

UNITED WAYS OF ALABAMA
MONTGOMERY, ALABAMA
DECEMBER 31, 2023

UNITED WAYS OF ALABAMA
MONTGOMERY, ALABAMA
DECEMBER 31, 2023

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UNITED WAYS OF ALABAMA
MONTGOMERY, ALABAMA
DECEMBER 31, 2023

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Members:
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Ways of Alabama
Montgomery, Alabama

Opinion

We have audited the accompanying financial statements of United Ways of Alabama (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Ways of Alabama as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United State 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 United Ways of Alabama's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of 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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 for the purpose of expressing an opinion on the effectiveness of United Ways of Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Ways of Alabama's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited United Ways of Alabama's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2023. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2022, is consistent in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, which includes the schedule of receipts and disbursements for the State Combined Campaign and Montgomery Area State Combined Campaign and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirement for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of receipts and disbursements for the State Combined Campaign and Montgomery Area State Combined Campaign, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of United Ways of Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Ways of Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in United Ways of Alabama's internal control over financial reporting and compliance.

Diamond, Carmichael & Gary, P.A.

DIAMOND, CARMICHAEL & GARY, P.A.

Certified Public Accountants

Montgomery, Alabama

September 26, 2024

UNITED WAYS OF ALABAMA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(with summarized comparative totals as of December 31, 2022)

	2023	2022
ASSETS		
<i>CURRENT ASSETS</i>		
Cash and Cash Equivalents	\$ 303,506.80	\$ 321,084.56
Restricted Cash and Cash Equivalents (Note 1)	1,548,581.83	1,520,242.24
Investments (Note 3)	203,137.81	96,198.19
Restricted Investments (Notes 1 and 3)	418,874.44	390,949.69
Accounts Receivable (Note 2)	491,746.32	487,033.91
<i>Total Current Assets</i>	\$ 2,965,847.20	\$ 2,815,508.59
<i>PROPERTY AND EQUIPMENT</i>		
Equipment	\$ 10,924.16	\$ 10,924.16
Less: Accumulated Depreciation	(10,883.00)	(10,833.58)
<i>Net Property and Equipment</i>	\$ 41.16	\$ 90.58
<i>OTHER ASSETS</i>		
Right to Use Asset (Note 8)	\$ 11,130.08	\$ -
Less: Accumulated Amortization	(2,212.90)	-
<i>Net Other Assets</i>	\$ 8,917.18	\$ -
<i>TOTAL ASSETS</i>	\$ 2,974,805.54	\$ 2,815,599.17

UNITED WAYS OF ALABAMA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(with summarized comparative totals as of December 31, 2022)

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable (Note 6)	\$	492,360.00	\$	477,696.47
Payroll Withholding Payable		1,541.17		594.35
Agency Payable - Special Disaster Fund		1,327.52		-
Agency Payable - Hyundai		125,000.15		132,218.44
Agency Payable - State Combined Campaign		88,945.46		87,157.97
Agency Payable - Montgomery Area State Combined Campaign		23,807.49		24,860.65
Agency Payable - GOVS Leadership Conference		60,600.11		49,101.56
Current Maturity of Lease Liability (Note 8)		2,704.39		-
<i>Total Current Liabilities</i>	\$	<u>796,286.29</u>	\$	<u>771,629.44</u>

LONG-TERM LIABILITIES

Lease Liability, less current portion (Note 8)	\$	6,212.79	\$	-
<i>Total Long-Term Liabilities</i>	\$	<u>6,212.79</u>	\$	<u>-</u>

NET ASSETS

Without Donor Restrictions	\$	503,210.34	\$	426,174.59
With Donor Restrictions (Note 4)		1,669,096.12		1,617,795.14
<i>Total Net Assets</i>	\$	<u>2,172,306.46</u>	\$	<u>2,043,969.73</u>

