UNITED WAY OF
MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

DECEMBER 31, 2020 AND 2019

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United Way of Middle Tennessee, Inc.
Board of Trustees

KraftCPAs PLLC

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, 2020 and 2019, 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
555 Great Circle Road • Nashville, TN 37228 • phone: 615-242-7351 • fax: 615-782-4271 • kraftcpas.com

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, 2020 and 2019, 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

Additional Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Board of Trustees listing 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 32-34, 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 32-34 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 Board of Trustees listing 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 August 26, 2021 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 the effectiveness of 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 26, 2021

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash	$ 6,978,013	$ 7,086,939
Pledges receivable, net	9,688,020	11,088,834
Grants receivable	3,844,404	2,173,013
Prepaid and other	361,423	202,809
Investments, at fair value	24,640,757	21,110,642
Property and equipment, net	413,039	434,043
Cash surrender value of donor life insurance policies	651,393	626,836
TOTAL ASSETS	$ 46,577,049	$ 42,723,116
LIABILITIES		
Designations payable	$ 2,205,630	$ 2,865,997
Allocations payable	3,822,564	3,853,314
Grant payments due to subrecipients	1,305,499	1,148,056
Deferred revenue	347,529	1,058,637
Accounts payable, accrued expenses and other	994,578	762,724
Net pension liability	571,236	207,924
TOTAL LIABILITIES	9,247,036	9,896,652
NET ASSETS		
Without donor restrictions	14,826,881	11,620,112
With donor restrictions	22,503,132	21,206,352
TOTAL NET ASSETS	37,330,013	32,826,464
TOTAL LIABILITIES AND NET ASSETS	$ 46,577,049	$ 42,723,116

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUE			
Gross campaign results - prior year	$ 2,063,488	$ -	$ 2,063,488
Gross campaign results - released from restrictions	15,054,290	(15,054,290)	-
Total campaign results - prior year	17,117,778	(15,054,290)	2,063,488
Less donor designations	(4,438,331)	3,566,685	(871,646)
Less provision for uncollectible accounts	(752,607)	1,140,678	388,071
Net campaign revenue - prior year	11,926,840	(10,346,927)	1,579,913
Gross campaign results - current year	-	14,665,196	14,665,196
Less donor designations	-	(3,566,347)	(3,566,347)
Less provision for uncollectible accounts	-	(692,937)	(692,937)
Net campaign revenue - current year	-	10,405,912	10,405,912
Grants	22,999,585	-	22,999,585
Other contributions and in-kind contributions	6,429,287	109,620	6,538,907
Designations from other United Way organizations	191,005	-	191,005
Service fees	439,117	-	439,117
Endowment spending rate	550,000	-	550,000
Miscellaneous income	18,866	-	18,866
Non-endowment investment gain	1,821,285	77,099	1,898,384
Other net assets released from restrictions	227,200	(227,200)	-
TOTAL SUPPORT AND REVENUE	44,603,185	18,504	44,621,689
PROGRAM SERVICES			
Program investments and designations to direct service providers	18,600,642	-	18,600,642
Less: donor designations	(4,438,331)	-	(4,438,331)
Net program investments	14,162,311	-	14,162,311
Community building	2,555,998	-	2,555,998
Grants and initiatives	20,272,217	-	20,272,217
TOTAL PROGRAM SERVICES	36,990,526	-	36,990,526
SUPPORTING SERVICES			
Management and general	1,571,658	-	1,571,658
Fundraising and marketing	2,683,029	-	2,683,029
TOTAL SUPPORTING SERVICES	4,254,687	-	4,254,687
TOTAL COSTS AND EXPENSES	41,245,213	-	41,245,213
Change in net assets before non-operating items	3,357,972	18,504	3,376,476
Endowment gain, net of endowment spending rate	-	1,278,276	1,278,276
Employee retirement plan loss	(151,203)	-	(151,203)
CHANGE IN NET ASSETS	3,206,769	1,296,780	4,503,549
NET ASSETS - BEGINNING OF YEAR	11,620,112	21,206,352	32,826,464
NET ASSETS - END OF YEAR	$ 14,826,881	$ 22,503,132	$ 37,330,013

