UNITED WAY OF
MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITOR’S REPORTS

DECEMBER 31, 2019 AND 2018

UNITED WAY OF MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITOR'S REPORTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
United Way of Middle Tennessee, Inc.
Nashville, Tennessee

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the United Way of Middle Tennessee, Inc. (the "Organization"), a Tennessee not-for-profit corporation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

KraftCPAs PLLC • Certified Public Accountants and Consultants
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OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Middle Tennessee, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The other information on page i is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and related notes on pages 32-33, as required as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. The information on pages 32-33 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The other information on page i has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2019 on our consideration of United Way of Middle Tennessee, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Middle Tennessee, Inc.'s internal control over financial reporting and compliance.

Kraft CPAs PLLC

Nashville, Tennessee
August 13, 2020

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash	$ 7,086,939	$ 4,664,982
Pledges receivable, net	11,088,834	9,102,995
Grants receivable	2,173,013	2,250,727
Prepaid and other	202,809	83,232
Investments, at fair value	21,110,642	15,001,589
Property and equipment, net	434,043	370,246
Cash surrender value of donor life insurance policies	626,836	603,163
TOTAL ASSETS	$ 42,723,116	$ 32,076,934
LIABILITIES		
Designations payable	$ 2,865,997	$ 3,289,745
Allocations payable	3,853,314	3,097,635
Grant payments due to subrecipients	1,148,056	939,331
Deferred revenue	1,058,637	109,999
Accounts payable, accrued expenses and other	762,724	387,850
Net pension liability	207,924	37,204
TOTAL LIABILITIES	9,896,652	7,861,764
NET ASSETS		
Without donor restrictions	11,620,112	5,072,731
With donor restrictions	21,206,352	19,142,439
TOTAL NET ASSETS	32,826,464	24,215,170
TOTAL LIABILITIES AND NET ASSETS	$ 42,723,116	$ 32,076,934

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUE			
Gross campaign results - prior year	$ 982,798	$ -	$ 982,798
Gross campaign results - released from restrictions	14,441,664	(14,441,664)	-
Total campaign results - prior year	15,424,462	(14,441,664)	982,798
Less donor designations	(3,592,205)	3,819,003	226,798
Less provision for uncollectible accounts	(676,528)	633,799	(42,729)
Net campaign revenue - prior year	11,155,729	(9,988,862)	1,166,867
Gross campaign results - current year	-	15,054,290	15,054,290
Less donor designations	-	(3,566,685)	(3,566,685)
Less provision for uncollectible accounts	-	(1,140,678)	(1,140,678)
Net campaign revenue - current year	-	10,346,927	10,346,927
Grants	10,909,692	-	10,909,692
Other contributions and in-kind contributions	6,726,288	537,696	7,263,984
Designations from other United Way organizations	199,047	-	199,047
Service fees	352,488	-	352,488
Endowment spending rate	525,000	-	525,000
Miscellaneous income	25,114	-	25,114
Non-endowment investment gain	1,448,058	55,843	1,503,901
Other net assets released from restrictions	216,581	(216,581)	-
TOTAL SUPPORT AND REVENUE	31,557,997	735,023	32,293,020
PROGRAM SERVICES			
Program investments and designations to direct service providers	11,903,355	-	11,903,355
Less: donor designations	(3,592,205)	-	(3,592,205)
Net program investments	8,311,150	-	8,311,150
Community building	1,820,840	-	1,820,840
Grants and initiatives	10,911,882	-	10,911,882
TOTAL PROGRAM SERVICES	21,043,872	-	21,043,872
SUPPORTING SERVICES			
Management and general	1,496,717	-	1,496,717
Fundraising and marketing	2,385,217	-	2,385,217
TOTAL SUPPORTING SERVICES	3,881,934	-	3,881,934
TOTAL COSTS AND EXPENSES	24,925,806	-	24,925,806
Change in net assets before non-operating items	6,632,191	735,023	7,367,214
Endowment gain, net of endowment spending rate	-	1,328,890	1,328,890
Employee retirement plan loss	(84,810)	-	(84,810)
CHANGE IN NET ASSETS	6,547,381	2,063,913	8,611,294
NET ASSETS - BEGINNING OF YEAR	5,072,731	19,142,439	24,215,170
NET ASSETS - END OF YEAR	$ 11,620,112	$ 21,206,352	$ 32,826,464

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUE			
Gross campaign results - prior year	$ 838,502	$ -	$ 838,502
Gross campaign results - released from restrictions	14,528,767	(14,528,767)	-
Total campaign results - prior year	15,367,269	(14,528,767)	838,502
Less donor designations	(3,749,130)	3,780,149	31,019
Less provision for uncollectible accounts	(835,688)	612,409	(223,279)
Net campaign revenue - prior year	10,782,451	(10,136,209)	646,242
Gross campaign results - current year	-	14,441,664	14,441,664
Less donor designations	-	(3,819,003)	(3,819,003)
Less provision for uncollectible accounts	-	(633,799)	(633,799)
Net campaign revenue - current year	-	9,988,862	9,988,862
Grants	9,336,690	175,000	9,511,690
Other contributions and in-kind contributions	711,993	-	711,993
Designations from other United Way organizations	189,044	-	189,044
Service fees	429,392	-	429,392
Endowment spending rate	497,000	-	497,000
Miscellaneous income	22,590	-	22,590
Non-endowment investment loss	(303,009)	(13,803)	(316,812)
Other net assets released from restrictions	51,975	(51,975)	-
TOTAL SUPPORT AND REVENUE	21,718,126	(38,125)	21,680,001
PROGRAM SERVICES			
Program investments and designations to direct service providers	11,015,491	-	11,015,491
Less: donor designations	(3,749,130)	-	(3,749,130)
Net program investments	7,266,361	-	7,266,361
Community building	1,523,471	-	1,523,471
Grants and initiatives	9,368,746	-	9,368,746
TOTAL PROGRAM SERVICES	18,158,578	-	18,158,578
SUPPORTING SERVICES			
Management and general	1,419,713	-	1,419,713
Fundraising and marketing	1,646,076	-	1,646,076
TOTAL SUPPORTING SERVICES	3,065,789	-	3,065,789
TOTAL COSTS AND EXPENSES	21,224,367	-	21,224,367
Change in net assets before non-operating items	493,759	(38,125)	455,634
Endowment gain, net of endowment spending rate	-	(990,622)	(990,622)
Employee retirement plan loss	(193,842)	-	(193,842)
CHANGE IN NET ASSETS	299,917	(1,028,747)	(728,830)
NET ASSETS - BEGINNING OF YEAR	4,772,814	20,171,186	24,944,000
NET ASSETS - END OF YEAR	$ 5,072,731	$ 19,142,439	$ 24,215,170

