

UNITED WAY OF  
MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORTS

DECEMBER 31, 2021 AND 2020

UNITED WAY OF MIDDLE TENNESSEE, INC.

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION  
AND  
INDEPENDENT AUDITOR’S REPORTS

DECEMBER 31, 2021 AND 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS

#### OPINION

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements presented fairly, in all material respects, the financial position of the United Way of Middle Tennessee, Inc. as of December 31, 2021 and 2020, 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.

#### BASIS FOR OPINION

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with GAAS and *Government Audit Standards*, we:

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

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

## REPORT ON SUPPLEMENTARY 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 June 21, 2022, on our considerations of United Way of Middle Tennessee, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization's internal control over financial reporting.

Kraft CPAs PLLC

Nashville, Tennessee  
June 21, 2022

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 7,871,141	\$ 6,978,013
Pledges receivable, net	8,622,772	9,688,020
Grants receivable	5,375,777	3,844,404
Prepaid and other	352,206	361,423
Investments, at fair value	48,566,548	24,640,757
Property and equipment, net	384,157	413,039
Cash surrender value of donor life insurance policies	<u>703,338</u>	<u>651,393</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 71,875,939</u></b>	<b><u>\$ 46,577,049</u></b>
<b>LIABILITIES</b>		
Designations payable	\$ 1,667,354	\$ 2,205,630
Allocations payable	3,835,482	3,822,564
Grant payments due to subrecipients	2,562,633	1,305,499
Accounts payable, accrued expenses and other	1,215,032	994,578
Deferred revenue	410,581	347,529
Net pension liability	<u>624,923</u>	<u>571,236</u>
<b>TOTAL LIABILITIES</b>	<b><u>10,316,005</u></b>	<b><u>9,247,036</u></b>
<b>NET ASSETS</b>		
Without donor restrictions	37,397,055	14,826,881
With donor restrictions	<u>24,162,879</u>	<u>22,503,132</u>
<b>TOTAL NET ASSETS</b>	<b><u>61,559,934</u></b>	<b><u>37,330,013</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 71,875,939</u></b>	<b><u>\$ 46,577,049</u></b>

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>PUBLIC SUPPORT AND REVENUE</b>			
Gross campaign results - prior year	\$ 2,256,616	\$ -	\$ 2,256,616
Gross campaign results - released from restrictions	14,665,196	(14,665,196)	-
Total campaign results - prior year	16,921,812	(14,665,196)	2,256,616
Less donor designations	(3,436,897)	3,566,347	129,450
Less provision for uncollectible accounts	(1,590,243)	692,937	(897,306)
Net campaign revenue - prior year	11,894,672	(10,405,912)	1,488,760
Gross campaign results - current year	-	15,204,357	15,204,357
Less donor designations	-	(3,416,545)	(3,416,545)
Less provision for uncollectible accounts	-	(762,718)	(762,718)
Net campaign revenue - current year	-	11,025,094	11,025,094
Grants	39,772,523	-	39,772,523
Other contributions and in-kind contributions	978,099	251,111	1,229,210
Designations from other United Way organizations	75,228	-	75,228
Service fees	288,330	-	288,330
Endowment spending rate	681,200	-	681,200
Miscellaneous income	51,970	-	51,970
Non-endowment investment gain	2,908,908	74,748	2,983,656
Other net assets released from restrictions	122,000	(122,000)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>56,772,930</b>	<b>823,041</b>	<b>57,595,971</b>
<b>PROGRAM SERVICES</b>			
Program investments and designations to direct service providers	12,505,992	-	12,505,992
Less: donor designations	(3,436,897)	-	(3,436,897)
Net program investments	9,069,095	-	9,069,095
Community building	2,820,908	-	2,820,908
Grants and initiatives	18,762,685	-	18,762,685
<b>TOTAL PROGRAM SERVICES</b>	<b>30,652,688</b>	<b>-</b>	<b>30,652,688</b>
<b>SUPPORTING SERVICES</b>			
Management and general	1,556,756	-	1,556,756
Fundraising and marketing	2,133,362	-	2,133,362
<b>TOTAL SUPPORTING SERVICES</b>	<b>3,690,118</b>	<b>-</b>	<b>3,690,118</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>34,342,806</b>	<b>-</b>	<b>34,342,806</b>
Change in net assets before non-operating items	22,430,124	823,041	23,253,165
Endowment gain, net of endowment spending rate	-	836,706	836,706
Employee retirement plan gain	140,050	-	140,050
<b>CHANGE IN NET ASSETS</b>	<b>22,570,174</b>	<b>1,659,747</b>	<b>24,229,921</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>14,826,881</b>	<b>22,503,132</b>	<b>37,330,013</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 37,397,055</b>	<b>\$ 24,162,879</b>	<b>\$ 61,559,934</b>