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	$ 728,237	$ -	$ 728,237
Gross campaign results - released from restrictions	14,696,225	(14,696,225)	-
Total campaign results - prior year	15,424,462	(14,696,225)	728,237
Less donor designations	(3,592,205)	3,566,685	(25,520)
Less provision for uncollectible accounts	(676,528)	1,140,678	464,150
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 FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services			
	Community Building	Grants and Initiatives	Total Program Services	Management and General	Fundraising and Marketing	Total Supporting Services	Total
Salaries	$ 1,443,068	$ 1,336,608	$ 2,779,676	$ 965,108	$ 1,676,752	$ 2,641,860	$ 5,421,536
Payroll taxes	99,572	97,735	197,307	62,473	121,113	183,586	380,893
Employee benefits	126,252	153,406	279,658	105,422	133,394	238,816	518,474
Total personnel costs	1,668,892	1,587,749	3,256,641	1,133,003	1,931,259	3,064,262	6,320,903
Professional and contract fees	158,853	884,311	1,043,164	123,477	168,180	291,657	1,334,821
Supplies	10,908	22,121	33,029	8,353	817	9,170	42,199
Telephone	28,765	28,037	56,802	26,467	31,190	57,657	114,459
Postage and shipping	2,814	853	3,667	3,254	2,293	5,547	9,214
Occupancy	68,576	90,062	158,638	47,882	77,215	125,097	283,735
Maintenance and equipment rental	47,363	22,264	69,627	18,739	151,537	170,276	239,903
Printing and promotional	243,457	64,354	307,811	17,453	97,661	115,114	422,925
Travel	4,140	14,601	18,741	1,352	6,716	8,068	26,809
Events and meetings	13,548	9,358	22,906	10,614	2,873	13,487	36,393
Dues and memberships	178,043	-	178,043	72,511	106,109	178,620	356,663
Miscellaneous	113,716	34,480	148,196	96,484	88,769	185,253	333,449
Total other operating expenses	870,183	1,170,441	2,040,624	426,586	733,360	1,159,946	3,200,570
Depreciation of property and equipment	16,923	16,267	33,190	12,069	18,410	30,479	63,669
Total operating expenses	2,555,998	2,774,457	5,330,455	1,571,658	2,683,029	4,254,687	9,585,142
Program grants to direct service providers	-	17,497,760	17,497,760	-	-	-	17,497,760
	$ 2,555,998	$ 20,272,217	22,828,215	$ 1,571,658	$ 2,683,029	$ 4,254,687	27,082,902
Net program investments (shown separately on the statement of activities)			14,162,311				14,162,311
			$ 36,990,526				$ 41,245,213

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.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	$ 4,503,549	$ 8,611,294
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	63,669	39,415
Unrealized and realized gain on investments, net	(3,726,660)	(3,006,920)
Contribution related to acquisitions, net of $763,698 of cash acquired	-	(5,109,354)
(Increase) decrease in assets:		
Pledges receivable	1,400,814	1,173,273
Grants receivable	(1,671,391)	165,147
Prepaid and other	(158,614)	(80,030)
Cash surrender value of donor life insurance policies	(24,557)	(23,673)
Increase (decrease) in liabilities:		
Designations payable	(660,367)	(707,941)
Allocations payable	(30,750)	(323,462)
Grant payments due to subrecipients	157,443	208,725
Deferred revenue	(711,108)	822,897
Accounts payable, accrued expenses and other	231,854	356,688
Net pension liability	363,312	170,720
TOTAL ADJUSTMENTS	(4,766,355)	(6,314,515)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(262,806)	2,296,779
INVESTING ACTIVITIES		
Purchase of investments	(333,063)	(8,494,679)
Proceeds from sale of investments	529,608	8,672,523
Purchase of property and equipment	(42,665)	(52,666)
NET CASH PROVIDED BY INVESTING ACTIVITIES	153,880	125,178
NET (DECREASE) INCREASE IN CASH	(108,926)	2,421,957
CASH - BEGINNING OF YEAR	7,086,939	4,664,982
CASH - END OF YEAR	$ 6,978,013	$ 7,086,939

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 Community Impact 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, the Family Collective, 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 and COVID-19 Pandemic CARES Act Funding.

