	<b>Investment Property</b>	<b>Total</b>
January 1, 2021	\$ 1,165,000	\$ 1,165,000
Total unrealized gains (losses)	60,000	60,000
Total realized gains (losses)	-	-
Purchases and issuances	-	-
Settlements	-	-
December 31, 2021	1,225,000	1,225,000
Total unrealized gains (losses)	-	-
Total realized gains (losses)	-	-
Purchases and issuances	-	-
Settlements	-	-
December 31, 2022	<u>\$ 1,225,000</u>	<u>\$ 1,225,000</u>

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**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, 2022 and 2021, are reported in investment income as follows:

	<b>December 31, 2022</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
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	\$ -	\$ -
	<b>December 31, 2021</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
Total unrealized gains (losses) included in changes in net assets for the year	\$ 60,000	\$ -
Change in unrealized gains (losses) relating to assets still held at year end	\$ 60,000	\$ -

**8. LONG-TERM DEBT**

During 2018, United Way purchased a building adjacent to its main campus. To fund the renovation of the building, 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 was to mature and become due and payable on October 11, 2023, however, the outstanding balance on the loan was repaid in 2022. The balance outstanding on the loan at December 31, 2022 and 2021 was \$0 and \$2,380,000, respectively.

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**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:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 15,728,622	\$ 13,409,462
Building and campus improvements	921,003	2,637,142
Contingencies	10,004,023	9,899,028
Self-insurance reserve	9,815,303	10,047,211
Development fund	3,003,091	2,862,880
Endowment	5,904,507	6,552,264
Community impact and initiatives	6,469,331	7,400,909
Total net assets without donor restrictions	<u>\$ 51,845,880</u>	<u>\$ 52,808,896</u>

**Building and campus improvements:** The United Way of Central Alabama Mallie Ireland Dansby Campus, 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.

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**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:

	<u>2022</u>	<u>2021</u>
Building and campus improvements	\$ (1,716,139)	\$ 1,571,835
Contingencies	104,995	(120,221)
Self-insurance reserve	(231,907)	(1,084,321)
Development fund	140,211	28,733
Endowment	(647,757)	833,939
Community impact and initiatives	<u>(931,579)</u>	<u>(308,360)</u>
Total Board designated, appropriations and transfers from operations	<u>\$ (3,282,176)</u>	<u>\$ 921,605</u>

**10. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Community impact and initiatives	\$ 56,474	\$ 56,474
Sponsorship programs	690,641	599,287
Capital campaign	-	2,683,232
Time restrictions:		
Net campaign for future years	<u>35,631,744</u>	<u>34,878,100</u>
Total purpose and time restrictions	36,378,859	38,217,093
Endowments subject to United Way's spending policy	<u>14,127,714</u>	<u>15,088,741</u>
Total net assets with donor restrictions	<u>\$ 50,506,573</u>	<u>\$ 53,305,834</u>

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**10. NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED**

United Way's endowment includes investments in perpetuity (original amount of \$11,992,741 and \$11,735,001 in 2022 and 2021, respectively), which, once appropriated, is expendable to support the campaign. Of this amount, \$4,046,915 and \$3,903,951 is invested in legacy life insurance policies and is representative of the cash surrender value of the policies as of December 31, 2022 and 2021, 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 in early 2018. Renovations to this building began in January 2020 and were complete as of December 31, 2022.

**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:

	<u>2022</u>	<u>2021</u>
Purpose restrictions:		
Community impact and initiatives	\$ 675,281	\$ 231,783
Capital improvements	2,683,151	-
Sponsorship programs	207,469	172,782
Endowment	318,439	195,478
Time restrictions:		
Net campaign for future years	<u>28,621,191</u>	<u>27,614,287</u>
Total purpose and time restrictions	<u>\$ 32,505,531</u>	<u>\$ 28,214,330</u>



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**12. ALLOCATIONS, GRANTS UNDER MANAGEMENT AND COMMUNITY SERVICES**

**Allocations and Grants under Management**

In 2022, 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	\$ 7,833,193	\$ 58,996	\$ 124,262	\$53,970,730	\$10,046,423	\$72,033,604	72%
Education	6,450,316	53,370	206,149	366,900	-	7,076,735	7%
Income	3,455,605	142,458	39,310	3,885,585	-	7,522,958	8%
Crisis/access to services	6,021,501	54,969	73,302	5,136,260		11,286,032	11%
Pandemic Response	-	-	1,157,187	-	-	1,157,187	1%
Other	-	-	562,355	-	-	562,355	1%
	<u>\$ 23,760,615</u>	<u>\$ 309,793</u>	<u>\$ 2,162,565</u>	<u>\$ 63,359,475</u>	<u>\$ 10,046,423</u>	<u>\$ 99,638,871</u>	<u>100%</u>