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services			
	Community Building	Grants and Initiatives	Total Program Services	Management and General	Fundraising and Marketing	Total Supporting Services	Total
Salaries	$ 1,037,140	$ 1,200,699	$ 2,237,839	$ 782,829	$ 1,359,494	$ 2,142,323	$ 4,380,162
Payroll taxes	69,713	88,134	157,847	51,256	93,194	144,450	302,297
Employee benefits	94,490	135,363	229,853	111,869	110,772	222,641	452,494
Total personnel costs	1,201,343	1,424,196	2,625,539	945,954	1,563,460	2,509,414	5,134,953
Professional and contract fees	76,422	697,521	773,943	250,517	227,290	477,807	1,251,750
Supplies	9,218	28,269	37,487	13,949	3,320	17,269	54,756
Telephone	24,416	16,609	41,025	19,961	22,431	42,392	83,417
Postage and shipping	7,093	1,725	8,818	5,769	6,921	12,690	21,508
Occupancy	685	104,743	105,428	44,128	37,040	81,168	186,596
Maintenance and equipment rental	17,469	32,127	49,596	11,830	180,098	191,928	241,524
Printing and promotional	192,355	52,786	245,141	17,919	100,108	118,027	363,168
Travel	28,072	42,489	70,561	12,696	25,246	37,942	108,503
Events and meetings	67,690	43,791	111,481	14,571	103,950	118,521	230,002
Dues and memberships	150,200	-	150,200	76,260	78,240	154,500	304,700
Miscellaneous	45,877	4,042	49,919	76,056	26,971	103,027	152,946
Total other operating expenses	619,497	1,024,102	1,643,599	543,656	811,615	1,355,271	2,998,870
Depreciation of property and equipment	-	22,166	22,166	7,107	10,142	17,249	39,415
Total operating expenses	1,820,840	2,470,464	4,291,304	1,496,717	2,385,217	3,881,934	8,173,238
Program grants to direct service providers	-	8,441,418	8,441,418	-	-	-	8,441,418
	$ 1,820,840	$ 10,911,882	12,732,722	$ 1,496,717	$ 2,385,217	$ 3,881,934	16,614,656
Net program investments (shown separately on the statement of activities)			8,311,150				8,311,150
			$ 21,043,872				$ 24,925,806

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Services			
	Community Building	Grants and Initiatives	Total Program Services	Management and General	Fundraising and Marketing	Total Supporting Services	Total
Salaries	$ 846,002	$ 1,054,937	$ 1,900,939	$ 682,580	$ 1,047,176	$ 1,729,756	$ 3,630,695
Payroll taxes	58,518	77,339	135,857	45,498	69,392	114,890	250,747
Employee benefits	56,920	129,427	186,347	82,764	88,560	171,324	357,671
Total personnel costs	961,440	1,261,703	2,223,143	810,842	1,205,128	2,015,970	4,239,113
Professional and contract fees	53,479	340,315	393,794	312,963	61,752	374,715	768,509
Supplies	4,497	35,578	40,075	23,104	3,908	27,012	67,087
Telephone	20,983	16,471	37,454	18,149	19,753	37,902	75,356
Postage and shipping	4,162	2,950	7,112	4,266	4,503	8,769	15,881
Occupancy	28,906	78,460	107,366	52,810	36,768	89,578	196,944
Maintenance and equipment rental	25,975	22,839	48,814	3,710	62,612	66,322	115,136
Printing and promotional	179,916	57,698	237,614	16,866	74,339	91,205	328,819
Travel	10,617	71,205	81,822	11,345	23,920	35,265	117,087
Events and meetings	40,974	28,784	69,758	19,541	34,775	54,316	124,074
Dues and memberships	108,595	760	109,355	60,464	66,675	127,139	236,494
Miscellaneous	77,203	-	77,203	79,497	43,956	123,453	200,656
Total other operating expenses	555,307	655,060	1,210,367	602,715	432,961	1,035,676	2,246,043
Depreciation of property and equipment	6,724	10,115	16,839	6,156	7,987	14,143	30,982
Total operating expenses	1,523,471	1,926,878	3,450,349	1,419,713	1,646,076	3,065,789	6,516,138
Program grants to direct service providers	-	7,441,868	7,441,868	-	-	-	7,441,868
	$ 1,523,471	$ 9,368,746	10,892,217	$ 1,419,713	$ 1,646,076	$ 3,065,789	13,958,006
Net program investments (shown separately on the statement of activities)			7,266,361				7,266,361
			$ 18,158,578				$ 21,224,367