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 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, 2020 and 2019, 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 $211,570 in 2020 and $119,407 in 2019, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, *Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases* (Topic 842): Targeted Improvements, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, *Leases* (Topic 842) Codification Improvements, which exempts entities from having to provide the interim disclosures required by Accounting Standards Codification ("ASC") 250-10-50-3 in the fiscal year in which a company adopts the new leases standard.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance (Continued)

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Organization expects to adopt the guidance retrospectively at the beginning of the period of adoption, January 1, 2022, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented.

The new standard provides a number of practical expedients. Upon adoption, the Organization expects to elect all the practical expedients available.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASC 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. The adoption of ASU 2020-07 is not expected to have a significant impact on the Organization’s financial statements.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2020 and August 26, 2021, 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 as of December 31:

	2020	2019
Cash	$ 6,978,013	$ 7,086,939
Pledges receivable, net	9,688,020	11,088,834
Grants receivable	3,844,404	2,173,013
Operating investments	7,501,951	6,219,279
Endowment spending-rate distribution and appropriations	668,000	590,000
Purpose restricted net assets	(587,078)	(441,163)
Deferred revenue	(347,529)	(1,058,637)
Designations payable	(2,205,630)	(2,865,997)
	$ 25,540,151	$ 22,792,268

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.

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, 2020 and 2019, the balance of this fund was $7,501,951 and $5,297,545, 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)
	$ 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.

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, 2020:

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Short-term investments	$ 741,458	$ -	$ -	$ 741,458
Equity securities:				
U.S. equities	2,245,204	-	-	2,245,204
Large cap funds	10,600,840	-	-	10,600,840
Mid cap funds	1,624,702	-	-	1,624,702
Small cap funds	1,655,713	-	-	1,655,713
International funds	2,715,717	-	-	2,715,717
Fixed income mutual funds	5,057,123	-	-	5,057,123
Total investments in the fair value hierarchy	24,640,757	-	-	24,640,757
Total investments at fair value	$ 24,640,757	$ -	$ -	$ 24,640,757

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:

	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Short-term investments	$ 592,179	$ -	$ -	$ 592,179
Equity securities:				
U.S. equities	1,749,331	-	-	1,749,331
Large cap funds	8,184,184	-	-	8,184,184
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

(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, 2020	Fair Value at December 31, 2019	Unfunded Commitment at December 31, 2020	Redemption Frequency*	Redemption Notice Period*
Pine Grove Alternative Institutional Fund	$ -	$ 11,274	$ -	Quarterly	95 Days

*Information noted in these columns is the same for the investment for 2020 and 2019.

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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 objective of the Pine Grove Alternative Institutional Fund is 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.

NOTE 6 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	2020	2019
Current year campaign	$ 9,065,411	$ 10,905,307
Prior years' campaigns	3,303,647	2,891,590
Other pledge receivables	322,700	496,100
	12,691,758	14,292,997
Less allowance for uncollectible pledges:		
Current year campaign	840,042	1,544,267
Prior years' campaigns	2,151,492	1,639,730
Other pledge receivables	12,204	20,166
	3,003,738	3,204,163
Total pledges receivable, net	$ 9,688,020	$ 11,088,834

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:

	2020	2019
Land	$ 272,715	$ 272,715
Building and improvements	1,683,027	1,694,965
Furniture and equipment	1,357,726	1,374,941
	3,313,468	3,342,621
Less accumulated depreciation	2,900,429	2,908,578
Total property and equipment, net	$ 413,039	$ 434,043

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 $114,617 in 2020 ($95,315 in 2019).