<i>TOTAL LIABILITIES AND NET ASSETS</i>	\$	<u>2,974,805.54</u>	\$	<u>2,815,599.17</u>
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UNITED WAYS OF ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(with summarized comparative totals for the year ended December 31, 2022)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2023 Totals	2022 Totals
SUPPORT AND REVENUE				
Contributions	\$ 12,594.22	\$ 193,507.12	\$ 206,101.34	\$ 312,194.00
Dues	29,434.50	-	29,434.50	30,146.28
State Combined Campaign	99,208.66	-	99,208.66	95,541.43
2-1-1 Information	153,587.43	-	153,587.43	154,298.89
Governor's Office of Volunteer Services	2,286.45	-	2,286.45	972.98
A-RESET Contract Revenue	975,526.21	-	975,526.21	694,192.82
ASDOE Grant Revenue	218,550.00	-	218,550.00	283,950.00
CMS Grant Revenue	818,464.98	-	818,464.98	797,716.68
ADPH Grant Revenue	799,390.25	-	799,390.25	1,216,518.94
Charitable Campaign Fees	4,000.00	-	4,000.00	4,000.00
Interest Income	418.90	20,218.02	20,636.92	2,449.25
Investment Income, Net	6,939.62	18,828.07	25,767.69	2,387.94
	<u>\$ 3,120,401.22</u>	<u>\$ 232,553.21</u>	<u>\$ 3,352,954.43</u>	<u>\$ 3,594,369.21</u>
Net Assets Released from Restrictions				
Restrictions Satisfied by Purpose	181,252.23	(181,252.23)	-	-
<i>Total Support and Revenue</i>	<u>\$ 3,301,653.45</u>	<u>\$ 51,300.98</u>	<u>\$ 3,352,954.43</u>	<u>\$ 3,594,369.21</u>
OPERATING EXPENSES				
Program Services				
State Combined Campaign	\$ 86,464.57	\$ -	\$ 86,464.57	\$ 80,641.80
Montgomery Area SCC	12,793.51	-	12,793.51	15,088.43
Charitable Campaigns	4,364.66	-	4,364.66	2,258.72
Disaster Response - UWAL	282.09	-	282.09	0.00
Disaster Response - GERF	76,526.00	-	76,526.00	228,500.97
2-1-1 Information	140,647.75	-	140,647.75	126,182.15
A-RESET Expenses	959,501.94	-	959,501.94	678,334.49
ASDOE Expenses	176,595.70	-	176,595.70	271,693.24
CMS Expenses	822,823.77	-	822,823.77	797,716.68
ADPH Expenses	807,573.34	-	807,573.34	1,215,702.79
Total Program Services Expenses	<u>\$ 3,087,573.33</u>	<u>\$ -</u>	<u>\$ 3,087,573.33</u>	<u>\$ 3,416,119.27</u>
Support Services				
Management and General	\$ 32,436.07	\$ -	\$ 32,436.07	\$ 19,088.05
Fundraising	104,726.23	-	104,726.23	101,826.85
Total Support Services Expenses	<u>\$ 137,162.30</u>	<u>\$ -</u>	<u>\$ 137,162.30</u>	<u>\$ 120,914.90</u>
<i>Total Operating Expenses</i>	<u>\$ 3,224,735.63</u>	<u>\$ -</u>	<u>\$ 3,224,735.63</u>	<u>\$ 3,537,034.17</u>
OPERATING INCOME (LOSS) BEFORE OTHER INCOME (EXPENSES)	<u>\$ 76,917.82</u>	<u>\$ 51,300.98</u>	<u>\$ 128,218.80</u>	<u>\$ 57,335.04</u>
OTHER INCOME (EXPENSES)				
Miscellaneous Income	\$ 117.93	\$ -	\$ 117.93	\$ 2,625.73
<i>Total Other Income (Expenses)</i>	<u>\$ 117.93</u>	<u>\$ -</u>	<u>\$ 117.93</u>	<u>\$ 2,625.73</u>
CHANGE IN NET ASSETS	<u>\$ 77,035.75</u>	<u>\$ 51,300.98</u>	<u>\$ 128,336.73</u>	<u>\$ 59,960.77</u>
NET ASSETS - BEGINNING	<u>426,174.59</u>	<u>1,617,795.14</u>	<u>2,043,969.73</u>	<u>1,984,008.96</u>
NET ASSETS - ENDING	<u>\$ 503,210.34</u>	<u>\$ 1,669,096.12</u>	<u>\$ 2,172,306.46</u>	<u>\$ 2,043,969.73</u>

See Independent Auditor's Report and accompanying notes to financial statements

UNITED WAYS OF ALABAMA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(with summarized comparative totals for the year ended December 31, 2022)