In 2021, 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	\$ 7,833,193	\$ 71,776	\$ 160,969	\$47,366,223	\$10,083,921	\$65,516,082	69%
Education	6,450,316	82,190	234,526	720,139	-	7,487,171	8%
Income	3,455,605	95,775	73,174	3,577,240	-	7,201,794	8%
Crisis/access to services	6,018,439	49,913	121,079	4,749,315		10,938,746	11%
Pandemic Response	-	-	2,000,891	-	-	2,000,891	2%
Other	-	-	563,152	1,787,909	-	2,351,061	2%
	<u>\$ 23,757,553</u>	<u>\$ 299,654</u>	<u>\$ 3,153,791</u>	<u>\$ 58,200,826</u>	<u>\$ 10,083,921</u>	<u>\$ 95,495,745</u>	<u>100%</u>

**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 \$278,000 and \$295,000 in 2022 and 2020, respectively. The costs of such services, excluding depreciation, were approximately \$279,000 and \$292,000 in 2022 and 2021, respectively.

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**13. CONTRIBUTED SERVICES**

Employees of local companies and other organizations participating in United Way's Loaned Executive Program volunteered approximately 12,760 and 10,370 hours, with an approximate fair value of \$406,000 and \$311,000 not recognized as revenue for the years ended December 31, 2022 and 2021, respectively. The Loaned Executives assist United Way during the annual campaign.

Additionally, people across the community participated in United Way's Visiting Allocation Team (VAT) process volunteering approximately 1,244 and 1,067 hours, with an approximate fair value of \$40,000 and \$32,000 for the years ended December 31, 2022 and 2021, 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.

In addition, gift-in kind items totaling approximately \$72,000 and \$370,000 were donated to the Organization for the years ended December 31, 2022 and 2021, respectively. Donated items included tools, gift cards, hand sanitizer, and other items. These donations 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 2022 and 2021.

	<u>2022</u>	<u>2021</u>
<b>Administrative Expenses</b>	\$ 2,764,487	\$ 2,871,905
<b>Fundraising Expenses</b>	<u>3,371,295</u>	<u>3,449,809</u>
	6,135,782	6,321,714
<b>Total Expenses</b>	<u>\$ 109,050,186</u>	<u>\$ 105,427,520</u>
<b>Overhead Rate</b>	<u>5.63%</u>	<u>6.00%</u>

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**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:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,652,504	\$ 6,421,765
Short-term investments	430,000	430,000
Due from agencies	-	2,500
Prior year campaign pledges receivable, net	899,950	1,072,888
Grants receivable	10,969,895	13,410,966
Other current assets	1,369,449	886,321
Long-term investments without donor restrictions	<u>23,680,321</u>	<u>24,889,993</u>
Total financial assets available within one year	40,002,119	47,114,433
Less:		
Amounts unavailable to management without Board approval	<u>36,117,258</u>	<u>39,399,434</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,884,861</u>	<u>\$ 7,714,999</u>

**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 \$15,000,000, 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.

**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 no less than 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.

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**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:

	<b>Pension Benefits</b>		<b>Postretirement Benefits</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Benefit obligations at beginning of year	\$ (19,692,846)	\$ (19,849,980)	\$ (1,152,862)	\$ (1,225,392)
Service cost	(1,142,081)	(1,157,697)	(84,123)	(103,802)
Interest cost	(504,070)	(444,457)	(26,021)	(27,749)
Actuarial gain (loss)	3,423,152	1,484,948	494,501	79,428
Benefits paid	1,006,461	274,340	1,562	124,653
<b>Benefit obligations at December 31</b>	<b>(16,909,384)</b>	<b>(19,692,846)</b>	<b>(766,943)</b>	<b>(1,152,862)</b>
Fair value of plan assets at beginning of year	17,127,991	14,623,897	-	-
Actual return on plan assets	(2,965,042)	1,679,377	-	-
Employer contributions	1,409,742	1,099,057	-	-
Annuities purchased or benefits paid	(1,006,460)	(274,340)	-	-
Fair value of plan assets at December 31	14,566,231	17,127,991	-	-
<b>Funded status</b>	<b>\$ (2,343,153)</b>	<b>\$ (2,564,855)</b>	<b>\$ (766,943)</b>	<b>\$ (1,152,862)</b>
Amounts recorded at December 31 consist of:				
Pension liability	\$ (2,343,153)	\$ (2,564,855)	\$ -	\$ -
Postretirement liability	-	-	(766,943)	(1,152,862)
<b>Totals</b>	<b>\$ (2,343,153)</b>	<b>\$ (2,564,855)</b>	<b>\$ (766,943)</b>	<b>\$ (1,152,862)</b>

