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

CONSOLIDATED AND COMBINED
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025 AND 2024

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

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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, 2025, 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, 2025, 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 2024 consolidated and combined financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated and combined financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In Accordance with *Government Auditing Standards,* we have also issued our report dated August 25, 2026, 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.

Warren Averett, LLC

Birmingham, Alabama
August 25, 2026

UNITED WAY OF CENTRAL ALABAMA, INC.
AND SUBSIDIARIES AND AFFILIATE
CONSOLIDATED AND COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 125,950	$ 219,572
Restricted cash (Note 1)	9,731,965	10,293,880
Short-term investments	147,113	142,364
Campaign pledges receivable – net:		
Current year (Note 2)	30,231,180	29,892,970
Prior year (Note 2)	1,174,304	1,902,759
	31,405,484	31,795,729
Grants receivable (Note 3)	18,165,766	18,581,903
Other current assets	1,826,117	2,163,969
Endowment receivables	155,046	141,199
Cash surrender value of life insurance	4,279,511	4,308,195
Long-term investments (Note 6 and 7)	59,684,427	52,167,243
Long-term pledges receivable (Note 2)	4,375,912	4,956,972
Investment property (Note 6 and 7)	1,785,000	1,650,000
Property and equipment – net (Note 5)	17,386,963	16,455,056
TOTAL ASSETS	$ 149,069,254	$ 142,876,082
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 8,309,213	$ 9,594,904
Due to agencies	4,356,427	4,638,155
Due to other United Way organizations	2,505,351	2,553,986
Pension and other postretirement benefits (Note 16)	1,719,967	2,437,937
Other liabilities	2,290,115	2,900,268
Total liabilities	19,181,073	22,125,250
NET ASSETS		
Net assets without donor restrictions (Note 9)	64,799,016	59,640,104
Net assets with donor restrictions (Note 10)	65,089,165	61,110,728
Total net assets	129,888,181	120,750,832
TOTAL LIABILITIES AND NET ASSETS	$ 149,069,254	$ 142,876,082

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, 2025 AND 2024 (SUMMARIZED DATA)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds	
			2025	2024
REVENUES AND OTHER SUPPORT				
Campaign applicable to current period:				
Contributions recognized:				
Current period	$ 2,511,407	$ -	$ 2,511,407	$ 2,361,456
Prior periods	36,227,894	(36,227,894)	-	-
Donor designations	(2,689,263)	2,921,167	231,904	271,212
Allowance for uncollectible pledges	(2,313,407)	2,173,674	(139,733)	225,370
TOTAL CAMPAIGN FOR CURRENT PERIOD	33,736,631	(31,133,053)	2,603,578	2,858,038
Campaign revenue recognized for future allocation period	-	38,204,042	38,204,042	36,227,894
Donor designations	-	(2,651,234)	(2,651,234)	(2,921,167)
Allowance for uncollectible pledges	-	(2,292,243)	(2,292,243)	(2,173,674)
TOTAL CAMPAIGN FOR NEXT ALLOCATION PERIOD	-	33,260,565	33,260,565	31,133,053
Campaign revenue recognized for future allocation periods	-	(762,868)	(762,868)	(786,505)
TOTAL CAMPAIGN	33,736,631	1,364,644	35,101,275	33,204,586
OTHER SUPPORT				
Grants and other restricted revenue	78,794,942	415,507	79,210,449	76,622,585
Excess revenue over pledge loss	911,670	-	911,670	1,082,574
Sales and service to the public	489,734	-	489,734	571,396
Endowment contributions	847,850	588,134	1,435,984	2,117,798
Investment income (Note 6)	5,789,395	2,722,124	8,511,519	5,504,258
Gift-in-kind contributions	73,220	-	73,220	58,692
Campaign management fees	246,558	-	246,558	223,389
Initiative funding and transfers	2,005,051	(1,455,075)	549,976	536,030
Agency health insurance program (Note 16)	11,333,295	-	11,333,295	11,552,950
Sponsorship revenues – direct assistance	126,312	203,541	329,853	815,654
Change in cash surrender value of life insurance	-	139,562	139,562	192,477
Other	14,864	-	14,864	13,093
TOTAL OTHER SUPPORT	100,632,891	2,613,793	103,246,684	99,290,896
TOTAL REVENUES AND OTHER SUPPORT	134,369,522	3,978,437	138,347,959	132,495,482

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, 2025 AND 2024 (SUMMARIZED DATA)