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
<b>PUBLIC SUPPORT AND REVENUE</b>			
Gross campaign results - prior year	\$ 2,063,826	\$ -	\$ 2,063,826
Gross campaign results - released from restrictions	15,053,952	(15,053,952)	-
Total campaign results - prior year	17,117,778	(15,053,952)	2,063,826
Less donor designations	(4,438,331)	3,566,347	(871,984)
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)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>44,603,185</b>	<b>18,504</b>	<b>44,621,689</b>
<b>PROGRAM SERVICES</b>			
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
<b>TOTAL PROGRAM SERVICES</b>	<b>36,990,526</b>	<b>-</b>	<b>36,990,526</b>
<b>SUPPORTING SERVICES</b>			
Management and general	1,571,658	-	1,571,658
Fundraising and marketing	2,683,029	-	2,683,029
<b>TOTAL SUPPORTING SERVICES</b>	<b>4,254,687</b>	<b>-</b>	<b>4,254,687</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>41,245,213</b>	<b>-</b>	<b>41,245,213</b>
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)
<b>CHANGE IN NET ASSETS</b>	<b>3,206,769</b>	<b>1,296,780</b>	<b>4,503,549</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>11,620,112</b>	<b>21,206,352</b>	<b>32,826,464</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 14,826,881</b>	<b>\$ 22,503,132</b>	<b>\$ 37,330,013</b>

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Community Building</u>	<u>Grants and Initiatives</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising and Marketing</u>	<u>Total Supporting Services</u>	
Salaries	\$ 1,418,878	\$ 1,480,901	\$ 2,899,779	\$ 910,754	\$ 1,327,309	\$ 2,238,063	\$ 5,137,842
Payroll taxes	100,031	106,524	206,555	57,494	95,478	152,972	359,527
Employee benefits	137,493	183,162	320,655	106,477	114,523	221,000	541,655
Total personnel costs	<u>1,656,402</u>	<u>1,770,587</u>	<u>3,426,989</u>	<u>1,074,725</u>	<u>1,537,310</u>	<u>2,612,035</u>	<u>6,039,024</u>
Professional and contract fees	189,833	821,773	1,011,606	177,149	72,079	249,228	1,260,834
Supplies	1,308	50,363	51,671	3,388	861	4,249	55,920
Telephone	27,307	28,382	55,689	22,975	19,133	42,108	97,797
Postage and shipping	2,872	1,880	4,752	921	997	1,918	6,670
Occupancy	102,215	-	102,215	37,623	35,431	73,054	175,269
Maintenance and equipment rental	54,447	25,703	80,150	27,901	123,845	151,746	231,896
Printing and promotional	348,143	98,406	446,549	16,964	80,765	97,729	544,278
Travel	1,895	11,385	13,280	301	1,251	1,552	14,832
Events and meetings	8,018	15,530	23,548	3,336	16,144	19,480	43,028
Dues and memberships	281,800	-	281,800	93,948	145,164	239,112	520,912
Miscellaneous	109,916	63,111	173,027	85,293	86,022	171,315	344,342
Total other operating expenses	<u>1,127,754</u>	<u>1,116,533</u>	<u>2,244,287</u>	<u>469,799</u>	<u>581,692</u>	<u>1,051,491</u>	<u>3,295,778</u>
Depreciation of property and equipment	<u>36,752</u>	<u>476</u>	<u>37,228</u>	<u>12,232</u>	<u>14,360</u>	<u>26,592</u>	<u>63,820</u>
Total operating expenses	<u>2,820,908</u>	<u>2,887,596</u>	<u>5,708,504</u>	<u>1,556,756</u>	<u>2,133,362</u>	<u>3,690,118</u>	<u>9,398,622</u>
Program grants to direct service providers	<u>-</u>	<u>15,875,089</u>	<u>15,875,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,875,089</u>
	<u>\$ 2,820,908</u>	<u>\$ 18,762,685</u>	21,583,593	<u>\$ 1,556,756</u>	<u>\$ 2,133,362</u>	<u>\$ 3,690,118</u>	25,273,711
Net program investments (shown separately on the statement of activities)			<u>9,069,095</u>				<u>9,069,095</u>
			<u>\$ 30,652,688</u>				<u>\$ 34,342,806</u>