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	$ 8,611,294	$ (728,830)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	39,415	30,982
Realized gain on sale of investments	(1,458,338)	(583,964)
Unrealized (gain) loss on investments	(1,548,582)	1,652,216
Contribution related to acquisitions, net of $763,698 of cash acquired	(5,109,354)	-
(Increase) decrease in assets:		
Pledges receivable	1,173,273	474,002
Grants receivable	165,147	(791,108)
Prepaid and other	(80,030)	46,471
Cash surrender value of donor life insurance policies	(23,673)	(22,583)
Increase (decrease) in liabilities:		
Designations payable	(707,941)	(202,846)
Allocations payable	(323,462)	(8,224)
Grant payments due to subrecipients	208,725	(101,707)
Deferred revenue	822,897	291,249
Accounts payable, accrued expenses and other	356,688	(423,424)
Net pension liability	170,720	32,377
TOTAL ADJUSTMENTS	(6,314,515)	393,441
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,296,779	(335,389)
INVESTING ACTIVITIES		
Purchase of investments	(8,494,679)	(8,334,254)
Proceeds from sale of investments	8,672,523	8,912,934
Purchase of property and equipment	(52,666)	(22,097)
NET CASH PROVIDED BY INVESTING ACTIVITIES	125,178	556,583
NET INCREASE IN CASH	2,421,957	221,194
CASH - BEGINNING OF YEAR	4,664,982	4,443,788
CASH - END OF YEAR	$ 7,086,939	$ 4,664,982

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

United Way of Middle Tennessee, Inc. (d/b/a United Way of Greater Nashville) (collectively, the "Organization" or "United Way") is an exempt publicly supported organization that brings people and organizations together to create solutions for the community's most complex issues in the areas of education, financial stability and health. The Organization is governed by a volunteer Board of Trustees composed of a cross-section of community and business leaders.

The Organization, whose antecedents date back to the Community Chest of Nashville formed in 1922, was incorporated as The United Givers Fund of Nashville and Davidson County on May 21, 1954.

Effective January 1, 2019, United Way of Middle Tennessee, Inc. entered into an agreement to assume the operations and assets of United Way of Robertson County (see Note 3).

Effective October 31, 2019, United Way of Middle Tennessee, Inc. entered into an agreement to assume the operations, assets and liabilities of United Way of Williamson County (see Note 3).

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash

Cash consist of demand deposits with banks with maturities of three months or less.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Pledges Receivable, Grants, Campaign Expenses and Program Investments

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right to return of asset transferred or a right of release of a promisor's obligation to transfer assets exist. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Campaigns are conducted annually to raise support for program investments in the subsequent year. Pledges receivable are recognized in the period received, with an allowance provided for estimated uncollectible accounts. The allowance for uncollectible accounts is computed based on a three-year historical average write-off percentage, adjusted by management estimates of current economic factors, applied to gross campaign including donor designations.

Campaign support pledged is recognized as an increase in net assets with donor restrictions until the year of investment. All contributions are considered available for use as approved by the Board of Trustees unless specifically restricted or designated by the donor. Campaign pledges designated by donors to specific agencies or other United Way organizations are considered to be agency-type transactions and are recorded as pledges receivable and designations payable on the statements of financial position and not included in net revenues or expenses of the Organization. Campaign expenses for annual campaigns are recognized in the period incurred. The Organization honors designations made by donors to each organization by distributing a proportionate share of receipts based on donor designations to each organization.

Program investments in partner agencies are recognized as program service expenses in the period approved by the Board of Trustees, and correspond to the period of the release of time restrictions for related campaign pledges.

Grant revenues from government grant and contract agreements, which are generally considered non-exchange transactions, are recognized when qualifying expenses are incurred and conditions under the agreement are met. Government grant funds paid to subrecipient agencies are recognized in the period a liability is incurred for eligible expenditures by the subrecipient. Payments received in advance of conditions being met are recorded as deferred revenues on the statement of financial position.

Expenditures related to federal and state contracts are subject to adjustment upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures which may be disallowed would not have a material effect on the Organization's financial position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist of money market, equity securities, fixed income mutual funds and alternative investments and are carried at the fair market value on the last business day of the reporting period. The changes in unrealized gains and losses are recognized currently in the statement of activities.

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Organization. The United Way's policy is to capitalize purchases with a cost of $500 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which is thirty years for buildings and range from three to ten years for building improvements, furniture and equipment.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services:

Program Investments and Designations to Direct Service Providers - includes activities funded by the annual campaign for outcome-based investments in agency programs, coordination and administration of Family Resource Centers, Financial Empowerment Centers, support of the 2-1-1 community information line, program investments in the Read to Succeed initiative, Imagination Library and other program investments.

Donor Designations - represents the gross amount of campaign funding designated by the donor to an eligible 501(c)(3) agency.

Net Program Investments - includes the net amounts provided to agencies and program investments from unrestricted campaign funds.

Community Building - includes activities funded by the annual campaign related to planning, oversight, administration of outcome-based investments and support for community initiatives.

Grants and Initiatives - includes activities that deliver services funded by sources other than the annual campaign, such as the Ryan White/Community AIDS Partnership, Read to Succeed, 2-1-1, 2 Gen for TN, the Nashville Alliance for Financial Independence, Financial Empowerment Centers, Raise Your Hand, Restore the Dream, Disaster Relief, and Partnership with the Department of Mental Health and Substance Abuse Services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Supporting Services:

Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or event or with fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organization oversight, business management, human resources, finance, information technology and other administrative activities.

Fundraising and Marketing - includes costs of activities directed toward appeals for financial support. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Expense	Method of Allocation
Personnel costs	Time and effort
Professional and contract fees	Time and effort
Supplies	Time and effort
Telephone	Full time equivalent
Postage and shipping	Full time equivalent
Occupancy	Full time equivalent
Maintenance and equipment rental	Time and effort
Printing and promotional	Time and effort
Travel	Time and effort
Events and meetings	Time and effort
Dues and memberships	Time and effort
Miscellaneous	Time and effort
Depreciation of property and equipment	Time and effort
Program grants to direct service providers	Direct costs

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization classifies its investments based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available) and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments - Fair values for investments (level 1) are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in U.S. Treasury securities, debt obligations and mortgage-backed securities are based primarily on other observable values, such as interest rates and yield curves.