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2025	Total All Funds 2024
EXPENSES				
Allocation and community services:				
Funds allocated to partner agencies, initiatives and programs	$ 25,184,750	$ -	$ 25,184,750	$ 25,160,610
Other allocations	1,870,383	-	1,870,383	1,902,593
Less allocations funded through designations	(2,921,167)	-	(2,921,167)	(2,964,337)
Community and agencies services:				
Community service and disaster relief	8,296,572	-	8,296,572	6,452,685
Grant programs	77,774,402	-	77,774,402	74,836,388
Agency health insurance program (Note 16)	11,491,291	-	11,491,291	12,830,875
Fund distribution	912,434	-	912,434	872,001
Special events, net	319,425	-	319,425	358,540
TOTAL ALLOCATIONS AND COMMUNITY SERVICES	122,928,090	-	122,928,090	119,449,355
Fundraising and administrative costs:				
Fundraising	3,525,524	-	3,525,524	3,747,365
Administrative	3,013,237	-	3,013,237	2,822,330
TOTAL FUNDRAISING AND ADMINISTRATIVE COSTS	6,538,761	-	6,538,761	6,569,695
TOTAL EXPENSES	129,466,851	-	129,466,851	126,019,050
OPERATING EXCESS, BEFORE TRANSFERS	4,902,671	3,978,437	8,881,108	6,476,432
BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS				
Board designated transfers to (from) operations (Note 9)	(3,546,943)	-	(3,546,943)	(4,628,280)
OPERATING EXCESS AFTER TRANSFERS	1,355,728	3,978,437	5,334,165	1,848,152
NON-OPERATING ITEMS				
Other components of net periodic postretirement benefit and pension cost (Note 16)	(33,723)	-	(33,723)	47,759
Pension and postretirement benefit related changes other than net periodic cost (Note 16)	289,964	-	289,964	17,094
BOARD DESIGNATIONS, APPROPRIATIONS AND TRANSFERS FROM OPERATIONS				
Board designated transfers from (to) operations (Note 9)	3,546,943	-	3,546,943	4,628,280
TOTAL NON-OPERATING ITEMS AND BOARD DESIGNATIONS	3,803,184	-	3,803,184	4,693,133
CHANGES IN NET ASSETS	5,158,912	3,978,437	9,137,349	6,541,285
NET ASSETS AT BEGINNING OF YEAR	59,640,104	61,110,728	120,750,832	114,209,547
NET ASSETS AT END OF YEAR	$ 64,799,016	$ 65,089,165	$ 129,888,181	$ 120,750,832

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, 2025 AND 2024 (SUMMARIZED DATA)

			United Way Programs				
	Fundraising	Administrative	Fund Distribution	Community Service and Disaster Relief	Grant Programs	Total 2025	Total 2024
Salaries	$ 1,594,021	$ 2,608,023	$ 490,627	$ 3,194,776	$ 5,420,173	$ 13,307,620	$ 12,361,765
Employee benefits	390,781	627,865	124,574	771,456	1,336,009	3,250,685	3,096,305
Payroll taxes	126,769	169,595	33,919	224,153	392,936	947,372	871,148
Total salaries and related expenses	2,111,571	3,405,483	649,120	4,190,385	7,149,118	17,505,677	16,329,218
Payments to affiliates	68,943	80,459	14,493	170,107	154,623	488,625	366,599
Professional fees	46,243	593,319	16,369	190,839	128,556	975,326	611,482
Supplies	42,545	123,025	13,737	107,195	28,071	314,573	240,143
Telephone	11,691	61,517	3,001	10,662	84,405	171,276	158,930
Postage and shipping	10,254	8,500	97	5,334	13,551	37,736	45,041
Occupancy	417,586	266,578	108,784	-	772,758	1,565,706	1,397,453
Rental and maintenance of equipment	7,185	246,137	10,949	31,843	18,697	314,811	235,025
Printing and publications	425,719	8,024	712	52,539	156,673	643,667	434,970
Travel	21,236	4,587	2,798	10,097	99,134	137,852	104,933
Conferences, conventions and meetings	3,387	26,911	3,897	12,813	94,733	141,741	133,056
Membership dues	4,957	24,878	5,696	33,473	3,701	72,705	49,756
Interest expense	-	-	-	-	43,056	43,056	29,995
Miscellaneous	6,780	26,646	3,144	30,099	38,237	104,906	102,707
Equipment and software	19,595	119,937	14,026	214,113	260,602	628,273	800,987
Indirect costs	301,607	(2,052,069)	63,362	1,004,691	682,409	-	-
Program services	-	-	-	501,073	68,038,660	68,539,733	66,221,601
Disaster relief payments	-	-	-	487,174	-	487,174	5,326
Pandemic relief payments	-	-	-	-	-	-	97,016
TOTAL BEFORE DEPRECIATION	3,499,299	2,943,932	910,185	7,052,437	77,766,984	92,172,837	87,364,238
Depreciation of property and equipment	26,225	69,305	2,249	1,244,135	7,418	1,349,332	1,366,531
TOTAL FUNCTIONAL EXPENSES	$ 3,525,524	$ 3,013,237	$ 912,434	$ 8,296,572	$ 77,774,402	$ 93,522,169	$ 88,730,769