	Program Services					Supporting Services			Total		
	Charitable Campaigns	Disaster Response	2-1-1 Information	Contract Programs	Grant Programs	Program Services	Management and General	Fundraising		Supporting Services	
Disaster Response	-	56,627.84	-	-	-	56,627.84	-	-	-	56,627.84	207,527.76
Annual Meeting	-	-	-	-	-	-	524.19	-	524.19	524.19	119.02
Salaries	59,538.10	16,515.52	21,868.44	46,540.05	62,062.68	206,524.79	16,540.88	-	16,540.88	223,065.67	201,850.86
Depreciation	49.42	-	-	-	-	49.42	-	-	-	49.42	188.80
Contract Services	-	-	58,475.35	877,561.49	1,658,567.16	2,594,604.00	-	-	-	2,594,604.00	2,816,777.20
Audit Fees	1,500.00	1,000.00	3,000.00	5,000.00	23,000.00	33,500.00	4,500.00	-	4,500.00	38,000.00	19,500.00
Website	457.46	55.86	192.57	199.22	326.19	1,231.30	113.78	-	113.78	1,345.08	1,451.73
Campaign Materials	10,912.38	-	3,000.00	-	-	13,912.38	-	-	-	13,912.38	9,112.18
Computers	1,852.71	6.99	187.24	493.73	1,751.92	4,292.59	376.87	-	376.87	4,669.46	1,260.74
Computer Hosting	1,617.65	72.94	249.13	1,218.92	1,600.30	4,758.94	250.18	-	250.18	5,009.12	4,845.00
Functions	2,326.69	-	69.31	-	-	2,396.00	-	-	-	2,396.00	1,287.72
Conference	228.31	-	-	-	-	228.31	-	-	-	228.31	40.00
Bank Fees	-	108.27	-	-	-	108.27	-	-	-	108.27	-
Insurances	6,619.50	621.07	2,538.42	2,559.64	6,492.16	18,830.79	2,187.84	-	2,187.84	21,018.63	19,905.78
Retirement	4,418.81	361.91	2,142.16	1,493.86	3,962.18	12,378.92	1,620.53	-	1,620.53	13,999.45	12,467.52
Office Expense	691.74	2.15	42.15	2,174.96	464.50	3,375.50	1,275.71	-	1,275.71	4,651.21	2,005.39
Copier Lease	997.21	17.43	291.26	828.18	1,213.04	3,347.12	303.70	-	303.70	3,650.82	3,680.35
Office Space Lease	3,961.25	74.85	1,219.74	3,384.47	5,042.53	13,682.84	1,594.31	-	1,594.31	15,277.15	15,483.60
Software	2,402.93	63.41	33,747.96	6,134.52	19,816.79	62,165.61	751.71	-	751.71	62,917.32	26,574.10
Postage and Printing	642.29	-	17.64	29.19	50.31	739.43	11.28	-	11.28	750.71	25,384.46
PayPal Fees	132.62	-	-	-	-	132.62	-	-	-	132.62	183.52
Payroll Taxes	4,047.67	1,263.41	1,665.99	3,553.41	4,772.30	15,302.78	1,253.88	-	1,253.88	16,556.66	15,229.20
Telephone	639.77	16.44	10,245.53	7,820.68	16,853.93	35,576.35	80.22	-	80.22	35,656.57	46,206.92
Translation Service	-	-	1,644.86	509.62	1,016.82	3,171.30	-	-	-	3,171.30	3,093.05
Travel	586.23	-	-	-	586.23	586.23	374.01	-	374.01	960.24	137.50
Meeting Expense	-	-	-	-	-	-	676.98	-	676.98	676.98	844.92
211 Expenses	-	-	50.00	-	-	50.00	-	-	-	50.00	50.00
Event Costs	-	-	-	-	-	-	-	104,726.23	104,726.23	104,726.23	101,826.85
Total Expenses	\$ 103,622.74	\$ 76,808.09	\$ 140,647.75	\$ 959,501.94	\$ 1,806,992.81	\$ 3,087,573.33	\$ 32,436.07	\$ 104,726.23	\$ 137,162.30	\$ 3,224,735.63	\$ 3,537,034.17

See Independent Auditor's Report and accompanying notes to financial statements

UNITED WAYS OF ALABAMA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

(with summarized comparative totals for the year ended December 31, 2022)