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**16. EMPLOYEE BENEFIT PLANS – CONTINUED**

	<b>Pension Benefits</b>		<b>Postretirement Benefits</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Changes in Funded Status</b>				
Amounts recognized consist of:				
Service cost	\$ 1,142,081	\$ 1,157,696	\$ 84,123	\$ 103,802
Interest cost	504,070	444,457	26,021	27,749
Return on plan assets, (gain) losses	2,965,042	(1,679,377)	-	-
Actuarial (gain) loss and deferrals	(3,849,191)	1,268,769	(50,237)	(32,967)
Net periodic benefit cost	762,002	1,191,545	59,907	98,584
Pension-related changes other than net periodic cost	426,038	(2,753,716)	(445,826)	(171,114)
	1,188,040	(1,562,171)	(385,919)	(72,530)
Less employer contributions	1,409,742	1,099,057	-	-
Change in Funded Status - (increase) decrease	<u>\$ (221,702)</u>	<u>\$ (2,661,228)</u>	<u>\$ (385,919)</u>	<u>\$ (72,530)</u>
	<b>Pension Benefits</b>		<b>Postretirement Benefits</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Amounts previously recognized in unrestricted net assets, not yet recognized as net periodic benefit cost at December 31 consist of:				
Unrecognized actuarial (gain) loss	<u>\$ 4,366,199</u>	<u>\$ 3,940,161</u>	<u>\$ (782,583)</u>	<u>\$ (583,387)</u>

United Way had board designated net assets of \$618,375 and \$765,203 for the pension plan and \$578,487 and \$684,275 for the postretirement plan, set aside for the purpose of funding the plans at December 31, 2022 and 2021, respectively.

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**16. EMPLOYEE BENEFIT PLANS – CONTINUED**

**Plan Assets**

The benefit plan's asset allocations by asset category are as follows:

	<b>Pension Benefits</b>	
	<b>2022</b>	<b>2021</b>
Equity securities	66%	51%
Fixed income debt securities	33%	35%
Real estate	0%	2%
General account	1%	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 2022 or 2021. No pension plan assets are expected to be returned to United Way.

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

	<b>Pension Benefits</b>	<b>Postretirement Benefits</b>
2023	\$ 4,465,057	\$ 27,806
2024	438,748	34,327
2025	1,029,235	38,688
2026	536,874	45,602
2027	598,012	51,760
Years 2028 - 2032	7,067,926	316,439
Totals	\$ 14,135,852	\$ 514,622

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**16. EMPLOYEE BENEFIT PLANS – CONTINUED**

**Assumptions**

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

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate:				
Pre-Retirement	5.03%	2.74%	5.23%	2.90%
Post-Retirement	5.03%	2.74%	5.23%	2.90%
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Medical trend rate:				
Year 1			5.90%	5.90%
Year 2			5.80%	5.70%
Year 3			5.70%	5.40%
Year 4			5.60%	5.20%
Year 5			5.46%	5.12%
Thereafter			3.61%-5.03%	3.58%-4.80%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate:	5.03%	2.34%	2.90%	2.56%
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

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-2021, with separate tables for males and females, active employees, healthy annuitants, and disabled participants.

Postretirement mortality was determined using RP-2006 (all collars) generational; projected using MP-2021. The actuarially estimated impact of a 1% change in health care cost trend assumptions for service and interest costs, using a current trend of \$110,144 is \$130,027 for a 1% increase and \$93,678 for a 1% decrease.

**Cash Flows**

United Way expects to contribute approximately \$1,300,000 to its pension plan in 2023.

**UNITED WAY OF CENTRAL ALABAMA, INC.  
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**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 \$10,019,475 and \$8,577,850 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021. The aggregate contract period reimbursement is \$1,000,000 for policy years 2022 and 2021.