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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 9,137,349	$ 6,541,285
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of long-term receivables	737,261	(150,358)
Depreciation	1,349,332	1,366,531
Net realized and unrealized (gains) losses on investments and endowment transfers	(7,988,214)	(5,353,919)
Change in allowance for uncollectible campaign pledges	(115,890)	540,134
Gain on investment property	(135,000)	-
Net gain on disposal of property and equipment	(16,266)	-
Changes in:		
Campaign pledges receivable – net	506,135	(554,384)
Grants receivable	416,137	(6,652,805)
Endowment receivables	(13,847)	(9,213)
Other current assets	337,852	138,092
Long-term pledges receivable	(156,201)	1,071,093
Accounts payable and accrued expenses	(1,285,691)	3,131,824
Due to/from agencies – net	(281,728)	(533,089)
Due to other United Way organizations	(48,635)	(61,377)
Pension and other postretirement benefits	(717,970)	(432,130)
Other liabilities	(610,153)	1,584,576
Net cash provided by operating activities	1,114,471	626,260
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,775,825)	(6,974,977)
Proceeds from sales of investments	3,242,106	5,686,731
(Increase) decrease in cash surrender value of life insurance	28,684	(192,477)
Purchases of property and equipment	(2,264,973)	(177,497)
Net cash used in investing activities	(1,770,008)	(1,658,220)
DECREASE IN CASH AND CASH EQUIVALENTS	(655,537)	(1,031,960)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,513,452	11,545,412
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 9,857,915	$ 10,513,452
Cash and cash equivalents	$ 125,950	$ 219,572
Restricted cash	9,731,965	10,293,880
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 9,857,915	$ 10,513,452

See notes to the consolidated and combined financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Central Alabama, Inc. (United Way or the Organization) is a voluntary health and welfare organization whose primary purpose is fundraising for Central Alabama, including the Alabama counties of Jefferson, Shelby, Walker, Blount, 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, 2024, from which the summarized information was derived.

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

Restricted Cash and Investments
Cash required to be held in separate accounts is segregated in accordance with the specified guidelines. Restricted cash and investments (Note 6) are held for various purposes at December 31:

	2025	2024
Grants and programs	$ 4,183,359	$ 3,872,125
Cash collected for future campaigns	9,207,741	7,244,922
	$ 13,391,100	$ 11,117,047

Cash collected for future campaigns is recorded within net assets with donor restrictions (see Note 10).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Long-term investments include equity and fixed income securities and government obligations, mortgage-backed securities and corporate bonds (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 and investments in limited partnerships, which are recorded at fair value based on market prices of the underlying holdings or estimated underlying net asset valuation (NAV). The limited partnerships maintain individual capital accounts for each limited partner.

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. Long-term investments include amounts that are temporarily restricted based on the underlying purpose or time restrictions and donor instructions, and permanently restricted endowments per donor instructions.

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.

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. The allowance for uncollectible pledges is based on an assessment of the collectability of specific donor balances, historical collection experience, the age of outstanding receivables, current economic conditions, and other factors that may affect a donor's ability or willingness to fulfill their pledge commitments. 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Campaign and Advertising Expenses
Campaign and advertising expenses are charged to expense as incurred. Advertising costs were approximately $435,000 and $278,000 for the years ended December 31, 2025 and 2024, respectively.

Functional Allocation of Expenses
The consolidated and combined 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 and combined statements of activities based on an intermediate measure of operations. The operating excess/(deficit), after transfers in the consolidated and combined 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 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 service 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, 2025 or 2024, that it would be unable to substantiate. United Way has filed its not-for-profit tax returns for all years through December 31, 2024. Years ended December 31, 2022, and subsequent remain subject to audit by taxing authorities.

Fair Value Measurements
The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction between market participants at the measurement date. Fair value is best determined based on quoted market prices.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Organization uses a three-tier fair value hierarchy that prioritizes the 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 considerations are made when estimating fair value in circumstances when the volume and level of activity for an asset or liability has significantly decreased in relation to normal market activity for the asset or liability and when there are indications that a transaction is not orderly and requires additional disclosures about fair value measurements.

Certain financial instruments are not measured using the fair value hierarchy but are recorded at fair values based on the estimated Net Asset Value (NAV) as a practical expedient for the underlying investments.

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 25, 2026, which is the date these consolidated and combined financial statements were available to be issued.

2. PLEDGES RECEIVABLE

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

	2025	2024
Current campaign:		
Undesignated	$ 35,020,872	$ 33,422,446
Designated	2,651,234	2,921,167
Processed on behalf of other United Way organizations	1,961,249	1,970,042
Gross unconditional pledges	39,633,355	38,313,655
Cash collected during campaign	(6,911,853)	(6,050,795)
Pledges receivable – current year	32,721,502	32,262,860
Allowance for uncollectible pledges	(2,490,322)	(2,369,890)
	$ 30,231,180	$ 29,892,970

Campaign Pledges Receivable – Net (Prior Years)
Prior year pledges receivable are reported net of the allowance for uncollectible pledges of $2,490,369 and $2,494,928 for the years ended December 31, 2025 and 2024, 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 in excess of one year. The related unamortized discount has been calculated using a risk free interest rate applicable to the year the promise has been received for the life of each individual pledge.