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Community Building</u>	<u>Grants and Initiatives</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising and Marketing</u>	<u>Total Supporting Services</u>	
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	<u>1,668,892</u>	<u>1,587,749</u>	<u>3,256,641</u>	<u>1,133,003</u>	<u>1,931,259</u>	<u>3,064,262</u>	<u>6,320,903</u>
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
	<u>\$ 2,555,998</u>	<u>\$ 20,272,217</u>	22,828,215	<u>\$ 1,571,658</u>	<u>\$ 2,683,029</u>	<u>\$ 4,254,687</u>	27,082,902
Net program investments (shown separately on the statement of activities)			<u>14,162,311</u>				<u>14,162,311</u>
			<u>\$ 36,990,526</u>				<u>\$ 41,245,213</u>

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 24,229,921	\$ 4,503,549
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	63,820	63,669
Unrealized and realized gain on investments, net	(4,501,562)	(3,726,660)
Loss on disposal of fixed assets	9,012	-
Gain on forgiveness of PPP loan	-	(1,050,000)
(Increase) decrease in assets:		
Pledges receivable	1,065,248	1,400,814
Grants receivable	(1,531,373)	(1,671,391)
Prepaid and other	9,217	(158,614)
Cash surrender value of donor life insurance policies	(51,945)	(24,557)
Increase (decrease) in liabilities:		
Designations payable	(538,276)	(660,367)
Allocations payable	12,918	(30,750)
Grant payments due to subrecipients	1,257,134	157,443
Deferred revenue	220,454	(711,108)
Accounts payable, accrued expenses and other	63,052	231,854
Net pension liability	53,687	363,312
<b>TOTAL ADJUSTMENTS</b>	<u>(3,868,614)</u>	<u>(5,816,355)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>20,361,307</u>	<u>(1,312,806)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(19,537,429)	(333,063)
Proceeds from sale of investments	113,200	529,608
Purchase of property and equipment	(43,950)	(42,665)
Proceeds of PPP loan	-	1,050,000
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(19,468,179)</u>	<u>1,203,880</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	893,128	(108,926)
<b>CASH - BEGINNING OF YEAR</b>	<u>6,978,013</u>	<u>7,086,939</u>
<b>CASH - END OF YEAR</b>	<u>\$ 7,871,141</u>	<u>\$ 6,978,013</u>

See accompanying notes to financial statements.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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.

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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist of money market, equity securities, exchange traded funds, fixed income mutual funds, and equity mutual funds, 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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

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.

<u>Expense</u>	<u>Method of Allocation</u>
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



UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

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.

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.

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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Printing and Promotional

Advertising costs are expensed as incurred. Included in printing and promotional expense is an allocated value of donated media of \$326,211 in 2021 and \$211,570 in 2020, 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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

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.

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 2020, the FASB issued ASU 2020-01, *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.