	2023	2022
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Change in Net Assets	\$ 128,336.73	\$ 59,960.77
Adjustment to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	49.42	188.80
Donated securities, net of fees	(9,271.68)	-
Net unrealized (gain) loss on investments	(2,656.88)	1,735.70
Effects of changes in operating assets and liabilities:		
Accounts receivable	(4,712.41)	(83,362.31)
Accounts payable and payroll taxes payable	15,610.35	41,681.79
Agency payable	6,342.11	38,608.91
<i>Net Cash Provided (Used) By Operating Activities</i>	\$ 133,697.64	\$ 58,813.66
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>		
Net proceeds (purchase) of investments in certificate of deposit	\$ (100,000.00)	\$ -
Reinvested interest on restricted cash	(16,289.08)	(3,409.46)
Reinvested interest on unrestricted cash	(6,646.73)	(539.18)
<i>Net Cash Provided (Used) By Investing Activities</i>	\$ (122,935.81)	\$ (3,948.64)
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	\$ 10,761.83	\$ 54,865.02
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	1,841,326.80	1,786,461.78
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	\$ 1,852,088.63	\$ 1,841,326.80
Cash and cash equivalents	\$ 303,506.80	\$ 321,084.56
Restricted cash	1,548,581.83	1,520,242.24
<i>CASH AT END OF YEAR</i>	\$ 1,852,088.63	\$ 1,841,326.80

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 1- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Ways of Alabama (UWAL) is a nonprofit corporation organized on February 26, 2004 and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. UWAL is governed by a board of directors composed of local United Way Executive Directors, Presidents, and CEOs.

The Organization's purpose is to benefit local United Ways by fundraising on behalf of its members, to advocate the benefits of local United Ways throughout Alabama, manage and coordinate the "2-1-1 Connects Alabama" system and act as an agent for funds restricted by donors for specific agencies or specific purposes. UWAL conducts charitable campaigns for the Team Members of Hyundai Motor Manufacturing Alabama and Alabama's state employees via the Alabama State Employee Combined Charitable Campaign. UWAL provides direct disaster response assistance in addition to managing the Governor's Emergency Relief Fund (GERF). UWAL also provides help for the homeless and other special projects as deemed appropriate by the Board.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reporting amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Cash Equivalents

For the purpose of the statement of cash flows, UWAL considers all temporary cash investments with original maturity at the date of purchase of three months or less to be cash equivalents.

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 1- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Investments

Cash required to be held in separate accounts is segregated in accordance with the specified guidelines. Restricted cash is held for various purposes at December 31:

<u>Cash</u>	<u>2023</u>
Governor's Emergency Relief Fund (GERF)	\$ 1,250,221.68
Statewide Charitable Campaigns	112,772.97
Hyundai Charitable Campaign	124,978.54
Governor's Office of Volunteer Services (GOVS)	60,608.64
Total Restricted Cash	<u>\$ 1,548,581.83</u>

Investments

Governor's Emergency Relief Fund (GERF)	\$ 314,156.07
United Ways of Alabama Disaster Fund	104,718.37
Total Restricted Investments	<u>\$ 418,874.44</u>

A corresponding liability of \$299,680.73 is recorded in agency payables for cash held for agency related-programs at December 31, 2023.

Accounts Receivable Valuation

Accounts receivable are presented at face value, net of the allowance for credit losses. Management considers all accounts to be essentially collectible and, therefore, has not established a provision for credit losses.

Property, Equipment, and Depreciation

The Organization capitalizes all additions and betterments with a value over \$2,500, and expenditures for repairs and maintenance are expensed when incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended December 31, 2023 and 2022 was \$49.42 and \$188.80, respectively.

Donated Services

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles.

Contributions

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year. Grant revenues are recorded as unrestricted revenues in the year the expenditures are incurred. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the year ended December 31, 2023.

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 1- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Prior Year Information

The financial statements include summarized comparative information from the prior year in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. This information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the comparative information was derived.

Investments

Investments are reported at fair value.

Fair Value Measurements

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Assets and liabilities that are required to be recorded at fair value in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1 - These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access. As of December 31, 2023, these assets include money market funds, savings deposits, certificates of deposit, ETFS and CEFS.

Level 2 - These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets of liabilities in active markets.
- Quoted prices for identical or similar assets of liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

As of December 31, 2023, there are no level 2 assets or liabilities.