Alternative Investments - A portion of the Organization's portfolio of investments (level 3) consists of private securities (limited partnership and hedge fund) which are in inactively traded markets. These securities are reported at the net asset value (or its equivalent) of the Organization's share in the fund as calculated in the fund's audited financial statements, which approximates fair value. Non-traditional and alternative investment value reflects the most current data provided as of December 31, 2019 and 2018, respectively.

Employee Retirement Plan Investments - Assets valued at the purchase or redemption price of the units of participation, based on the formula in the contract. The quoted market prices of the underlying securities comprising such accounts are first determined and then adjusted to apply the expense factor disclosed in the annuity contract. The unit value is determined by dividing the net assets by the number of units outstanding.

No changes in the valuation methodologies have been made since the prior year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service Fees

Service fees are amounts charged by the Organization for raising, processing and transferring donor-designated gifts to agencies and other United Way organizations. Donor-designated pledges are assessed both a fundraising and a management and general fee based on actual historical costs in accordance with United Way Worldwide's Membership Requirements as outlined in its publication titled Cost Deduction Requirements for Membership Requirement M. The Organization is committed to complying with that requirement in assessing these service fees. Amounts designated by donors are presented at the gross amount in the statement of activities prior to such charges.

Printing and Promotional

Advertising costs are expensed as incurred. Included in printing and promotional expense is an allocated value of donated media of $119,407 in 2019 and $130,793 in 2018, respectively. This donated media is the result of relationships maintained by United Way Worldwide ("UWW") with the National Football League and Ad Council who promote the work of United Way and its volunteers in local communities.

Donated Services and In-Kind Contributions

A large number of volunteers donate substantial amounts of time toward the annual campaign and the various community activities. Donated services are only recognized if the donated service requires specialized skills and were provided by a donor who possesses such skills and would have been purchased by the Organization if not donated. Donated property and other in-kind contributions are recognized in the financial statements at fair value when received.

Endowment Income Distribution Policy

The Organization's policy is to distribute a portion of the endowment income to support current operational needs. This policy is designed to insulate operational programs from capital market fluctuations. Under this policy, endowment income distributions are based on an amount approved in advance by the Board. Actual endowment return earned in excess of or less than the spending rate is reported separately in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

The Organization files a U.S. Federal Form 990 for organizations exempt from income tax and a U.S. Federal Form 990-T for organizations exempt from income tax with unrelated business income. Income tax expense relates to operations that result in unrelated business income. In addition, the Organization files an income tax return in the State of Tennessee.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax return to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there were no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

New Accounting Pronouncements

The Organization has adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent amendments to the ASU (collectively, "ASC 606"), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the considerations to which the entity expects to be entitled in an exchange of goods or services. The Organization performed an analysis of revenue streams and transactions to determine in-scope applicability. The Organization does not have revenues that fall within the scope of ASC 606.

The Organization has also adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improved guidance to better distinguish between conditional and unconditional contributions. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain prior year balances have been reclassified to conform to the current year's presentation. The effects of such reclassifications have no effect on the change in net assets previously reported.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2019 and August 13, 2020, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - AVAILABILITY AND LIQUIDITY

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

	2019	2018
Cash	$ 7,086,939	$ 4,664,982
Pledges receivable	11,088,834	9,102,995
Grants receivable	2,173,013	2,250,727
Operating investments	6,219,297	4,466,261
Endowment spending-rate distribution and appropriations	590,000	525,000
Purpose restricted net assets	(460,155)	(516,965)
Deferred grant revenue	(1,058,637)	(109,999)
Designations payable	(2,865,997)	(3,289,745)
	$ 22,773,294	$ 17,093,256

The Organization has both board designated and donor restricted assets. With the exception of deferred grant revenue, designations payable and purpose restricted net assets, the donor restricted assets aren't limited to use and are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. The Organization has unappropriated gains on an endowment, inclusive of the corpus. The endowment spending-rate has been included within the Organization's financial assets, as it is for use against operating expenditures and liquidity.

NOTE 2 - AVAILABILITY AND LIQUIDITY (CONTINUED)

The Organization has an operating reserve fund within the Investments on the statement of financial position. The purpose of the fund is to help ensure the long-term financial stability of the Organization and position it to respond to varying economic conditions, man-made or natural disasters or changes affecting the Organization's financial position, as well as providing the organization the ability to continuously carry out the mission. The target amount to be attained and maintained is 3 months of annual operating expenditures, inclusive of Outcome Based Investment funding, but excluding grant sub-recipient and other grant related funding. As of December 31, 2019 and 2018, the balance of this fund was $5,297,545 and $4,466,261, respectively. This fund, established by the Board of Trustees may be drawn upon, if necessary, to meet unexpected needs or board designated funding.

In addition, the Organization receives funding from various grants, many of which are reimbursement based. These grants are only included in the qualitative information to the extent expenditures have been incurred for which the Organization has not been reimbursed.

NOTE 3 - ACQUISITIONS

Effective October 31, 2019, United Way of Middle Tennessee, Inc. entered into an agreement to assume the operations, assets and liabilities of United Way of Williamson County. Under ASC 958, since United Way of Middle Tennessee, Inc. obtained control over the United Way of Williamson County, the transaction is considered an acquisition and accounted for under the acquisition method of accounting. The fair values of United Way of Williamson County assets and liabilities at October 31, 2019 were as follows:

Cash	$ 736,497
Pledges receivable, net	3,159,112
Grants receivable	87,433
Prepaid and other	39,547
Investments - endowment	2,513,300
Investments - non-endowment	766,677
Equipment	50,546
Designations payable	(284,193)
Allocations payable	(1,079,141)
Deferred revenue	(125,741)
Accounts payable, accrued expenses and other	(18,186)
Net assets acquired	$ 5,845,851

United Way of Middle Tennessee, Inc. transferred no consideration in the transaction; therefore, the net assets acquired is recorded as other contributions in the statement of activities. Net assets acquired contained donor restrictions amounting to $537,696 at October 31, 2019.