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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance (Continued)

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the activities or changes in net assets as previously reported

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between December 31, 2021 and June 21, 2022, 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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 7,871,141	\$ 6,978,013
Pledges receivable, net	8,622,772	9,688,020
Grants receivable	5,375,777	3,844,404
Operating investments	8,449,198	7,501,951
Endowment spending-rate distribution and appropriations	739,000	668,000
Purpose restricted net assets	(915,046)	(587,078)
Deferred revenue	(410,581)	(347,529)
Designations payable	<u>(1,667,354)</u>	<u>(2,205,630)</u>
	<u>\$ 28,064,907</u>	<u>\$ 25,540,151</u>

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 2 - AVAILABILITY AND LIQUIDITY (CONTINUED)

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, 2021 and 2020, the balance of this fund was \$8,449,198 and \$7,501,951, respectively. This fund, established by the Board of Trustees may be drawn upon, if necessary, to meet unexpected needs or board designated funding.

In January 2021, the Organization received an anonymous, unrestricted grant in the amount of \$20 million. Plans for program funding and implementation took place in 2021, and investment into the community will occur in 2022 and subsequent years. Upon receipt of the grant, the Organization invested the proceeds of the grant. As these funds are designated for strategic initiatives, it is not included in financial assets available for general expenditure.

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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 3 - 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 4 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Current year campaign	\$ 8,287,072	\$ 9,065,411
Prior years' campaigns	3,693,051	3,303,647
Other pledge receivables	<u>200,700</u>	<u>322,700</u>
	<u>12,180,823</u>	<u>12,691,758</u>
Less allowance and discount on pledges:		
Current year campaign allowance	894,069	840,042
Prior years' campaigns allowances	2,651,778	2,151,492
Discount on pledge receivables	<u>12,204</u>	<u>12,204</u>
	<u>3,558,051</u>	<u>3,003,738</u>
Total pledges receivable, net	<u>\$ 8,622,772</u>	<u>\$ 9,688,020</u>

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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Short-term investments	\$ 3,515,249	\$ -	\$ -	\$ 3,515,249
Equity securities:				
U.S. equities	2,410,576	-	-	2,410,576
Large cap funds	3,441,527	-	-	3,441,527
Mid cap funds	1,026,904	-	-	1,026,904
Small cap funds	2,601,315	-	-	2,601,315
Diversified market funds	446,915	-	-	446,915
Bond funds	560,198	-	-	560,198
Equity mutual funds	26,740,022	-	-	26,740,022
Fixed income mutual funds	7,823,842	-	-	7,823,842
Total investments at fair value	<u>\$ 48,566,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,566,548</u>
	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 at fair value	<u>\$ 24,640,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,640,757</u>

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 272,715	\$ 272,715
Building and improvements	1,655,548	1,683,027
Furniture and equipment	<u>1,224,114</u>	<u>1,357,726</u>
	3,152,377	3,313,468
Less accumulated depreciation	<u>2,768,220</u>	<u>2,900,429</u>
Total property and equipment, net	<u>\$ 384,157</u>	<u>\$ 413,039</u>

NOTE 7 - 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 \$107,055 in 2021 (\$114,617 in 2020).

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.



UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	2021	2020
Benefit obligation	\$ (2,451,326)	\$ (2,642,141)
Fair value of plan assets	1,826,403	2,070,905
Net pension liability - end of year	\$ (624,923)	\$ (571,236)

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

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

	2021	2020
Loss recognized due to settlement	\$ 118,895	\$ 121,539
Net (gain) loss previously not recognized in net assets without donor restriction and in periodic pension costs	(258,945)	29,664
Total employee retirement plan (gain) loss	\$ (140,050)	\$ 151,203

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:

	2021	2020
Benefit obligation - beginning of year	\$ 2,642,141	\$ 2,516,020
Service cost	8,605	8,770
Interest cost	51,606	71,832
Change in assumption	(28,536)	245,048
Actuarial loss	41,031	59,460
Benefits paid (including expense charges)	(263,521)	(258,989)
Benefit obligation - end of year	\$ 2,451,326	\$ 2,642,141

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

	2021	2020
Fair value of plan assets - beginning of year	\$ 2,070,905	\$ 2,308,096
Actual return on plan assets	19,019	21,798
Benefits paid (including expense charges)	(263,521)	(258,989)
Fair value of plan assets - end of year	\$ 1,826,403	\$ 2,070,905

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

Investment	Fair Value at December 31, 2021	Fair Value at December 31, 2020	Unfunded Commitment at December 31, 2021	Redemption Frequency*	Redemption Notice Period*
General Account	\$ 1,826,403	\$ 2,070,905	\$ -	Immediate	None

\*Information noted in these columns is the same for the investment for 2021 and 2020.