Level 3 - These are assets and liabilities where inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of December 31, 2023, there are no Level 3 assets or liabilities.

The asset 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.

Expenses

Expenses are recognized by the Organization on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period. The costs of providing program and supporting services have been summarized by function in the Statements of Activities.

Functional Allocation of Expenses

The Statement of Functional Expenses presents expenses by function and natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributable to a specific functional area of UWAL are reported as expenses to those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the proportion of full-time employee equivalents of a program or supporting services versus the total organizational full-time employee equivalents, based on time and effort. Salaries, depreciation, office expense, computers, insurance and others are allocated based on time and effort. Office space expense is allocated based on time management study.

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 1- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supporting Services

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy to the Board President; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

Leases

The Organization determines if an arrangement contains a lease at inception based on whether the company has the right to control the asset during the contract period and other facts and circumstances. The standard requires that a lessee recognize on the balance sheet assets and liabilities relating to leases with terms of more than 12 months. Lessee has made an election not to recognize right-of-use assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Income Taxes

UWAL is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Since the Organization has an exempt status from income tax liability, no provision is made for current or deferred tax expenses. The Organization has analyzed its tax status for filings with the Internal Revenue Service (IRS). UWAL believes that its income tax filing status will be sustained in the case of a possible examination and does not anticipate any adjustments that would result in a material or adverse effect on UWAL's financial condition, results of operations, or cash flows. Tax returns filed for the last three fiscal reporting years remain subject to examination by the IRS. UWAL uses the same accounting methods for income tax and financial reporting purposes.

Change in Accounting Standard

On January 1, 2023, UWAL adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and all related subsequent amendments thereto. The Organization replaced the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) method. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions and reasonable and supportable forecasts. For UWAL, the ASU applies to the measurement of its accounts receivable. Accounts receivable are now presented by using the allowance for credit losses to reduce the receivables balance to the net amount expected to be collected of the lives of the receivables. The Organization adopted the new standard using the modified retrospective approach for accounts receivable. Adoption of this standard did not have a significant impact on the financial statements.

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable are primarily program and grant funds receivable from government and other public grantors. Receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collected. Based on a review of historical experience, current conditions and reasonable and supporting forecasts, no allowance for credit losses was deemed necessary at December 31, 2023. Accounts receivable consist of the following amounts as of December 31, 2023

	2023
Federal and Stated Campaigns	\$ 436.25
Various Receivables	1,456.58
2-1-1 System Costs from Member United Ways	3,350.14
A -RESET Receivable	211,308.67
ADPH Receivable	109,215.21
ASDOE Receivable	32,000.00
CMS Receivable	121,185.96
Statewide and Montgomery Area Combined Campaign	12,793.51
	\$ 491,746.32

NOTE 3 - INVESTMENTS

The following are the major categories of investments measured at fair value on a recurring basis during the year ended December 31, 2023. See Note 1 for a discussion on the Organization's accounting policies.

	Cost	Fair Value
		Level 1
Money Market Fund	\$ 543.41	\$ 543.41
Savings Deposit	378,958.51	378,958.51
Certificates of Deposit	230,581.77	232,505.72
ETFS and CEFS	9,271.68	10,004.61
	\$ 619,355.37	\$ 622,012.25
Investments: Without Donor Restrictions		\$ 203,137.81
Investments: With Donor Restrictions		418,874.44
		\$ 622,012.25

The following table presents further detail for investments at year end:

	2023
Beginning Investments	\$ 487,147.88
Certificates of Deposit Additions (Without Donor Restrictions)	100,000.00
Additional Funds Deposited (With Donor Restrictions)	9,271.68
Investment Income:	
Investment Interest - With Donor Restrictions	16,289.08
Investment Interest - Without Donor Restrictions	6,646.73
Unrealized Gains/(Losses) and Fees - With Donor Restrictions	2,363.99
Unrealized Gains/(Losses) and Fees - Without Donor Restrictions	292.89
	\$ 622,012.25

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

UWAL has two funds restricted for disaster emergency response and relief. UWAL serves as the fiscal agent for the Governor's Emergency Relief Fund (GERF). The GERF was established by proclamation to provide assistance to individuals and organizations with recovery costs that are a direct result of a disaster or emergency. The GERF operates on a year-round basis to help residents of Alabama (current and evacuees), local businesses and organizations who have exhausted all other avenues of relief. The focus of funding is to assist with recovery costs that exceed the coverage provided by insurance, government funding and relief organizations. Additionally, the GERF provides funding for community storm shelters to prevent loss of life during inclement weather.