NOTE 3 - ACQUISITIONS (CONTINUED)

Effective January 1, 2019, United Way of Middle Tennessee, Inc. entered into an agreement to assume the operations and assets of United Way of Robertson County. Under ASC 958, since United Way of Middle Tennessee, Inc. obtained control over the United Way of Robertson County, the transaction is considered an acquisition and accounted for under the acquisition method of accounting. United Way of Middle Tennessee, Inc. received $27,201 in cash from United Way of Robertson County. United Way of Middle Tennessee, Inc. transferred no consideration in the transaction; therefore, the net assets acquired is recorded as other contributions in the statement of activities.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, various grants, pledges receivable and investments. The Organization maintains cash accounts at financial institutions, investment companies and trusts whose accounts are insured by the Federal Deposit Insurance Corporation. Pledges receivable consist of corporate and individual pledges for the annual campaign, which are widely dispersed to mitigate credit risk. Grant receivables represent concentrations of credit risk to the extent they are receivable from concentrated sources.

Securities held in a broker/dealer account are insured by the Securities Investor Protection Corporation (SIPC), up to $500,000 per broker/dealer, in certain circumstances such as fraud or failure of the institution. Accounts held by one broker/dealer, which exceed SIPC limits, are covered by an additional $1.9 million of insurance through Lloyd's of London. Accounts held by a trust are covered by error and omissions insurance up to the full amount invested. The SIPC and additional insurance protection do not insure against market risk.

NOTE 5 - FAIR VALUE MEASUREMENTS

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31:

	2019			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments:				
Short-term investments	$ 592,179	$ -	$ -	$ 592,179
Equity securities:				
Large Cap funds	9,933,515	-	-	9,933,515
Mid Cap funds	1,881,497	-	-	1,881,497
Small Cap funds	1,162,116	-	-	1,162,116
International funds	2,197,721	-	-	2,197,721
Fixed income mutual funds	5,332,340	-	-	5,332,340
Total investments in the fair value hierarchy	21,099,368	-	-	21,099,368
Investments measured at net asset value (a)				
Alternative investments				11,274
Total investments at fair value	$ 21,099,368	$ -	$ -	$ 21,110,642

	2018			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments:				
Short-term investments	$ 79,804	$ -	$ -	$ 79,804
Equity securities:				
Large Cap funds	6,613,711	-	-	6,613,711
Mid Cap funds	1,007,938	-	-	1,007,938
Small Cap funds	869,399	-	-	869,399
International funds	1,745,527	-	-	1,745,527
Fixed income mutual funds	4,014,819	-	-	4,014,819
Total investments in the fair value hierarchy	14,331,198	-	-	14,331,198
Investments measured at net asset value (a)				
Alternative investments				670,391
Total investments at fair value	$ 14,331,198	$ -	$ -	$ 15,001,589

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

(a) In accordance with Accounting Standards Codification Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or the equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amount presented in this table are intended to permit reconciliation of the fair value hierarch to the amounts presented in the statement of financial position.

Fair value of investments in certain entities that calculate net asset values per share (or its equivalent) are as follows:

Investment	Fair Value at December 31, 2019	Fair Value at December 31, 2018	Unfunded Commitment at December 31, 2019	Redemption Frequency	Redemption Notice Period
Pine Grove Alternative Institutional Fund	$ 11,274	$ 429,878	$ -	Quarterly	95 days
Voyager Partners Offshore LTD	$ -	$ 240,513	$ -	Quarterly	95 days

The unobservable inputs of the underlying securities in the funds include appraisals based on the closing value, the mean between bid and ask, or a matrix on interest rates for similar securities.

The investment objectives of the limited partnerships and hedge funds are as follows:

The Pine Grove Alternative Institutional Fund seeks long-term capital appreciation. The Fund seeks to achieve its investment objective by generating attractive long-term risk-adjusted returns as compared to those offered by traditional public equity and fixed income markets. The Fund seeks to accomplish its objective by investing substantially all its assets in investment funds, often referred to as hedge funds managed by unaffiliated third-party investment managers that specialize in a variety of investment strategies and types of investments.

The Voyager Partners Offshore LTD engages in investment activities through its investment in Voyager Partners, L.P. The investment allocates its assets among multiple professional managers for the purpose of achieving capital appreciation. The professional managers are accessed through private investment companies and other investment entities that invest and trade in a variety of securities and other financial instruments.

NOTE 6 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	2019	2018
Current year campaign	$ 10,905,307	$ 8,899,561
Prior years' campaigns	2,891,590	2,435,272
Other pledge receivables	496,100	-
	14,292,997	11,334,833
Less allowance for uncollectible pledges:		
Current year campaign	$ 1,544,267	$ 792,847
Prior years' campaigns	1,639,730	1,438,991
Other pledge receivables	20,166	-
	3,204,163	2,231,838
Total pledges receivable	$ 11,088,834	$ 9,102,995

The results of the current, net of the related allowance for uncollectible pledges, less designations payable, have been included in net assets with donor restrictions on the accompanying statements of financial position, as such contributions are restricted for allocations in future periods.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Land	$ 272,715	$ 272,715
Building and improvements	1,694,965	1,673,865
Furniture and equipment	1,374,942	1,336,336
	3,342,622	3,282,916
Less accumulated depreciation	2,908,579	2,912,670
Total property and equipment, net	$ 434,043	$ 370,246

NOTE 8 - EMPLOYEE RETIREMENT PLANS

The Organization sponsors a Section 403(b) retirement plan. The plan requires the Organization to match 50% of an employee's deferral amount up to a maximum of 3% of each eligible employee's annual compensation. Employees are eligible to participate in the plan starting the first day of the month following employment. Participants' employer match accounts become vested incrementally over three years of service. Effective January 1, 2012, the Organization amended this plan to also allow for discretionary contributions. Total employer contributions to this plan were $95,315 in 2019 ($85,315 in 2018).