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,

2022	\$ 663,000
2023	1,000
2024	80,000
2025	218,000
2026	127,000
2027-2031	544,000
	\$ 1,633,000

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	<u>2021</u>	<u>2020</u>
Service cost	\$ 8,605	\$ 8,770
Interest cost	51,606	71,832
Expected return on plan assets	(61,998)	(63,352)
Actuarial losses recognized	<u>76,628</u>	<u>73,320</u>
Total recognized in net period pension cost	<u>\$ 74,841</u>	<u>\$ 90,570</u>

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

	<u>January 1, 2022</u>	<u>Estimated Amounts to be Reclassified as Net Period Benefit Cost</u>
Service cost	\$ -	\$ -
Expected return on plan assets	-	-
Actuarial losses recognized	<u>1,143,324</u>	<u>76,628</u>
Total recognized in net period pension cost	<u>\$ 1,143,324</u>	<u>\$ 76,628</u>

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

	<u>2021</u>	<u>2020</u>
Discount rate	1.95%	2.85%
Expected return on plan assets	3.00%	2.75%
Rate of compensation increase	0.00%	0.00%

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	<u>2021</u>	<u>2020</u>
Discount rate	2.40%	1.95%

The expected long-term rate of return on plan assets assumption of 3.00% and 2.75% as of December 31, 2021 and 2020, 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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 8 - 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 value at December 31, 2021 and 2020.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 8 - 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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 8 - ENDOWMENT FUNDS (CONTINUED)

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

	<u>2021</u>		
	<u>Board Designated Assets Without Donor Restrictions</u>	<u>Assets With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1	\$ 5,496,219	\$ 11,301,429	\$ 16,797,648
Contributions	24,400	-	24,400
Investment income	84,113	133,854	217,967
Investment fees	(40,908)	(34,610)	(75,518)
Net appreciation	575,262	1,305,462	1,880,724
Amount appropriated for expenditure	<u>(113,200)</u>	<u>(568,000)</u>	<u>(681,200)</u>
Endowment net assets, December 31	<u>\$ 6,025,886</u>	<u>\$ 12,138,135</u>	<u>\$ 18,164,021</u>
	<u>2020</u>		
	<u>Board Designated Assets Without Donor Restrictions</u>	<u>Assets With Donor Restrictions</u>	<u>Total</u>
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	<u>-</u>	<u>(550,000)</u>	<u>(550,000)</u>
Endowment net assets, December 31	<u>\$ 5,496,219</u>	<u>\$ 11,301,429</u>	<u>\$ 16,797,648</u>

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Passage of time restrictions:		
Contributions to support:		
Allocations and operations of future periods	\$ 10,921,202	\$ 10,304,129
Impacting the Future of a Community fund	<u>188,496</u>	<u>310,496</u>
Total passage of time restrictions	<u>11,109,698</u>	<u>10,614,625</u>
Specific purpose restrictions:		
Restore the Dream fund	450,423	375,675
Imagination Library	114,742	101,783
Other program support	<u>349,881</u>	<u>109,620</u>
Total specific purpose restrictions	<u>915,046</u>	<u>587,078</u>
Endowments:		
Endowment corpus	7,600,605	7,600,605
Net unappropriated gains on endowment corpus	<u>4,537,530</u>	<u>3,700,824</u>
Total Endowments	<u>12,138,135</u>	<u>11,301,429</u>
	<u>\$ 24,162,879</u>	<u>\$ 22,503,132</u>



UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 10 - 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 \$72,867 was incurred for the year ended December 31, 2021 (\$84,244 for the year ended December 31, 2020).