UWAL Disaster Response Fund operates, like the Governor's Emergency Relief Fund, to provide assistance to individuals and organizations with recovery costs that are a direct result of a disaster or emergency.

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purpose or by occurrence of the events as specified by donors or the passage of time. Changes in net assets with donor restrictions consist of the following for the year ended December 31, 2023:

	Beginning Balance	Income/(Losses)	Releases	Ending Balance
Disaster Response-UWAL	100,124.79	4,593.58	0.00	104,718.37
Disaster Response-GERF	1,517,670.35	227,959.63	(181,252.23)	1,564,377.75
	<u>\$ 1,617,795.14</u>	<u>\$ 232,553.21</u>	<u>\$ (181,252.23)</u>	<u>\$ 1,669,096.12</u>

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

UWAL's financial assets available within one year of the statement of financial position date for general expenditures is as follows:

	2023
Cash and Cash Equivalents	\$ 1,852,088.63
Investments	622,012.25
Accounts Receivable	491,746.32
Total Financial Assets	<u>\$ 2,965,847.20</u>
Less Amounts Unavailable for General Expenditures Within One Year, Due to:	
Agency Payable - Charitable Campaigns	(299,680.73)
Restricted by Donor With Purpose Restrictions	(1,669,096.12)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 997,070.35</u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable consist of the following as of December 31, 2023:

	2023
Accounts Payable	\$ 33,950.24
SCC - Special Payable	33,262.05
Autauga/Elmore Tornado Special Funds	4,531.77
ARESET Payable	189,426.72
ADPH Payable	97,151.88
ASDOE Payable	19,094.50
CMS Payable	114,942.84
	<u>\$ 492,360.00</u>

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 7 - AGENCY PAYABLE

UWAL administers various charitable campaigns for the State of Alabama and Hyundai. UWAL collects the contributions from the entities for the ultimate benefit of a third-party charitable beneficiary. Amounts received and not yet remitted to the charitable beneficiary are reported as a liability.

UWAL also administers program funds for the Governor's Office of Volunteer Services (GOVS). These funds are remitted to UWAL to hold until invoices are submitted for disbursements.

NOTE 8 -LEASE COMMITMENTS

UWAL leases office equipment under a noncancelable operating lease agreement with a 48 month initial term effective March 27, 2023. The discount rate represents the Organization's risk-free interest rate estimated at the date of inception. The lease requires monthly payments of \$249.00. At inception, the Organization recorded a right of use asset and lease liability of \$11,130.08 using the discount rate of 3.69%.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2023.

Right of use asset, net of amortization	\$	8,917.18
Current portion of operating lease liability	\$	2,704.39
Operating lease liability		<u>6,212.79</u>
Total operating lease liability	\$	<u>8,917.18</u>

Cash paid in the amount of \$2,241.00 is included in the measure of lease liability as operating activities.

The maturities of operating lease liability as of December 31, 2023, are as follows:

Year Ending <u>December 31,</u>		<u>Amount</u>
2024	\$	2,704.39
2025		2,805.88
2026		2,911.19
2027		495.72
Thereafter		<u>0.00</u>
	\$	<u>8,917.18</u>

The Organization leases office space at 8 Commerce Street, Suite 1140 from 8 Commerce Partners on a month to month basis with a monthly payment of \$1,290.30. The total rent expense for the years ended December 31, 2023 and 2022 is \$18,927.97 and \$19,163.95, respectively.

NOTE 9 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject UWAL to concentrations of credit risk consist primarily of cash in financial institutions. At December 31, 2023, UWAL's cash and cash equivalents were maintained primarily with nine financial institutions in Montgomery, Alabama, which exceeds federally insured amounts. The cash balance which exceeds federally insured amounts is \$337,894.89.

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 10 - RETIREMENT PLAN

UWAL provides a Simplified Employment Pension for all eligible employees. The retirement expense for the years ended December 31, 2023 and 2022, is \$13,999.45 and \$12,467.52, respectively.