These amounts consist of the following at December 31:

	December 31, 2025			
	Pledge	Unamortized Discount	Discounted Pledge	Interest Rate
Campaign pledges	$ 2,259,761	$ 50,483	$ 2,209,278	Various
Capital campaign pledges	10,204	367	9,837	Various
Endowment pledges	2,769,819	613,022	2,156,797	Various
	$ 5,039,784	$ 663,872	$ 4,375,912	

2. PLEDGES RECEIVABLE – CONTINUED

	December 31, 2024			
	Pledge	Unamortized Discount	Discounted Pledge	Interest Rate
Campaign pledges	$ 2,828,363	$ 20,342	$ 2,808,021	Various
Capital campaign pledges	226,590	6,872	219,718	Various
Endowment pledges	2,296,075	366,842	1,929,233	Various
	$ 5,351,028	$ 394,056	$ 4,956,972	

Included in endowment pledges are the premiums expected to be paid on life insurance policies with total face values approximating $20.1 and $19.6 million at December 31, 2025 and 2024, 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.

	2025	2024
Amounts due in:		
Less than one year	$ 35,597,821	$ 35,596,338
One to five years	4,477,340	5,395,164
Greater than five years	686,943	626,017
	$ 40,762,104	$ 41,617,519

3. GRANTS RECEIVABLE

Grants receivable consist of the following amounts at December 31:

	2025	2024
U.S. Department of Health and Human Services:		
Ryan White Part B	$ 15,640,750	$ 15,639,765
Area Agency on Aging	507,323	623,606
COVID-19 Wraparound Services - ADPH	-	35,219
COVID-19 Wraparound Services - JCDH	-	52,490
211 Healthcare Navigator	2,974	4,976
U.S. Department of Veteran Affairs:		
Supportive Services for Veteran Families	1,483,075	1,950,444
U.S. Department of Housing and Urban Development (HUD):		
HUD	119,944	73,194
U.S. Department of Education:		
Full-Service Community Schools	155,595	88,642
Promise Neighborhood	118,224	-
United Ways of Alabama:		
A-Reset	-	1,840
U.S. Department of Treasury:		
Internal Revenue Service - VITA	6,785	14,112
Coronavirus State and Local Fiscal Recovery Funds	59,289	11,269
Navigate Housing Affordability Trust Grants	71,807	86,346
	$ 18,165,766	$ 18,581,903

4. ENDOWMENTS

United Way's invested endowment consists of approximately 80 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. Endowments are reported in Long-term investments (Note 6) and Long-term pledges receivable (Note 2) in the Consolidated and Combined Statements of Financial Position.

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

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

4. ENDOWMENTS – CONTINUED

Underwater Endowment Funds
The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

Endowment net asset composition by type of fund as of December 31, 2025, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment funds	$ 10,522	$ 26,220,344	$ 26,230,866
Undesignated endowment funds	8,463,715	-	8,463,715
Total funds	$ 8,474,237	$ 26,220,344	$ 34,694,581

Changes in endowment net assets as of December 31, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets at beginning of year	$ 7,245,958	$ 23,455,269	$ 30,701,227
Contributions	607,771	569,120	1,176,891
Investment income	384,138	1,106,510	1,490,648
Net appreciation	691,962	1,832,096	2,524,058
Amounts appropriated for expenditures	(436,226)	(656,806)	(1,093,032)
Fund transfer / in transit	12,000	(12,000)	-
Fees	(31,366)	(73,845)	(105,211)
Endowment net assets at end of year	$ 8,474,237	$ 26,220,344	$ 34,694,581

4. ENDOWMENTS – CONTINUED

Endowment net asset composition by type of fund as of December 31, 2024, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment funds	$ 42,748	$ 23,455,269	$ 23,498,017
Undesignated endowment funds	7,203,210	-	7,203,210
Total funds	$ 7,245,958	$ 23,455,269	$ 30,701,227

Changes in endowment net assets as of December 31, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets at beginning of year	$ 6,623,325	$ 20,446,064	$ 27,069,389
Contributions	323,131	1,654,981	1,978,112
Investment income	345,049	842,988	1,188,037
Net appreciation	370,121	1,087,577	1,457,698
Amounts appropriated for expenditures	(387,798)	(515,831)	(903,629)
Fees	(27,870)	(60,510)	(88,380)
Endowment net assets at end of year	$ 7,245,958	$ 23,455,269	$ 30,701,227

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2025	2024
Land	$ 1,642,878	$ 1,637,878
Building and campus improvements	21,282,369	21,539,862
Furniture, fixtures and equipment	3,341,623	2,675,038
Construction in progress	1,517,045	42,075
	27,783,915	25,894,853
Less accumulated depreciation	(10,396,952)	(9,439,797)
	$ 17,386,963	$ 16,455,056

Depreciation expense was $1,349,332 and $1,366,531 for the years ended December 31, 2025 and 2024, respectively.