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 \$10,046,423 and \$10,083,921 for the years ending December 31, 2022 and 2021, 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 \$664,324 and \$725,604 at December 31, 2022 and 2021, respectively, and was reported in other liabilities. These amounts are reported net of rebates on pharmacy claims, which are estimated to be \$466,000 and \$433,000 at December 31, 2022 and 2021, respectively. In addition, the Board designated funds for a self-insurance reserve of \$9,815,303 and \$10,047,211 at December 31, 2022 and 2021, 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% and 4%, or approximately \$257,000 and \$313,000, for 2022 and 2021, 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.



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**17. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject United Way to credit risk consist of cash, investments, and pledges and grants receivable. Investments are discussed in Note 6. Pledges receivable are discussed in Note 2 and grants receivable are discussed in Note 3. 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, 2022 and 2021, were approximately \$10,693,000 and \$18,820,000, 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 \$6,348,832 and \$7,072,000 at December 31, 2022 and 2021, respectively.

United Way has an unsecured bank line of credit of up to \$15,000,000 with a variable interest rate based upon a margin of 2.0% in excess of the Bloomberg Short-Term Bank Yield (BSBY rate – one month) index. The line of credit will mature on December 31, 2023. The line of credit had no outstanding balance at December 31, 2022 and 2021.

The Organization has provided responses to information requests from the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor regarding the UWCA Group Health and Dental Care Plan and certain aspects of its compliance with the Employee Retirement Income Security Act of 1974 (ERISA). Technical ERISA noncompliance could result in an assessment of penalties. Management believes penalties resulting from the EBSA requests 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) was to be characterized as a global pandemic. Revenues from federal grants related to COVID-19 were approximately \$2.8 million in 2021. This additional revenue allowed United Way of Central Alabama to provide much needed support to United Way programs in communities impacted by COVID-19. 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 in 2020. As a result, the Organization's Community Impact Crisis Fund Committee allocated \$1,157,187 and \$2,000,891 to partner and community agencies for distribution during 2022 and 2021, respectively.

## **SUPPLEMENTARY INFORMATION**

**UNITED WAY OF CENTRAL ALABAMA, INC.  
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SCHEDULE OF ALLOCATIONS TO AGENCIES BY IMPACT AREAS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Pandemic Response</b>	<b>United Way Allocations</b>
		<b>Health</b>
AIDS Alabama Inc.	\$ -	\$ 65,424
Alabama Head Injury Foundation	-	154,052
Alabama Kidney Foundation	-	101,294
Aletheia House Inc.	-	399,416
Amelia Center	-	77,262
American Cancer Society	-	569,216
American Heart Association	-	423,815
Arc of Central Alabama	-	545,351
Arc of St. Clair County	-	43,289
Arc of Walker County	-	344,741
Birmingham Jewish Federation	-	25,249
Blount County Children's Center	50,000	103,352
Cahaba Valley Health Care	-	44,939
Catholic Family Services	50,000	139,084
Children's of Alabama	-	532,299
Christian Love Pantry	-	35,754
Community Food Bank of Central Alabama	50,000	311,264
Concerned Citizens for our Youth	-	161,258
Crisis Center	50,000	655,727
Developing Alabama Youth Foundation	-	116,941
Disability Rights & Resources	-	134,726
Easter Seals of the Birmingham Area	-	156,341
Family Connection	-	188,978
Fellowship House Inc.	50,000	234,148
Gateway	-	1,008,788
Glenwood Inc.	-	128,235
Lakeside Hospice	-	25,000
Levite Jewish Community Center	-	222,263
Oasis Counseling for Women & Children	-	81,628
Positive Maturity, Inc.	-	570,200
Salvation Army - Walker County	-	87,962
Shelby County Children's Advocacy Center - Owens House	-	45,068
Sickle Cell Disease Association of America - Central Alabama Chapter	-	58,608
St. Clair Children's Advocacy Center - The Children's Place	-	41,521
		<b>7,833,193</b>
		<b>Education</b>
A.G. Gaston Boys & Girls Club	-	602,689
Better Basics Inc.	-	150,195
Big Brothers/Big Sisters of Greater Birmingham	-	358,855
Boy Scouts of America - Black Warrior Council	-	72,822
Boy Scouts of America - Greater Alabama Council	-	825,513
Boys & Girls Club of Central Alabama	-	583,155
Bridegways	-	845,397
Girl Scouts of North Central Alabama	-	476,739
Girls Incorporated of Central Alabama	-	719,991
Impact Family Counseling	25,000	81,833
Legacy YMCA	-	86,864
St. Clair County Day Program Inc.	-	95,725
The Literacy Council	12,500	179,087
United Ability (UCP)	-	642,579
YMCA of Greater Birmingham	25,000	728,872
		<b>6,450,316</b>

See independent auditors' report.