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. There are no estimated contributions to be made to the Plan in 2021.

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

	2020	2019
Benefit obligation	$ (2,642,141)	$ (2,516,020)
Fair value of plan assets	2,070,905	2,308,096
Net pension liability - end of year	$ (571,236)	$ (207,924)

NOTE 8 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

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:

	2020	2019
Loss recognized due to settlement	$ 121,539	$ 63,908
Net loss previously not recognized in net assets without donor restriction and in periodic pension costs	29,664	20,902
Total employee retirement plan loss	$ 151,203	$ 84,810

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:

	2020	2019
Benefit obligation - beginning of year	$ 2,516,020	$ 2,389,131
Service cost	8,770	9,300
Interest cost	71,832	92,162
Change in assumption	245,048	174,880
Actuarial loss	59,460	1,869
Benefits paid (including expense charges)	(258,989)	(151,322)
Benefit obligation - end of year	$ 2,642,141	$ 2,516,020

	2020	2019
Fair value of plan assets - beginning of year	$ 2,308,096	$ 2,351,927
Actual return on plan assets	21,798	106,841
Employer contributions	-	650
Benefits paid (including expense charges)	(258,989)	(151,322)
Fair value of plan assets - end of year	$ 2,070,905	$ 2,308,096

NOTE 8 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Investment	Fair Value at December 31, 2020	Fair Value at December 31, 2019	Unfunded Commitment at December 31, 2020	Redemption Frequency*	Redemption Notice Period*
General Account	$ 2,070,905	$ 2,308,096	$ -	Immediate	None

*Information noted in these columns is the same for the investment for 2020 and 2019.

The General Account investment policy stresses capital adequacy, investing in high-quality assets, liquidity and properly matching assets and liabilities. 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:

Year Ending December 31,	
2021	$ 56,000
2022	103,000
2023	1,000
2024	197,000
2025	213,000
2026-2030	294,000
	$ 864,000

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

	2020	2019
Serivce cost	$ 8,770	$ 9,300
Interest cost	71,832	92,162
Expected return on plan assets	(63,352)	(140,857)
Actuarial losses recognized	73,320	62,047
Total recognized in net period pension cost	$ 90,570	$ 22,652

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, 2021	Estimated Amounts to be Reclassed as Net Period Benefit Cost
Serivce cost	$ -	$ -
Expected return on plan assets	-	-
Actuarial losses recognized	1,283,373	76,628
Total recognized in net period pension cost	$ 1,283,373	$ 76,628

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

	2020	2019
Discount rate	2.85%	3.85%
Expected return on plan assets	2.75%	6.00%
Rate of compensation increase	0.00%	0.00%

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

	2020	2019
Discount rate	1.95%	2.85%

The expected long-term rate of return on plan assets assumption of 2.75% and 6.0% as of December 31, 2020 and 2019, respectively, 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 of appropriately 100% of its endowment portfolio at December 31, 2020 (82% of the endowment portfolio at December 31, 2019) 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 deem 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 similar managers.

Asset allocations are targeted at 75% equities, 20% 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:

	2020		
	Board Designated Assets Without Donor Restrictions	Assets With Donor Restrictions	Total
Endowment net assets, January 1	$ 4,569,617	$ 10,023,153	$ 14,592,770
Contributions	169,826	-	169,826
Investment income	89,768	137,740	227,508
Investment fees	(34,040)	(33,155)	(67,195)
Net appreciation	701,048	1,723,691	2,424,739
Amount appropriated for expenditure	-	(550,000)	(550,000)
Endowment net assets, December 31	$ 5,496,219	$ 11,301,429	$ 16,797,648