The Organization had a defined benefit pension plan ("Plan") covering substantially all salaried employees who had completed one year of service and were at least 21 years of age. During 2011, the Plan adopted an amendment that froze the Plan effective December 31, 2011, thus no additional benefits will accrue under the Plan. No employee is eligible to become a participant in the Plan on or after December 31, 2011 and all participants in the Plan became fully vested as of December 31, 2011. In November 2018, the Board of Trustees elected to begin the process to terminate the Plan with expected termination by July 2020. Due to the pandemic (see Note 12), the termination has been pushed back and a termination date is not set.

The following tables present the Plan's funded status and the accumulated benefit obligation as of and for the years ended December 31:

	2019	2018
Benefit obligation	$ (2,516,020)	$ (2,389,131)
Fair value of plan assets	2,308,096	2,351,927
Net pension liability - end of year	$ (207,924)	$ (37,204)

The entire balance of the net pension liability is included on the statement of financial position.

Amounts recognized as non-operating items in the statement of activities consisted of the following for the years ended December 31:

	2019	2018
Loss recognized due to settlement	$ 63,908	$ 180,747
Net loss previously not recognized in unrestricted net assets and in periodic pension cost	20,902	13,095
Total employee retirement plan loss	$ 84,810	$ 193,842

NOTE 8 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

The following tables present the Plan's change in benefit obligations, changes in plan assets and funded status recognized in the accompanying financial statements as of and for the years ended December 31:

	2019	2018
Benefit obligation - beginning of year	$ 2,389,131	$ 2,507,263
Service cost	9,300	8,950
Interest cost	92,162	82,887
Change in assumptions	174,880	34,626
Actuarial loss	1,869	176,650
Benefits paid (including expense charges)	(151,322)	(421,245)
Benefit obligation - end of year	$ 2,516,020	$ 2,389,131
Fair value of plan assets - beginning of year	$ 2,351,927	$ 2,502,436
Actual return on plan assets	106,841	(45,134)
Employer contributions	650	315,870
Benefits paid (including expense charges)	(151,322)	(421,245)
Fair value of plan assets - end of year	$ 2,308,096	$ 2,351,927

Fair value of investments in certain entities that calculate net asset value per share (or its equivalent):

Investment	Fair Value at December 31, 2019	Fair Value at December 31, 2018	Unfunded Commitment	Redemption Frequency*	Redemption Notice Period*
Conservative Allocation Fund	$ -	$ 2,084,612	$ -	Immediate	30 days
General Account	$ 2,308,096	$ 267,315	$ -	Immediate	None

*Information noted in these columns is the same for each investment type for 2019 and 2018.

Significant investment strategies for the Conservative Allocation Fund include investment choices that seek the realization of current income to the extent consistent with the maintenance of liquidity, investment quality and stability of capital through investment in money market instruments and other short-term securities. Over the long term, the Organization's plan investment policy has a target allocation percentage of 35% equity and 65% fixed income. At December 31, 2019, the plan assets by category were 29% bond fund, 34% mid-term bond fund, 27% equity index fund, 5% mid-cap equity index fund, and 5% international fund.

NOTE 8 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

The General Account investment policy stresses capital adequacy, investing in high-quality assets, iniquity and properly matching assets and liability. Significant investment strategies of the General Account include high quality corporate and mortgage-based investment grade bonds that provide outstanding liquidity to permit payment of benefits to policyholders as required.

The following table summarizes the pension benefits expected to be paid over the next ten fiscal years ending:

December 31,	
2020	$ 515,000
2021	213,000
2022	100,000
2023	1,000
2024	191,000
2025-2029	492,000
	$ 1,512,000

The following table summarizes the Organization's net periodic pension costs for the years ended December 31:

	2019	2018
Service cost	$ 9,300	$ 8,950
Interest cost	92,162	82,887
Expected return on plan assets	(140,857)	(159,353)
Actuarial losses recognized	62,047	41,174
Total recognized in net periodic pension cost	$ 22,652	$ (26,342)

NOTE 8 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

The estimated effect on net assets for items not yet reflected in net periodic benefit costs are as follows:

	January 1, 2020	Estimated Amounts to be Reclassed as Net Periodic Benefit Cost
Transition obligation	$ -	$ -
Prior service cost	-	-
Net loss	1,132,170	73,320
	$ 1,132,170	$ 73,320

The following weighted average assumptions were used to determine the net periodic benefit costs as of December 31:

	2019	2018
Discount rate	3.85%	3.30%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	0.00%	0.00%

Assumptions used to determine pre-retirement discount rate as of December 31:

	2019	2018
Discount rate	2.85%	3.85%

The expected long-term rate of return on plan assets assumption of 6.0% as of December 31, 2019 and 2018 was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on the Organization’s investment policy for the pension plan in effect as of the beginning of each year, a best estimate range was determined for both the real rate of return (net of inflation) and for the inflation based on the Organization’s historic 30-year period rolling averages. The rate is reviewed annually and adjusted as appropriate to reflect changes in the expected long-term market performance or in the targeted asset allocation ranges.

NOTE 9 - ENDOWMENT FUNDS

Financial accounting standards provide guidance on the net asset classification of donor restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Financial accounting standards also require additional disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Interpretation of applicable law - The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In the absence of such donor restrictions, the Organization would follow UPMIFA and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA). In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of the investments
- The investment policies of the Organization

Spending policy - The Organization has a policy of appropriating for distribution each year up to 5% of the three-year moving average of the quarterly endowment market values for appropriately 82% of its endowment portfolio at December 31, 2019 (100% of the endowment portfolio at December 31, 2018) and a policy of appropriating for distribution each year up to 4% of endowment market values for the remaining 18% of its endowment portfolio at December 31, 2019.