**UNITED WAY OF CENTRAL ALABAMA, INC.  
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SCHEDULE OF ALLOCATIONS TO AGENCIES BY IMPACT AREAS  
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	<b>Pandemic Response</b>	<b>United Way Allocations</b>
		<b>Access to Services</b>
American Red Cross - Mid Alabama Region	\$ -	\$ 2,519,873
Blount County Aid to Homeless Children (DHR)	-	45,116
Children's Aid Society	-	799,934
Collat Jewish Family Services	-	85,573
Family Resource Center of Northwest Alabama	-	142,177
Hispanic Coalition of Central Alabama	25,000	110,303
Legal Aid Society of Birmingham	-	25,000
Pathways	50,000	298,859
Ronald McDonald House Charities of Alabama	-	124,820
SafeHouse of Shelby County	-	113,091
Salvation Army - Birmingham, Alabama Area Command	25,000	1,480,852
St. Clair County Department of Human Resources	-	43,695
Traveler's Aid Society of Birmingham, Alabama, Inc.	-	232,208
		<b>6,021,501</b>
		<b>Income</b>
Alabama Goodwill Industries, Inc.	-	58,173
Arc of Shelby County	-	125,073
Birmingham Urban League	-	141,116
Childcare Resources	-	546,846
Greater Birmingham Habitat for Humanity	-	311,998
Shelby Emergency Assistance, Inc.	40,000	196,189
United Community Centers, Inc.	-	81,508
Workshops, Inc.	-	654,738
YWCA of Central Alabama	-	1,339,964
		<b>3,455,605</b>
<b>Total Allocations/Pandemic response to Member Agencies</b>	<b>452,500</b>	<b>23,760,615</b>
<b>Special Initiatives and Programs:</b>		
Central AL Senior Support Fund	-	6,634
Healthy Communities	-	286
Meals on Wheels	-	52,076
Central Alabama Children's Fund - General	-	7,395
Central Alabama Children's Fund - Blount County	-	2,655
Central Alabama Children's Fund - Chilton County	-	270
Central Alabama Children's Fund - Jefferson County	-	2,884
Central Alabama Children's Fund - Shelby County	-	15,072
Central Alabama Children's Fund - St Clair County	-	5,585
Central Alabama Children's Fund - Walker County	-	5,399
Success by 6	-	14,110
2-1-1 of Central Alabama	-	626
Bold Goals Coalition	-	1,400
Community HIV Partnership	-	2,583
Disaster Recovery Reserve Fund	-	1,639
Priority Veteran	-	27,375
UWCA Impact Funds	-	21,346
Financial Stability Partnership	-	142,458
<b>Total Special Initiatives and Programs</b>		<b>309,793</b>
<b>Other Allocations</b>		
<b>Special Designations to Member Agencies and Non-Member Agencies</b>		<b>742,627</b>

See independent auditors' report.

**UNITED WAY OF CENTRAL ALABAMA, INC.  
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SCHEDULE OF ALLOCATIONS TO AGENCIES BY IMPACT AREAS  
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	<b>Pandemic Response</b>	<b>United Way Allocations</b>
<b>Bold Goals Initiatives:</b>		
* American Baseball Foundation	\$ -	\$ 8,850
* Bethel Baptist Church	-	12,400
* Birmingham Education Foundation	-	5,000
* Blount County Education Foundation	-	27,810
College Admissions Made Possible	-	14,940
Impact Family Counseling, Inc.	-	12,500
The Literacy Council of Central Alabama	-	3,500
<b>Total Bold Goals</b>		<b>85,000</b>
Boy Scouts-Tukabatchee Council	-	1,000
Butterfly Bridge Children's Advocacy Center	-	17,500
CareNet	-	2,500
Chilton County Board of Education	-	6,000
Chilton County Emergency Assistance Center	-	26,000
Clanton Library	-	2,500
Easter Seals-West Central Alabama	-	13,750
Family Sunshine Center (Montgomery Area Family Violence Program)	-	14,000
Jemison Library	-	2,500
Kelsey's Place	-	14,000
Operation: Santa Claus	-	2,000
P.E.E.C.H.	-	1,000
Raleigh's Place	-	15,500
SPAN (Special Programming for Achievement Network)	-	15,000
The Mental Health Board of Chilton and Shelby Counties	-	22,500
Westend Neighborhood Watch	-	1,000
Y.M.C.A. of Chilton County	-	21,000
		<b>177,750</b>
<b>Total Other Allocations</b>		<b>1,005,377</b>
<b>Total UWCA Allocations</b>		<b>25,075,785</b>
<b>UWCA Programs</b>		
United Way Hands On	-	253,523
211 Assistance Program	-	200,000
<b>Total UWCA Programs</b>		<b>453,523</b>
<b>Total UWCA Allocations, Programs and Community Initiatives</b>		<b>\$ 25,529,308</b>
<b>Pandemic Payments to Non-Member Agencies</b>		
* Active Learning (CASED)	\$ 25,000	\$ -
* Affordable Counseling Therapy	10,000	-
* Backyard Blessings	14,750	-
* Blount County Education Foundation	25,000	-
* Butterfly Bridge Children's Advocacy Center	15,000	-
* Bundles of Hope Diaper Bank	25,000	-
* CASA of Jefferson County	40,000	-
* Christian Service Mission	25,000	-
* City of Lights Dream Center	25,000	-
* Community Care Development Network	50,000	-
* Community of Hope Health Clinic	24,612	-
* Cooperative Downtown Ministries	30,576	-
* East Lake Initiative	25,000	-
* Fairfield City Schools	32,500	-
* Grace House Ministries	11,062	-