NOTE 11 - CONTRACTS AND GRANTS

A-RESET

UWAL renewed contract number 5115 with the State of Alabama for the period beginning on October 1, 2022 and ending on September 30, 2025. The goal of UWAL is to promote work force inclusion and independence for eligible clients through the SNAP E&T A-RESET program administered by the Alabama Department of Human Resources (DHR). Via UWAL's 211 Connects Alabama, clients will be screened for eligibility, provided assistance in learning and training opportunities in order to obtain skills necessary to gain employment and provided access to job support and other services through sub-contractors. The sub-contractors are community and faith-based partners that can deliver employment and training services. The sub-contractors are reimbursed 50% of expenditures. UWAL receives 50% reimbursement of expenditures and a 5% administrative fee from the sub-contractors. The maximum amount payable under the contract is \$11,352,895.04. For the year ended December 31, 2023, UWAL had received contract revenues of \$975,526.21 and had program expenditures and reimbursements of \$959,501.94.

Alabama State Department of Education

On August 1, 2021, UWAL was awarded grant number C210562 with the Alabama State Department of Education. The grant is to be used to screen every client of UWAL's 211 Connects Alabama system to determine if the client has school-aged children who are enrolled in Alabama Public Schools or should be enrolled in Alabama Public Schools to identify those who are homeless or at risk of becoming homeless. Clients will receive access to trained Information & Referral Specialists who will screen and assess the situation and provide referrals that can help address the underlying cause of the problem. The maximum amount payable under the fixed payment grant is \$580,000.00. As of December 31, 2023, UWAL had received grant revenues of \$186,550.00 and had program expenses of \$176,595.70. On November 2, 2023, the grant was renewed with grant number C240181. The maximum amount payable under the new fixed payment grant is \$320,000.00. As of December 31, 2023, UWAL had received grant revenues of \$32,000.00 and had program expenses of \$0.00.

Alabama Department of Public Health

On April 5, 2022, UWAL was awarded grant number C10114257 with the Alabama Department of Public Health. The grant is to provide wrap-around and basic social support for persons needing access to COVID-19 testing, and for quarantine and isolation support necessary to prevent the spread of COVID-19. The maximum amount payable under the grant is \$3,000,000.00. As of December 31, 2023, UWAL had received grant revenues of \$799,390.25 and had program expenses of \$807,573.34.

AIDS Alabama, Inc.

On August 27, 2022, UWAL was awarded contract number EA-UWAFY23, as a sub-recipient of AIDS Alabama, Inc.(AAI). The grant is to support Navigators in federally facilitated and state partnership marketplaces. The Navigators will be trained by AAI. The Navigators are assigned to three UWAL partner organizations throughout the state. 211 Connects Alabama clients will be screened and any that are eligible for marketplace health insurance will be referred to the Navigators to provide follow up and assist any one that needs or wants marketplace insurance. The maximum amount payable under the grants is \$825,504.94. As of December 31, 2023, UWAL had received grant revenues of \$564,095.59 and had program expenses of \$568,454.38. The grant was renewed on August 31, 2023 under contract number EA-UWAFY24. The maximum amount payable under the renewed grant is \$825,504.94. As of December 31, 2023, UWAL had received grant revenues of \$254,369.39 and had program expenses of \$254,369.39.

UNITED WAYS OF ALABAMA
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2023

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantor. Management believes UWAL is in compliance with all such conditions, and accordingly, no liability has been accrued in the accompanying financial statements.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 26, 2024, the date on which the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure in the financial statements.

OTHER SUPPLEMENTAL INFORMATION

UNITED WAYS OF ALABAMA
SCHEDULE OF RECEIPTS AND DISBURSEMENTS FOR THE
STATE COMBINED CAMPAIGN AND MONTGOMERY AREA STATE COMBINED CAMPAIGN
FOR THE YEAR ENDED DECEMBER 31, 2023

	State Combined Campaign	Montgomery Area State Combined Campaign
BEGINNING CASH - JANUARY 1, 2023	\$ 87,177.99	\$ 24,860.65
 <u>2021-2022 Campaign</u>		
Receipts	0.00	23,576.95
Disbursements	0.00	(48,437.60)
 <u>2022-2023 Campaign</u>		
Receipts	27,146.38	130,777.78
Payroll Deduction Receipts	0.00	296,028.02
Disbursements	(109,948.74)	(402,998.31)
 <u>2023-2024 Campaign</u>		
Receipts	171,005.00	0.00
Disbursements	(86,415.15)	0.00
 ENDING CASH - DECEMBER 31, 2023	 <u>\$ 88,965.48</u>	 <u>\$ 23,807.49</u>

See Independent Auditor's Report and accompanying notes to financial statements

COMPLIANCE

Diamond, Carmichael & Gary, P.A.
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**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 Directors
United Ways of Alabama
Montgomery, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Ways of Alabama (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Ways of Alabama'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Ways of Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of United Ways of Alabama'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.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Diamond, Carmichael & Gary, P.A.