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

Year Ending December 31,

2022	\$	53,256
2023		<u>13,314</u>
	\$	<u>66,570</u>

NOTE 11 - 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.

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021 AND 2020

NOTE 12 - SUPPORTING SERVICES

Supporting services costs include management and general, financial 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, endowment 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, 2021:

Total support and revenue - statement of activities	\$ 57,595,971
Donor designations	3,287,095
Unrealized gain on investments, net	(1,882,499)
Donated services	(326,211)
Employee retirement plan loss	140,050
Endowment gains, exclusive of spending rate	<u>836,706</u>
Total support and revenue - IRS Form 990	<u>\$ 59,651,112</u>
Total supporting services costs - IRS Form 990	\$ 3,690,118
Percentage of adjusted total support and revenue	6.2%

OTHER INFORMATION

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	(ACCRUED) DEFERRED REVENUE 1/1/2021	1/1/2021 - 12/31/2021		OTHER ADJUSTMENTS	(ACCRUED) DEFERRED REVENUE 12/31/2021	PASSED THROUGH TO SUBRECIPIENTS	
				RECEIPTS	EXPENDITURES				
<u>U.S. Department of Agriculture</u>									
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	\$ (46,442)	\$ 111,047	\$ 130,514	\$ -	\$ (65,909)	\$ 96,105
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	LW24F201SSNAP21	10/1/20 - 9/30/21	(206,050)	2,187,941	1,985,467	3,576	-	1,940,193
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	LW24F211SSNAP22	10/1/21 - 9/30/22	-	-	923,541	-	(923,541)	923,541
Total CFDA 10.561				(252,492)	2,298,988	3,039,522	3,576	(989,450)	2,959,839
Total U.S. Department of Agriculture				(252,492)	2,298,988	3,039,522	3,576	(989,450)	2,959,839
<u>U.S. Department of Treasury</u>									
Volunteer Income Tax Assistance (VITA) Matching Grant	21.009	21VITA0092	8/1/20 - 9/30/21	(55,947)	217,321	183,988	-	(22,614)	35,198
Volunteer Income Tax Assistance (VITA) Matching Grant	21.009	22VITA0282	10/1/21 - 9/30/22	-	-	53,207	-	(53,207)	-
Total CFDA 21.009				(55,947)	217,321	237,195	-	(75,821)	35,198
Passed through Metropolitan Government of Nashville and Davidson County:									
Coronavirus Relief Fund	21.019 - COVID	L-4459	3/1/20 - 11/15/20	(17,709)	-	-	17,709	-	-
Total U.S. Department of Treasury				(73,656)	217,321	237,195	17,709	(75,821)	35,198
<u>Corporation of National and Community Service</u>									
Passed through the State of Tennessee									
Volunteer Generation Fund	94.021	64725 (FA17VGHP)	1/1/20 - 12/31/20	(9,320)	9,320	-	-	-	-
State Commissions	94.003	68426 (FA19CAHP)	1/1/21 - 12/31/21	-	12,325	30,090	-	(17,765)	26,520
Total Corporation of National and Community Service				(9,320)	21,645	30,090	-	(17,765)	26,520

See Notes to the Schedule of Expenditures of Federal Awards on page 34

(continued on next page)