See independent auditors' report.

**UNITED WAY OF CENTRAL ALABAMA, INC.  
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SCHEDULE OF ALLOCATIONS TO AGENCIES BY IMPACT AREAS  
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	<u>Pandemic Response</u>	<u>United Way Allocations</u>
<b>Pandemic Payments to Non-Member Agencies – Continued</b>		
* Grace Klein Community	\$ 25,000	\$ -
* Homewood City Board of Education	25,000	-
* Jalayah Hackman Foundation	25,000	-
* Jasper City School System	25,000	-
* Leeds City Schools	11,187	-
* Offender Alumni Association	50,000	-
* Raising Arrows	50,000	-
* STAIR of Birmingham	7,500	-
* The Church at Grants Mill Children's Center	25,000	-
* The Mission of Hope	5,000	-
* Trinity Love Ministry Inc	25,000	-
* Trinity United Methodist Church	2,500	-
* West Jefferson Helping Families Initiative	50,000	-
	<u>704,687</u>	<u>-</u>
<b>Total Pandemic Response</b>	<u><b>\$ 1,157,187</b></u>	<u><b>\$ -</b></u>

\* Not a UWCA Agency

See independent auditors' report.

**UNITED WAY OF CENTRAL ALABAMA, INC.  
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SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Grantor	Program or Cluster Title	Federal Assistance Listing Number	Grant Number	Total Expenditures	Transfers to Subrecipients
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Passed Through the State of Alabama Department of Public Health</b>					
	HIV Care Formula Grant - Ryan White Part B	93.917	X07HA00049-32-00	\$ 23,435,018	\$ 7,337,834
	COVID-19 Response Services - ADPH	93.323	6NU50CK000545-02-03	97,792	-
	<b>Total Passed Through State of Alabama Department of Public Health</b>			<u>23,532,810</u>	<u>7,337,834</u>
<b>Passed Through Alabama Department of Senior Services</b>					
<b>Program Cluster: Special Programs for the Aging</b>					
	COVID-19 (ARP) - Title III B Administration	93.044	FAIN-2101ALSSC6	82,461	-
	COVID-19 (ARP) - Title III B Supportive Services	93.044	FAIN-2101ALSSC6	216,594	-
	COVID-19 (ARP) - Title C-1 Congregate Meals	93.045	FAIN-2101ALCM6	167,270	143,603
	COVID-19 (ARP) - Title C-2 Home Delivered Meals	93.045	FAIN-2101ALHDC6	22,508	-
	COVID-19 (ARP) - Expanding the Public Health Workforce	93.044	2201ALSTPH-000	16,150	-
	Title III B Administration	93.044	FAIN-2201ALOASS	158,566	-
	Title III B Administration - Vaccine Access	93.044	FAIN-2101ALVAC5	7,989	-
	Title III B Supportive Services	93.044	FAIN-2201ALOASS	382,937	-
	Title III B Supportive Services - Vaccine Access	93.044	FAIN-2101ALVAC5	68,205	-
	Title III C-1 Congregate Meals	93.045	FAIN-2201ALOACM	467,914	402,986
	Title III C-2 Home Delivered Meals	93.045	FAIN-2201ALOAHd	1,881,490	-
	<b>Total Program Cluster: Special Programs for the Aging</b>			<u>3,472,084</u>	<u>546,589</u>
	COVID-19 (CARES) - Aging and Disability Resource Center (ADRC)	93.048	90NWC30014-01-00	3,000	-
	COVID-19 (CRRSA) - Title VII Ombudsman	93.747	2101ALLOC5-00	60	-
	COVID-19 (ARP) - Title III E Administration	93.052	FAIN-2101ALFCC6	9,514	-
	COVID-19 (ARP) - Title III D Preventative Health	93.043	FAIN-2101ALPHC6	29,150	-
	COVID-19 (ARP) - Title III E-1 National Family Caregivers	93.052	FAIN-2101ALFCC6	93,527	-
	COVID-19 (ARP) - Title VII Ombudsman	93.042	FAIN-2101ALOMC6	6,663	-
	COVID-19 (ARP) - Expanding the Public Health Workforce ADRC	93.048	90NWP00030-01-00	1,918	-