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

Investment return objective, risk parameters and strategies - The Organization has adopted investment and spending policies, approved by the Board of Trustees, to establish asset allocation targets, investment objectives and guidelines and the degree of investment risk the Trustees deems acceptable. The goal of the endowment is to exist in perpetuity, and therefore, provide for fund making in perpetuity. To attain this goal, the overriding objective of the endowment is to maintain purchasing power and, net of spending, to grow the aggregate portfolio value at the rate of inflation or greater over the endowments investment horizon. Specific performance standards have been formulated for the endowment. Underlying these standards is the belief that the management of the endowment should be directed toward achieving the following investment objectives:

- The endowment taken as a whole should achieve a minimum five-year return (income, realized capital gains and losses and unrealized capital gains and losses) equal to or higher than the five-year average of the three-month Treasury bill rate plus 300 basis points.

- The total endowment should outperform a weighted index (70/30 percent) of the Standard & Poor’s 500 and Barclays Index over a five-year average.

- The return of the endowment manager(s) should fall at least in the top half of the second quartile of a universe of similarly weighted indices for one, three and five-year returns. The universes are selected jointly by the Investment Managers and the Finance Committee.

Asset allocations are targeted at 80% equities, 15% fixed income and 5% alternative investments. Limits are in place as to the amount of stock that is invested in a single company to reduce the potential impact of losses on individual investments. Investment allocations are spread between cash equivalents, fixed income portfolios, equities and alternative investments.

NOTE 9 - ENDOWMENT FUNDS (CONTINUED)

A schedule of changes in endowment net assets follows for the years ended December 31:

	2019		
	Board Designated Assets Without Donor Restrictions	Assets With Donor Restrictions	Total
Endowment net assets, January 1	$ 1,581,823	$ 8,694,263	$10,276,086
Contributions	24,600	-	24,600
Acquired endowment (see Note 3)	2,513,300	-	2,513,300
Investment income	145,368	188,763	334,131
Investment fees	(6,570)	(35,709)	(42,279)
Net appreciation (realized and unrealized)	311,096	1,700,836	2,011,932
Amounts appropriated for expenditure	-	(525,000)	(525,000)
Endowment net assets, December 31	$ 4,569,617	$ 10,023,153	$14,592,770

	2018		
	Board Designated Assets Without Donor Restrictions	Assets With Donor Restrictions	Total
Endowment net assets, January 1	$ 1,671,275	$ 9,684,884	$11,356,159
Contributions	-	-	-
Investment income	31,503	181,080	212,583
Investment fees	(6,362)	(36,294)	(42,656)
Net depreciation (realized and unrealized)	(114,593)	(638,407)	(753,000)
Amounts appropriated for expenditure	-	(497,000)	(497,000)
Endowment net assets, December 31	$ 1,581,823	$ 8,694,263	$10,276,086

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	2019	2018
Passage of time restrictions:		
Contributions to support allocations and operations of future periods	$ 10,266,102	$ 9,931,211
Contribution to support Impacting the Future of a Community fund	475,934	-
Total passage of time restrictions	10,742,036	9,931,211
Specific purpose restrictions:		
Contributions to support the Restore the Dream fund	298,576	261,725
Imagination library	80,825	105,240
Other program support	61,762	-
Salesforce Philanthropy Cloud	-	150,000
Total purpose restrictions	441,163	516,965
Endowments:		
Endowment corpus	7,600,605	7,600,605
Net unappropriated gains on endowment corpus, since inception	2,422,548	1,093,658
Total Endowments	10,023,153	8,694,263
Net assets with donor restrictions	$ 21,206,352	$ 19,142,439

NOTE 11 - OPERATING LEASES

The Organization is obligated on noncancelable operating leases for various office equipment that expire at various dates through August 2024. Total rental expense in the amount of $84,244 was incurred for the year ended December 31, 2019 ($64,114 for the year ended December 31, 2018).

Future minimum lease payments required under all noncancelable leases are as follows:

Year Ending December 31,	
2020	$ 146,022
2021	63,758
2022	55,348
2023	14,478
2024	291
	$ 279,897

NOTE 12 - SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel and forced closures for certain type of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the United States. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, the Organization is evaluating the evolving situation and has implemented appropriate countermeasures, as needed.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act provides an economic relief package to many businesses in the US as a direct response to the adverse impacts of COVID-19. Section 1102 of the CARES Act establishes the Paycheck Protection Program (PPP), which is implemented by the Small Business Administration, and is intended to provide small businesses and certain nonprofit organizations (generally those with 500 or less employees) with funds to pay payroll costs and benefits, interest on mortgages, rent and utilities. The funds are available in the form of a loan which is fully forgivable under certain conditions. Funds that do not meet the forgiveness provisions will be repaid at a rate of 1.0% interest over a 24-month period. In April 2020, the Organization was approved for a PPP loan of approximately $1,050,000, and received the funds in April 2020. As of the date these financial statements were available to be issued, the amount of loan forgiveness has not been determined.

NOTE 13 - SUPPORTING SERVICES

Supporting services costs include management and general, fundraising and marketing and dues to United Way Worldwide. Those costs are presented in detail in the statement of functional expenses.