	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	311,096	1,700,836	2,011,932
Amount appropriated for expenditure	-	(525,000)	(525,000)
Endowment net assets, December 31	$ 4,569,617	$ 10,023,153	$ 14,592,770

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Passage of time restrictions:		
Contributions to support:		
Allocations and operations of future periods	$ 10,304,129	$ 10,266,102
Impacting the Future of a Community fund	310,496	475,934
Total passage of time restrictions	10,614,625	10,742,036
Specific purpose restrictions:		
Restore the Dream fund	375,675	298,576
Imagination Library	101,783	80,825
Other program support	109,620	61,762
Total specific purpose restrictions	587,078	441,163
Endowments:		
Endowment corpus	7,600,605	7,600,605
Net unappropriated gains on endowment corpus	3,700,824	2,422,548
Total Endowments	11,301,429	10,023,153
	$ 22,503,132	$ 21,206,352

NOTE 11 - OPERATING LEASES

The Organization is obligated on noncancelable operating leases for various office equipment that expire at various dates through March 2023. Total rental expense in the amount of $84,244 was incurred for the year ended December 31, 2020 ($64,114 for the year ended December 31, 2019).

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

Year Ending December 31,		
2021	$	67,101
2022		56,256
2023		13,314
	$	136,671

NOTE 12 - PAYCHECK PROTECTION PROGRAM

The Organization was granted a $1,050,000 loan under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration (“SBA”) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. Under the terms of the PPP, the PPP loan and accrued interest are forgivable after twenty-four weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. In November 2020, the Organization received full forgiveness for the PPP loan from the SBA. Accordingly, it has recognized $1,050,000 as grant revenue for the year ended December 31, 2020.

NOTE 13 - COVID-19

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.

NOTE 14 - 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, 2020:

Total support and revenue - statement of activities	$ 44,621,689
Donor designations	4,437,993
Unrealized gain on investments, net	(677,461)
Donated services	(211,570)
Employee retirement plan loss	(151,203)
Rental expenses	900
Endowment gains, exclusive of spending rate	1,278,276
Total support and revenue - IRS Form 990	$ 49,298,624
Total supporting services costs - IRS Form 990	$ 4,253,788
Percentage of adjusted total support and revenue	8.6%

OTHER INFORMATION

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	(ACCRUED) DEFERRED REVENUE 1/1/2020	1/1/2020 - 12/31/2020 RECEIPTS	1/1/2020 - 12/31/2020 EXPENDITURES	OTHER ADJUSTMENTS	(ACCRUED) DEFERRED REVENUE 12-31-2020	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Agriculture									
Passed through Tennessee Department of Human Services:									
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	34530-61018	11/1/17 - 9/30/21	$ (37,260)	$ 150,798	$ 159,970	$ (10)	$ (46,442)	$ 145,244
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	LW24F201SSNAP20	10/1/19 - 9/30/20	(195,245)	807,300	612,094	39	-	532,964
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	LW24F211SSNAP21	10/1/20 - 9/30/21	-	72,109	278,159	-	(206,050)	244,690
Total CFDA 10.561				(232,505)	1,030,207	1,050,223	29	(252,492)	922,898
U.S. Department of Treasury									
Volunteer Income Tax Assistance (VITA) Matching Grant	21.009	19VITA0088	8/1/18 - 7/31/20	(75,569)	236,751	161,216	34	-	17,890
Volunteer Income Tax Assistance (VITA) Matching Grant	21.009	21VITA0092	10/1/20 - 9/30/21	-	-	55,947	-	(55,947)	-
Total CFDA 21.009				(75,569)	236,751	217,163	34	(55,947)	17,890
Passed through Metropolitan Government of Nashville and Davidson County:									
Coronavirus Relief Fund	21.019 - COVID	L-4459	3/1/20 - 11/15/20	-	9,967,682	9,985,391	-	(17,709)	9,835,391
Corporation of National and Community Service									
Volunteer Generation Fund	94.021	31701-11852	1/1/19 - 12/31/19	(39,919)	39,919	-	-	-	-
Volunteer Generation Fund	94.021	64725 (FA17VGHP)	1/1/20 - 12/31/20	-	11,467	20,787	-	(9,320)	16,771
Total CFDA 94.021				(39,919)	51,386	20,787	-	(9,320)	16,771