	COVID-19 (ARP) - Expanding the Public Health Workforce SHIP	93.324	90SHIP0008-01-00	2,218	-
	Title VII Elder Abuse Prevention	93.041	FAIN-2201ALOAEA	9,119	-
	Title III D Preventative Health	93.043	FAIN-2201ALOAPH	38,523	-
	Title III E-1 National Family Caregivers	93.052	FAIN-2201ALOAFc	308,011	-
	Title III E Administration	93.052	FAIN-2201ALOAFc	32,883	-
	Title VII Ombudsman	93.042	FAIN-2201ALOAOm	50,023	-
	Gateway (Survey)	93.791		1,911	-
	Gateway (Outreach)	93.791		33,496	-
	MIPPA AAA - Medicare Improvements for Patients and Providers	93.071	2201ALMAAA-00	35,255	-
	MIPPA ADRC - Medicare Enrollment Assistance Program	93.071	2201ALMIDA-00	7,210	-
	MIPPA SHIP - Medicare Enrollment Assistance Program	93.071	2201ALMISH-00	17,358	-
	State Health Insurance Assistance Program	93.324	90SAPG0058-03-00	112,278	-
	Senior Medicare Patrol Project	93.048	90MPPG-0032-04-00	37,928	-
	<b>Total Passed Through Alabama Department of Senior Services</b>			<u>4,302,129</u>	<u>546,589</u>
<b>Passed Through Jefferson County Department of Health</b>					
	COVID-19 Response Services - JCDH	93.323	6NU50CK000545-02-03	324,217	-
<b>Passed Through United Ways of Alabama</b>					
	Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges	93.332	EA-UWAFY22	19,251	-
	<b>Total U.S. Department of Health and Human Services</b>			<u>28,178,407</u>	<u>7,884,423</u>
<b>U.S. DEPARTMENT OF VETERAN AFFAIRS - DIRECT PROGRAMS</b>					
	SSVF -VA Supportive Services for Veteran Families	64.033	14-ZZ-153	2,594,051	-
	SSVF -VA Supportive Services for Veteran Families (Shallow Subsidy)	64.033	14-ZZ-153SS	251,076	-
	<b>Total U.S. Department of Veteran Affairs</b>			<u>2,845,127</u>	<u>-</u>

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, 2022**

<b>Grantor</b>	<b>Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grant Number</b>	<b>Total Expenditures</b>	<b>Transfers to Subrecipients</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
<b>DIRECT PROGRAM</b>					
	Comprehensive Housing Counseling	14.169	HC200011027	497,841	318,487
<b>Passed Through City of Birmingham, Alabama</b>					
	COVID-19 (CARES) Community Development Block Grant - Meals on Wheels	14.218		90,998	-
<b>Passed Through City of Bessemer, Alabama</b>					
	COVID-19 (CARES) Community Development Block Grant - Meals on Wheels	14.218		109,245	-
<b>Total U. S. Department of Housing and Urban Development</b>				698,084	318,487
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
<b>DIRECT PROGRAM</b>					
	Emergency Food and Shelter National Board Program	97.024		11,576	-
<b>Total U.S. Department of Homeland Security</b>				11,576	-
<b>U.S. DEPARTMENT OF THE TREASURY</b>					
<b>DIRECT PROGRAMS</b>					
	Volunteer Income Tax Assistance	21.009	23VITA0277	76,475	-
<b>Passed Through Alabama State Housing Finance Authority</b>					
	COVID-19 (ARP) Homeowner Assistance Fund	21.026		113,100	56,050
<b>Total U.S. Department of the Treasury</b>				189,575	56,050
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<b>Passed Through United Ways of Alabama</b>					
	COVID-19 (ARP) Elementary and Secondary Schools Emergency Relief Fund	84.425W		28,121	-
<b>Passed Through Birmingham City Schools</b>					
	COVID-19 Elementary and Secondary Schools Emergency Relief Fund	84.425D		289,546	-
<b>Total U.S. Department of Education</b>				317,667	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 32,240,436</u>	<u>\$ 8,258,960</u>