United Way Worldwide has adopted a standard methodology for preparing the IRS Form 990 and utilizing it as the basis for calculating the "overhead rate." The overhead rate is calculated as the percentage of total supporting services costs to total revenues. The principal differences between total revenues reported per the financial statements and the Form 990 is the inclusion of donor designations, endowments gains, employee retirement plan losses and unrealized gains on investments. Form 990 allows for reporting the total campaign results as revenue. The table below details the overhead rate calculation and also reconciles revenue per Form 990 to the financial statements for the year ended December 31, 2019:

	Statement of Activities
Total support and revenue	$ 32,293,020
Donor designations	3,339,887
Unrealized gain on investments, net	(1,548,582)
Donated services	(119,407)
Employee retirement plan loss	(84,810)
Endowment gains, exclusive of spending rate	1,328,890
Adjusted total revenue per Form 990	$ 35,208,998
Total supporting services costs	$ 3,881,934
Percent of adjusted total revenue	11.03%

OTHER INFORMATION

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	(ACCRUED) DEFERRED REVENUE 1/1/2019	1/1/19 - 12/31/19 RECEIPTS	1/1/19 - 12/31/19 EXPENDITURES	OTHER ADJUSTMENTS	(ACCRUED) DEFERRED REVENUE 12/31/2019	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Treasury									
Passed Through Tennessee Department of Human Services:									
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	34530-61018	11/1/17-9/30/2020	$ (30,961)	$ 104,542	$ 110,841	$ -	$ (37,260)	$ 97,308
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LW24F191SSNAP19	5/1/2019-9/30/2019	-	104,113	104,113	-	-	88,986
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	LW24F201SSNAP20	10/1/2019-9/30/2020	-	-	195,245	-	(195,245)	171,947
Total CFDA 10.561				(30,961)	208,655	410,199	-	(232,505)	358,241
U.S. Department of Treasury									
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	19VITA0088	8/1/18-7/31/20	(48,991)	174,374	200,952	-	(75,569)	36,159
Total CFDA 21.009				(48,991)	174,374	200,952	-	(75,569)	36,159
Corporation for National and Community Service									
Volunteer Generation Fund	94.021	31701-11852	1/1/2019-12/31/2019	-	-	21,426	(18,493)	(39,919)	21,426
Total CFDA 94.021				-	-	21,426	(18,493)	(39,919)	21,426
U.S. Department of Health and Human Services									
Passed Through Tennessee Department of Health:									
Temporary Assistance for Needy Families	93.558	02-16-17GR	5/15/2017-6/30/2019	(186,944)	712,808	522,807	(3,057)	-	163,345
Temporary Assistance for Needy Families	93.558	11-08-18GR	7/1/2019-6/30/2021	-	226,193	463,707	-	(237,514)	291,683
Temporary Assistance for Needy Families	93.558	6-21-18GR	10/1/2018-9/30/2020	(250,808)	1,300,905	1,328,797	-	(278,700)	1,156,240
Total CFDA 93.558				(437,752)	2,239,906	2,315,311	(3,057)	(516,214)	1,611,268
Opioid State Targeted Response	93.788	33901	9/30/2019-9/29/2020	-	-	11,607	(16,858)	(28,465)	-
Total CFDA 93.788				-	-	11,607	(16,858)	(28,465)	-
HIV Care Formula Grants	93.917 *	GR-18-57012-01	1/1/2018-3/31/2019	(1,246,538)	2,899,240	1,652,702	-	-	1,506,117
HIV Care Formula Grants	93.917 *	GR-19-63735-00	4/1/2019-3/31/2020	-	2,118,015	2,703,261	-	(585,246)	2,189,080
HIV Care Formula Grants	93.917 *	GR-18-57012-01	1/1/2018-3/31/2019	(9,841)	19,821	9,980	-	-	-
HIV Care Formula Grants	93.917 *	GR-19-63735-00	4/1/2019-3/31/2020	-	33,679	41,502	-	(7,823)	-
HIV Care Formula Grants	93.917 *	GR-19-63297-01	1/1/2019-3/31/2020	-	557,956	903,540	-	(345,584)	903,540
Total CFDA 93.917				(1,256,379)	5,628,711	5,310,985	-	(938,653)	4,598,737
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940	GR-18-57012-01	1/1/2018-12/31/2018	(180,111)	180,111	-	-	-	-
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940	GR-19-61276-00	1/1/2019-12/31/2019	-	646,116	805,210	-	(159,094)	623,369
Total CFDA 93.940				(180,111)	826,227	805,210	-	(159,094)	623,369
Block Grants for Prevention and Treatment of Substance Abuse	93.959	33901	7/1/2019-6/30/2020	-	-	8,604	(6,832)	(15,436)	-
Total CFDA 93.959				-	-	8,604	(6,832)	(15,436)	-
Total Passed Through Tennessee Department of Health				(1,874,242)	8,694,844	8,451,717	(26,747)	(1,657,862)	6,833,374
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ (1,954,194)	$ 9,077,873	$ 9,084,294	$ (45,240)	$ (2,005,855)	$ 7,249,200

* Considered a major program under *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*

See Notes to the Schedule of Expenditures of Federal Awards on page 33.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity, of the Organization and is presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The organization has elected not to use the 10-percent de minims indirect cost rate as allowed under the Uniform Guidance.

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
United Way of Middle Tennessee, Inc.
Nashville, Tennessee

We have audited, 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, the financial statements of the United Way of Middle Tennessee, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated August 13, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether United Way of Middle Tennessee Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

Kraft CPAs PLLC

Nashville, Tennessee
August 13, 2020

KraftCPAs PLLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Trustees
United Way of Middle Tennessee, Inc.
Nashville, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited United Way of Middle Tennessee, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, United Way of Middle Tennessee, Inc. 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, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Kraft CPAs PLLC

Nashville, Tennessee
August 13, 2020

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	________ yes	___x___ no
• Significant deficiency(ies) identified?	________ yes	___x___ none reported
Noncompliance material to financial statements noted?	________ yes	___x___ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	________ yes	___x___ no
• Significant deficiency(ies) identified?	________ yes	___x___ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	________ yes	___x___ no

Identification of major programs:

CFDA Number(s)	***Name of Federal Program or Cluster***
93.917	HIV Care Formula Grants

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___x___ yes	________ no

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Financial Statement Findings:

Finding Number	Finding Title	Status

There were no prior year findings reported.

Federal Award Findings and Questioned Costs:

Finding Number	Finding Title	Status

There were no prior year findings reported.