UNITED WAY OF MIDDLE TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD	(ACCRUED) DEFERRED REVENUE 1/1/2021	1/1/2021 - 12/31/2021		OTHER ADJUSTMENTS	(ACCRUED) DEFERRED REVENUE 12/31/2021	PASSED THROUGH TO SUBRECIPIENTS
					RECEIPTS	EXPENDITURES			
<u>U.S. Department of Health and Human Services</u>									
Passed through the State of Tennessee Department of Health									
HIV Care Formula Grant	93.917	GR-20-66849-00	4/1/20 - 3/31/21	(778,808)	1,588,230	809,422	-	-	640,423
HIV Care Formula Grant	93.917	GR-20-66849-02	4/1/21 - 3/31/22	-	1,185,497	1,860,670	-	(675,173)	1,389,113
HIV Care Formula Grant	93.917	GR-20-66849-00	4/1/20 - 3/31/21	(14,906)	26,691	11,785	-	-	-
HIV Care Formula Grant	93.917	GR-20-66849-02	4/1/21 - 3/31/22	-	20,042	63,803	-	(43,761)	-
HIV Care Formula Grant	93.917	GR-20-67376-00	4/1/21 - 3/31/22	-	143,695	221,837	-	(78,142)	221,837
Total CFDA 93.917				(793,714)	2,964,155	2,967,517	-	(797,076)	2,251,373
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940 *	GR-20-65202-00	1/1/20 - 12/31/20	(257,914)	257,914	-	-	-	-
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940 *	GR-21-69147-00	1/1/21 - 12/31/21	-	445,036	908,271	-	(463,235)	793,062
HIV Prevention Activities-Health Department Based HIV Prevention Grant	93.940 *	GR-22-71941-00	8/1/21 - 7/31/22	-	-	5,966	-	(5,966)	-
Total CFDA 93.940				(257,914)	702,950	914,237	-	(469,201)	793,062
Total Passed through the State of Tennessee Department of Health				(1,051,628)	3,667,105	3,881,754	-	(1,266,277)	3,044,435
Passed through the State of Tennessee Department of Mental Health and Substance Abuse									
Temporary Assistance for Needy Families	93.558 *	06-01-20GR	10/1/20 - 9/30/24	(923,913)	4,756,560	6,686,637	-	(2,853,990)	5,313,136
Opioid State Targeted Response	93.788	33901	9/30/19 - 9/29/20	(16,858)	-	-	16,858	-	-
Opioid State Targeted Response	93.788	33901	9/30/20 - 9/29/21	(21,101)	134,663	113,562	-	-	-
Opioid State Targeted Response	93.788	33901	11/1/21 - 9/29/22	-	-	24,331	-	(24,331)	-
Opioid State Targeted Response	93.788	33901	6/15/21 - 9/29/21	-	28,936	28,936	-	-	-
Opioid State Targeted Response	93.788	33901	11/1/21 - 9/29/22	-	-	12,679	-	(12,679)	-
Total CFDA 93.788				(37,959)	163,599	179,508	16,858	(37,010)	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	33901	7/1/19 - 6/30/20	(6,819)	-	-	6,819	-	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	33901	7/1/20 - 6/30/21	(3,236)	40,113	36,877	-	-	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	33901	7/1/21 - 6/30/22	-	39,700	50,824	-	(11,124)	-
Total CFDA 93.959				(10,055)	79,813	87,701	6,819	(11,124)	-
Total Passed through the State of Tennessee Department of Mental Health and Substance Abuse				(971,927)	4,999,972	6,953,846	23,677	(2,902,124)	5,313,136
Total U.S. Department of Health and Human Services				(2,023,555)	8,667,077	10,835,600	23,677	(4,168,401)	8,357,571
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ (2,359,023)	\$ 11,205,031	\$ 14,142,407	\$ 44,962	\$ (5,251,437)	\$ 11,379,128

\* 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

UNITED WAY OF MIDDLE TENNESSEE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity, of the Organization under programs of the federal government for the year ended December 31, 2021. 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 minimis indirect cost rate as allowed under the Uniform Guidance when an approved indirect cost rate has not been available.

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, 2021, 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 June 21, 2022.

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 or significant deficiencies may exist that have not been identified.



## 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  
June 21, 2022

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

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited United Way of Middle Tennessee, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended December 31, 2021. Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Organization complied, in all material respects, with the 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, 2021.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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

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

## RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Nashville, Tennessee  
June 21, 2022

UNITED WAY OF MIDDLE TENNESSEE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**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:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
93.558	Temporary Assistance for Needy Families
93.940	HIV Prevention Activities-Health Department Based-HIV Prevention Grant

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 FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

**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.