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



**UNITED WAY OF CENTRAL ALABAMA, INC.  
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SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Grantor</b>	<b>Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grant Number</b>	<b>Total Expenditures</b>	<b>Transfers to Subrecipients</b>
<b>NONFEDERAL GRANTS AND AWARDS</b>					
	State of Alabama Department of Public Health			\$ 30,471,130	\$ -
	Title III B Supportive Services - State of Alabama Funds			24,521	-
	Title III C-1 Congregate Meals - State of Alabama Funds			74,750	-
	Title III C-2 Home Delivered Meals - State of Alabama Funds			264,239	-
	Title VII Elder Abuse Prevention - State of Alabama Funds			559	-
	Title III D Preventative Health - State of Alabama Funds			2,643	-
	Title III E-1 Nat. Family Caregivers - State of Alabama Funds			135,301	-
	Title VII Ombudsman - State of Alabama Funds			3,028	-
	SNAP ADRC			12,599	-
	Senior Rx			180,531	-
	Ombudsman			119,541	-
	ADRC			40,140	-
	Auburn University Montgomery - ADRC			6,055	-
	Dementia Friendly Alabama Schools Curriculum			2,500	-
	Senior Medicare Patrol Fraud Summit			1,694	-
	Assets for Independence			9,156	-
	Walker County Partnership on Health & Education			3,798	-
	Success By 6			47,714	-
	Success By 6 Help Me Grow			32,150	-
	VITA			25,000	-
	Lockheed Martin			25,057	-
	Financial Stability Partnership Case Management			96,309	-
	Navigate HAT			221,679	-
	Navigate Gives Back			56,964	-
	Jefferson County Service Fund			153,575	-
	Meals on Wheels of Central Alabama			401,720	-
	211			35,815	-
	Alabama Resources for Enrichment, Self-Sufficiency, and Employability Training			42,091	-
	Hands on Birmingham			47,379	-
	Strive Together			31,276	-
<b>TOTAL EXPENDITURES OF NONFEDERAL GRANTS AND AWARDS</b>				<b>32,568,914</b>	<b>-</b>
<b>TOTAL FEDERAL AND NONFEDERAL AWARDS</b>				<b>\$ 64,809,350</b>	<b>\$ 8,258,960</b>
<b>UNITED WAY FISCAL AGENT PROGRAMS</b>					
	Jefferson County Community Service Fund*			\$ 2,988,409	\$ -
<b>TOTAL UNITED WAY FISCAL AGENT PROGRAMS</b>				<b>2,988,409</b>	<b>-</b>
<b>TOTAL ALL PROJECTS</b>				<b>\$ 67,797,759</b>	<b>\$ 8,258,960</b>

\* United Way was 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.

**UNITED WAY OF CENTRAL ALABAMA, INC.  
AND SUBSIDIARIES AND AFFILIATE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**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.

**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 and subsidiaries and affiliate (United Way) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 the 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 United Way's consolidated and combined financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on 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 consolidated and combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Birmingham, Alabama  
August 28, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
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**

**Opinion on 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 identified as subject to audit 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, 2022. United Way's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of United Way and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding United Way's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Warren Averett, LLC*

Birmingham, Alabama  
August 28, 2023

**UNITED WAY OF CENTRAL ALABAMA, INC.  
AND SUBSIDIARIES AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**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:

**Assistance  
Listing Number(s)**

**Name of Federal Program(s)**

93.917

HIV Care Formula Grant – Ryan White Part B

93.044, 93.045

Program Cluster: Special Programs for the Aging

84.425W, 84.425D

Covid-19 Elementary and Secondary Schools Emergency Relief Fund



**UNITED WAY OF CENTRAL ALABAMA, INC.  
AND SUBSIDIARIES AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Dollar threshold used to distinguish between Type A and  
Type B programs:

\$967,213

**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, 2022**

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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*.