6. INVESTMENTS

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

	December 31, 2025		December 31, 2024	
	Cost	Market	Cost	Market
Certificates of deposit	$ 147,113	$ 147,113	$ 142,364	$ 142,364
Equity securities	25,978,002	37,339,470	23,697,466	31,941,952
U.S. Government obligations	5,633,873	5,800,163	6,557,000	5,600,324
Mortgage backed securities	824,746	802,613	767,425	710,166
Corporate bonds	1,297,674	1,277,269	1,131,765	1,071,669
Fixed income securities	10,356,396	8,648,208	7,656,288	7,513,541
Investment in Ltd Partnerships	-	270,776	-	353,804
Alternative investments	3,272,441	5,545,928	3,583,406	4,975,787
	$ 47,510,245	$ 59,831,540	$ 43,535,714	$ 52,309,607

It is the United Way policy to invest any excess cash on an ongoing basis. As such, investments totaling $3,659,135 and $823,167 are reported as restricted investments as of December 31, 2025 and 2024, respectively. Restricted endowment funds are reported in Note 4.

6. INVESTMENTS – CONTINUED

Investment returns are reported net of investment expenses of approximately $36,000 and $25,000 in 2025 and 2024, respectively. The following summarizes investment return and its classification:

	Year Ended December 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	$ 1,304,362	$ 590,043	$ 1,894,405
Net realized and unrealized gains	4,485,033	2,132,081	6,617,114
	$ 5,789,395	$ 2,722,124	$ 8,511,519

	Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	$ 1,865,053	$ 842,989	$ 2,708,042
Net realized and unrealized gains	1,923,691	872,525	2,796,216
	$ 3,788,744	$ 1,715,514	$ 5,504,258

The Organization holds alternative investments (hedge funds) as reported above at December 31, 2025 and 2024. 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 debt and equity investments and specific hedging strategies for distressed/restructurings. The hedge fund balances may be subject to a 60-day notice for redemption and be subject to limited quarterly redemptions.

The Organization also holds investments in two limited partnerships whereby the limited partnership ownership was transferred as part of an endowment contribution during 2023. The investments in limited partnerships were recorded at fair value as an endowment contribution at the date of the gift. Subsequent changes in fair value are recorded as unrealized gains or losses. The limited partnerships generally make routine distributions (net profit (loss) after capital calls and other expenses) to the limited partners based on the limited partnership activities from individually maintained capital accounts. The limited partnership terms are 10 years but may be extended for up to 3 years to provide for the orderly disposition of the partnership assets. The current estimated termination dates for the limited partnership investments are 2026 and 2029. However, after the partnership term expires, the partnership will continue in existence and liquidate as soon as practical.

Investment Property
United Way holds an investment property that was donated in 2009 and is recorded at $1,785,000 and $1,650,000 as of December 31, 2025 and 2024, based on current appraised values. United Way updates the appraisal every two years. United Way obtained the most recent appraisal in June 2025 and recorded an unrealized gain of $135,000 in 2025 to adjust the property value to fair market value. In 2023, the lease agreement was amended to extend the lease term to 2029.

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, 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 investments in limited partnerships and 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 market changes and 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.

The investments in limited partnerships are recorded at fair value based on the net asset value (NAV) as a practical expedient for the underlying investments or based on the fair value classification hierarchy, as defined in Note 1. The limited partnerships invest primarily in debt and equity investments for small and medium sized businesses. The majority of the underlying investment holdings are not listed on a national exchange and trade in a limited market. The limited partnership with fair value reported at NAV is not subject to the fair value hierarchy reporting; the other limited partnership is included in the fair value hierarchy and is primarily reported as Level 3, with fair value based primarily on unobservable inputs.

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, loan funds, commodities funds and other types of nontraditional investments.

7. FAIR VALUE MEASUREMENTS – CONTINUED

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

	December 31, 2025			
	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 147,113	$ 147,113	$ -	$ -
Equity securities	37,339,470	37,339,470	-	-
U.S. Government obligations	5,800,163	-	5,800,163	-
Mortgage backed securities	802,613	-	802,613	-
Corporate bonds	1,277,269	-	1,277,269	-
Fixed income securities	8,648,208	8,648,208	-	-
Investment property	1,785,000	-	-	1,785,000
Investment in Ltd Partnership	110,828	-	-	110,828
Investment in Ltd Partnership (a)	159,948	-	-	-
Alternative investments (a)	5,545,928	-	-	-
	$ 61,616,540	$ 46,134,791	$ 7,880,045	$ 1,895,828

	December 31, 2024			
	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 142,364	$ 142,364	$ -	$ -
Equity securities	31,941,952	31,941,952	-	-
U.S. Government obligations	5,600,324	-	5,600,324	-
Mortgage backed securities	710,166	-	710,166	-
Corporate bonds	1,071,669	-	1,071,669	-
Fixed income securities	7,513,541	7,513,541	-	-
Investment property	1,650,000	-	-	1,650,000
Investment in Ltd Partnership	196,849	178	11,053	185,618
Investment in Ltd Partnership (a)	156,955	-	-	-
Alternative investments (a)	4,975,787	-	-	-
	$ 53,959,607	$ 39,598,035	$ 7,393,212	$ 1,835,618

(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.