(continued on next page)

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	(ACCRUED) DEFERRED REVENUE 1/1/2020	1/1/2020 - 12/31/2020 RECEIPTS	1/1/2020 - 12/31/2020 EXPENDITURES	OTHER ADJUSTMENTS	(ACCRUED) DEFERRED REVENUE 12-31-2020	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Health and Human Services									
Passed through Tennessee Department of Health:									
Temporary Assistance for Needy Families	93.558	11-08-18GR	7/1/19 - 6/30/21	(237,514)	1,200,764	963,219	(31)	-	488,048
Temporary Assistance for Needy Families	93.558	6-21-18GR	10/1/18 - 9/30/20	(278,700)	1,397,083	1,118,355	(28)	-	998,800
Temporary Assistance for Needy Families	93.558	06-01-20GR	10/1/20 - 9/30/24	-	-	923,913	-	(923,913)	708,284
Total CFDA 93.558				(516,214)	2,597,847	3,005,487	(59)	(923,913)	2,195,132
Opioid State Targeted Response	93.788	33901	9/30/19 - 9/29/20	(28,465)	76,219	64,612	-	(16,858)	-
Opioid State Targeted Response	93.788	33901	9/30/20 - 9/29/21	-	-	21,101	-	(21,101)	-
Total CFDA 93.788				(28,465)	76,219	85,713	-	(37,959)	-
HIV Care Forma Grant	93.917	GR-19-63735-00	4/1/19 - 3/31/20	(585,246)	1,562,180	976,934	-	-	780,701
HIV Care Forma Grant	93.917	GR-20-66849-00	4/1/20 - 3/31/21	-	1,323,440	2,102,248	-	(778,808)	1,621,562
HIV Care Forma Grant	93.917	GR-19-63735-00	4/1/19 - 3/31/20	(7,823)	19,114	11,291	-	-	-
HIV Care Forma Grant	93.917	GR-20-66849-00	4/1/20 - 3/31/21	-	19,339	34,245	-	(14,906)	-
HIV Care Forma Grant	93.917	GR-19-63297-01	1/1/19 - 3/31/20	(345,584)	837,020	491,436	-	-	491,436
Total CFDA 93.917				(938,653)	3,761,093	3,616,154	-	(793,714)	2,893,699
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940	GR-19-51276-00	1/1/19 - 12/31/19	(159,094)	159,094	-	-	-	-
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940	GR-20-65202-00	1/1/20 - 12/31/20	-	536,746	794,660	-	(257,914)	704,544
Total CFDA 93.940				(159,094)	695,840	794,660	-	(257,914)	704,544
Block Grants for Prevention and Treatment of Substance Abuse	93.959	33901	7/1/19 - 6/30/20	(15,436)	37,620	29,003	-	(6,819)	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	33901	7/1/20 - 6/30/21	-	26,978	30,214	-	(3,236)	-
Total CFDA 93.959				(15,436)	64,598	59,217	-	(10,055)	-
Total Passed through Tennessee Department of Health				(1,657,862)	7,195,597	7,561,231	(59)	(2,023,555)	5,793,375
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ (2,005,855)	$ 18,481,623	$ 18,834,795	$ 4	$ (2,359,023)	$ 16,586,325

* 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 34

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

KraftCPAs PLLC

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 26, 2021.

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 26, 2021

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, 2020. 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, 2020.

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 26, 2021

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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***
21.019 - COVID	Coronavirus Relief Fund
10.561	State Administrative Matching Grant for the Supplemental Nutrition Assistance Program

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

Section II - Financial Statement Findings

There were no audit findings in the prior or current year.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs in the prior or current year.