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.

For investments in limited partnerships, the funds are generally not available for withdrawal. However, the limited partnerships generally make routine distributions to the limited partners based on the activities of the partnerships (profit(loss) after capital calls and other expenses) from the individually maintained capital accounts.

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

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)		
	Investment Property	Investment in Ltd Partnership	Total
January 1, 2024	$ 1,650,000	$ 244,819	$ 1,894,819
Total unrealized gains (losses)	-	10,086	10,086
Total realized gains (losses)	-	-	-
Purchases and issuances	-	-	-
Settlements	-	(69,287)	(69,287)
December 31, 2024	1,650,000	185,618	1,835,618
Total unrealized gains (losses)	135,000	(41,561)	93,439
Total realized gains (losses)	-	-	-
Purchases and issuances	-	-	-
Settlements	-	(33,229)	(33,229)
December 31, 2025	$ 1,785,000	$ 110,828	$ 1,895,828

7. FAIR VALUE MEASUREMENTS – CONTINUED

Gains and losses (realized and unrealized) included in changes in net assets for investments (Level 3) for the years ended December 31, 2025 and 2024, are reported in investment income as follows:

	December 31, 2025	
	Without Donor Restrictions	With Donor Restrictions
Total unrealized gains (losses) included in changes in net assets for the year	$ 93,439	$ -
Change in unrealized gains (losses) relating to assets still held at year end	$ 93,439	$ -

	December 31, 2024	
	Without Donor Restrictions	With Donor Restrictions
Total unrealized gains (losses) included in changes in net assets for the year	$ 10,086	$ -
Change in unrealized gains (losses) relating to assets still held at year end	$ 10,086	$ -

8. 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, 2025 and 2024, were approximately $6,388,000 and $9,051,000, 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 company sales, mergers or economic downturns could affect the contributions received from these groups. United Way grant activities are financially dependent on federal, state and local grant programs and oversight, and are subject to extensions and renewals on an ongoing basis.

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:

	2025	2024
Undesignated	$ 19,287,052	$ 17,675,083
Building and campus improvements	1,657,503	2,330,470
Contingencies	13,125,094	11,270,470
Self-insurance reserve	7,612,856	7,770,849
Development fund	2,940,600	2,864,866
Endowment	8,474,237	7,245,958
Community impact and initiatives	11,701,674	10,482,408
Total net assets without donor restrictions	$ 64,799,016	$ 59,640,104

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 space needed which may require movement of walls, doors, electrical work and furniture.

Contingencies: United Way makes determinations regarding 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 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 established by the Board.

9. NET ASSETS WITHOUT DONOR RESTRICTIONS – CONTINUED

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

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

	2025	2024
Building and campus improvements	$ (672,967)	$ 1,735,252
Contingencies	1,854,624	1,609,387
Self-insurance reserve	(157,993)	(834,033)
Development fund	75,734	8,793
Endowment	1,228,279	622,633
Community impact and initiatives	1,219,266	1,486,248
Total Board designated, appropriations and transfers from operations	$ 3,546,943	$ 4,628,280

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Purpose restrictions:		
Community impact and initiatives	$ 176,650	$ 212,612
Sponsorship programs	1,428,016	1,224,474
Time restrictions:		
Net campaign for future years	37,264,155	36,218,373
Total purpose and time restrictions	38,868,821	37,655,459
Endowments subject to United Way's spending policy	26,220,344	23,455,269
Total net assets with donor restrictions	$ 65,089,165	$ 61,110,728

10. NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

United Way's endowment includes investments in perpetuity (original amount of $19,589,152 and $18,070,840 in 2025 and 2024, respectively), which, once appropriated, is primarily expendable to support the campaign. Of this amount, $4,279,511 and $4,139,949 is invested in legacy life insurance policies and is representative of the cash surrender value of the policies as of December 31, 2025 and 2024, 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, which 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.

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:

	2025	2024
Purpose restrictions:		
Community impact and initiatives	$ 991,395	$ 884,934
Capital improvements	-	461,719
Sponsorship programs	126,312	565,564
Endowment	1,093,032	903,629
Time restrictions:		
Net campaign for future years	31,133,053	31,615,361
Total purpose and time restrictions	$ 33,343,792	$ 34,431,207

12. ALLOCATIONS, GRANTS UNDER MANAGEMENT AND COMMUNITY SERVICES

Allocations and Grants under Management

In 2025, allocations and grants under management invested in the community (classified by impact area) are as follows:

Impact Areas	Allocations to Member Agencies	Special Initiatives and Programs	Other Allocations	Grants under Management	Agency Health Insurance Program	Amount	Percent
Health	$ 8,450,200	$ 38,184	$ 208,438	$ 62,157,476	$ 11,491,291	$ 82,345,589	70%
Education	6,806,150	42,484	278,840	1,962,255	-	9,089,729	8%
Income	3,656,300	225	42,578	8,590,492	-	12,289,595	11%
Crisis/access to services	6,272,100	55,925	43,007	4,284,505	-	10,655,537	9%
Other	-	-	1,160,702	779,674	-	1,940,376	2%
	$ 25,184,750	$ 136,818	$ 1,733,565	$ 77,774,402	$ 11,491,291	$ 116,320,826	100%

In 2024, allocations and grants under management invested in the community (classified by impact area) are as follows:

Impact Areas	Allocations to Member Agencies	Special Initiatives and Programs	Other Allocations	Grants under Management	Agency Health Insurance Program	Amount	Percent
Health	$ 8,432,345	$ 54,181	$ 196,038	$ 62,550,182	$ 12,830,875	$ 84,063,621	73%
Education	6,799,789	41,668	257,685	1,426,281	-	8,525,423	7%
Income	3,619,954	438	62,160	5,734,805	-	9,417,357	8%
Crisis/access to services	6,308,522	53,424	68,827	4,400,794	-	10,831,567	10%
Other	-	-	1,317,883	724,326	-	2,042,209	2%
	$ 25,160,610	$ 149,711	$ 1,902,593	$ 74,836,388	$ 12,830,875	$114,880,177	100%

13. CONTRIBUTED SERVICES

Employees of local companies and other organizations participating in United Way's Loaned Executive Program volunteered approximately 9,431 and 8,185 hours, with an approximate fair value of $341,000 and $284,000 not recognized as revenue for the years ended December 31, 2025 and 2024, 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 1,143 and 1,305 hours, with an approximate fair value of $41,000 and $45,000 for the years ended December 31, 2025 and 2024, 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 $73,220 and $58,692 were donated to the Organization for the years ended December 31, 2025 and 2024, respectively. Donated items included media, backpacks and supplies, gift cards 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 2025 and 2024.

	2025	2024
Administrative Expenses	$ 3,013,237	$ 2,822,330
Fundraising Expenses	3,525,524	3,747,365
	6,538,761	6,569,695
Total Expenses	$ 129,466,851	$ 126,019,050
Overhead Rate	5.05%	5.21%

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:

	2025	2024
Cash	$ 125,950	$ 219,572
Short-term investments	147,113	142,364
Prior year campaign pledges receivable, net	1,174,304	1,902,759
Grants receivable	18,165,766	18,581,903
Other current assets - financial	1,011,032	1,283,131
Long-term investments without donor restrictions	29,804,948	27,888,807
Total financial assets available within one year	50,429,113	50,018,536
Less:		
Amounts unavailable to management without Board approval	45,511,964	41,965,021
Total financial assets available to management for general expenditure within one year	$ 4,917,149	$ 8,053,515

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.

16. EMPLOYEE BENEFIT PLANS – CONTINUED

Defined Benefit Postretirement Health Care Plan

United Way sponsors a defined benefit postretirement health care plan (the Plan) for eligible employees. The Plan covers retirees with 15 years of continuous service with United Way and/or a member agency, who are a United Way of Central Alabama, Inc. employee at time of retirement and who are age 55 or over, as well as eligible spouses. The Plan is contributory for retirees, with reduced premiums for eligible employees. The Plan is not funded; however, United Way has set aside funds under the oversight of the Investment Committee for the Plan (reported as board designated net assets, see Note 9).

Obligations and Funded Status

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

	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Benefit obligations at beginning of year	$ (13,807,421)	$ (12,590,672)	$ (710,711)	$ (745,518)
Service cost	(977,590)	(933,169)	(54,320)	(49,587)
Interest cost	(661,983)	(535,197)	(38,993)	(34,753)
Actuarial gain (loss)	(324,358)	(343,895)	(354,445)	109,779
Benefits paid	369,908	595,512	1,441	9,368
Benefit obligations at December 31	(15,401,444)	(13,807,421)	(1,157,028)	(710,711)
Fair value of plan assets at beginning of year	12,080,195	10,466,122	-	-
Actual return on plan assets	1,635,651	806,632	-	-
Employer contributions	1,492,568	1,402,953	-	-
Annuities purchased or benefits paid	(369,908)	(595,512)	-	-
Fair value of plan assets at December 31	14,838,506	12,080,195	-	-
Funded status	$ (562,938)	$ (1,727,226)	$ (1,157,028)	$ (710,711)
Amounts recorded at December 31 consist of:				
Pension liability	$ (562,938)	$ (1,727,226)	$ -	$ -
Postretirement liability	-	-	(1,157,028)	(710,711)
Totals	$ (562,938)	$ (1,727,226)	$ (1,157,028)	$ (710,711)

16. EMPLOYEE BENEFIT PLANS – CONTINUED

	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Changes in Funded Status				
Amounts recognized consist of:				
Service cost	$ 977,590	$ 933,169	$ 54,320	$ 50,113
Interest cost	661,983	535,197	38,993	34,350
Return on plan assets, (gain) losses	(738,246)	(806,632)	-	-
Actuarial (gain) loss and deferrals	152,434	324,355	(82,513)	(85,225)
Net periodic benefit cost	1,053,761	986,089	10,800	(762)
Pension-related changes other than net periodic cost	(725,481)	19,540	435,517	(34,045)
	328,280	1,005,629	446,317	(34,807)
Less employer contributions	1,492,568	1,402,953	-	-
Change in Funded Status - (increase) decrease	$ (1,164,288)	$ (397,324)	$ 446,317	$ (34,807)

	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Amounts previously recognized in unrestricted net assets, not yet recognized as net periodic benefit cost at December 31 consist of:				
Unrecognized actuarial (gain) loss	$ 2,031,743	$ 2,757,224	$ (384,726)	$ (829,416)

United Way had board designated net assets of $700,001 and $656,050 for the pension plan and $735,690 and $655,370 for the postretirement health plan, set aside for the purpose of funding the plans at December 31, 2025 and 2024, respectively.

Plan Assets

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

	Pension Benefits	
	2025	2024
Equity securities	65%	65%
Fixed income debt securities	34%	34%
General account	1%	1%
Totals	100%	100%

16. EMPLOYEE BENEFIT PLANS – CONTINUED

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

There are no plan assets for the postretirement benefit plans for 2025 or 2024. 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:

	Pension Benefits	Postretirement Benefits
2026	$ 2,919,767	$ 26,301
2027	488,905	23,980
2028	2,814,340	36,854
2029	706,497	45,348
2030	526,914	51,648
Years 2031 to 2035	4,367,545	728,442
Totals	$ 11,823,968	$ 912,573

16. EMPLOYEE BENEFIT PLANS – CONTINUED

Assumptions

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

	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate:				
Pre-Retirement	5.42%	5.51%	5.52%	5.05%
Post-Retirement	5.42%	5.51%	5.52%	5.73%
Rate of compensation increase:				
2025	N/A	4.00%	N/A	N/A
2026	7.50%	4.00%	N/A	N/A
2027	5.50%	4.00%	N/A	N/A
Thereafter	4.00%	4.00%	N/A	N/A
Medical trend rate:				
Year 1			5.60%	5.70%
Year 2			5.50%	5.60%
Year 3			5.40%	5.50%
Year 4			5.30%	5.40%
Year 5			5.21%	5.30%
Thereafter			3.61%-4.75%	3.61%-5.20%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate:	5.42%	5.51%	5.52%	5.73%
Expected long-term return on plan assets	6.75%	6.75%	N/A	N/A

Mortality for the Pension Plan was determined using the Society of Actuary (SOA) Pri-2012 fully generational projected with Mortality Improvement Projection by Scale MP-2021, with separate tables for males and females, active employees, healthy annuitants, contingent survivors and disabled participants.

Postretirement mortality was determined using Pri-2012 Private Retirement Plans Total Mortality Table with 50% of MP-2021 improvement scale projected fully generational (prior valuation used 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 $159,195 is $186,947 for a 1% increase and $136,151 for a 1% decrease.

Cash Flows

United Way expects to contribute approximately $1,700,000 to its pension plan in 2026.

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 $11,333,295 and $11,552,950 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024. The aggregate contract period reimbursement is $1,000,000 for policy years 2025 and 2024.

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 $11,491,291 and $12,830,875 for the years ending December 31, 2025 and 2024, respectively.

United Way has established a self-insurance reserve liability account, primarily to account for the timing differences in premium collections and estimates of outstanding claims and rebates at yearend. The estimated liability was $361,435 and $1,420,000 on December 31, 2025 and 2024, respectively. In addition, the Board designated funds for a self-insurance reserve of $7,612,856 and $7,770,849 on December 31, 2025 and 2024, respectively. For additional description of the self-insurance reserve, see Note 9.

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% of eligible compensation, or approximately $307,686 and $297,000 for 2025 and 2024, respectively. Employer contributions may be net of any unvested forfeitures for separated employees. Employer contributions are allocated on a pro rata basis to those eligible employees based on annual compensation, as defined by the 403(b) Plan.

17. COMMITMENTS AND CONTINGENCIES

United Way has outstanding commitments for contracts entered into with various agencies for grant-related program services of approximately $7,190,000 and $7,530,000 at December 31, 2025 and 2024, 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 matured on January 31, 2024 and was renewed on January 24, 2024, with a maturity of February 28, 2025 and a variable interest rate based upon a margin of 2% in excess of the Secured Overnight Financing Rate (Term SOFR- 1 month). Funds may be withdrawn as needed to meet short-term cash needs of the Organization. The line of credit had no outstanding balance at December 31, 2025 and 2024. Subsequent to December 31, 2025, the line of credit was renewed with similar terms and a new maturity date of February 28, 2027.

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.