Diamond, Carmichael, and Gary, P.A.
Certified Public Accountants
Montgomery, Alabama
September 26, 2024

UNITED WAYS OF ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

Grant Number	Description of Program	Federal Percent Participation	Pass-Through Grantor and Number	Federal Assistance Listing #	Program or Award Amount	Year Ended 12/31/23 Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Indirect Award - Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges (M)</i>						
NAVCA210432	Agreement to support Navigators in Federally-facilitated exchanges	100.00%	Aids Alabama, Inc., EA-UWAFY23	93.332	825,505	564,096
NAVCA240441	Agreement to support Navigators in Federally-facilitated exchanges	100.00%	Aids Alabama, Inc., EA-UWAFY24	93.332	825,505	254,369
Total Program						<u>818,465</u>
<i>Indirect Award - Epidemiology and Laboratory for Infectious Diseases</i>						
NU50CK000545	COVID-19 - Provide wrap-around and basic social support to prevent the spread of COVID-19	100.00%	Alabama Department of Public Health, GC-21-440A C10114257B	93.323	3,000,000	799,390
Total U.S. Department of Health and Human Services						<u>1,617,855</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Indirect Award - Department of Education, Education Stabilization Fund</i>						
	COVID-19 - Provide information and Referral Specialists who will screen callers to 211 Connect to see if callers have school-aged children who are enrolled in public schools or should be enrolled in public schools who are homeless or in danger of becoming homeless.	100.00%	Alabama State Department of Education, C210562	84.425	580,000	186,550
<i>Indirect Award - Department of Education, Education Stabilization Fund</i>						
	COVID-19 - Provide information and Referral Specialists who will screen callers to 211 Connect to see if callers have school-aged children who are enrolled in public schools or should be enrolled in public schools who are homeless or in danger of becoming homeless.	100.00%	Alabama State Department of Education, C240181	84.425	320,000	32,000
Total U.S. Department of Education, Education Stabilization Fund						<u>218,550</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE						\$ 1,836,405

(M) - Major Program

See accompanying notes to the Schedule of Expenditures of Federal Awards

UNITED WAYS OF ALABAMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Scope of Audit Pursuant to the Uniform Guidance

The Schedule of Expenditures of Federal Financial Assistance (the Schedule) includes all of the federal award programs for UWAL Epidemiology and Laboratory Capacity for Infectious Diseases (Federal Assistance Listing #93.323), Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges (Federal Assistance Listing #93.332) and the Department of Education, Education Stabilization (Federal Assistance Listing #84.425).

2. Basis of Accounting

The accompanying schedule includes the federal award activity of United Ways of Alabama (Organization) under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule represents 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 position, or cash flows of the Organization.

3. 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.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
United Ways of Alabama
Montgomery, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Ways of Alabama's, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Ways of Alabama's major federal programs for the year ended December 31, 2023. United Ways of Alabama'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, United Ways of Alabama 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, 2023.

Basis for Opinion on Each Major Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit Compliance

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

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

- Exercise professional judgment and maintain skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform the audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding United Ways of Alabama's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Ways of Alabama'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 for not the purpose of expressing an opinion on the effectiveness of United Ways of Alabama'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 weakness 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 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 have not been 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.

Diamond, Carmichael & Gary, P.A.

Diamond, Carmichael & Gary, P.A.
Certified Public Accountants
Montgomery, Alabama
September 26, 2024

UNITED WAYS OF ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of United Ways of Alabama.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of United Ways of Alabama were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for United Ways of Alabama expresses an unmodified opinion.
6. There were no audit findings related to the major federal award programs for United Ways of Alabama.
7. The programs tested as major programs included:

Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges 93.332

8. The dollar threshold used to distinguish Types A and B programs was \$750,000.
9. United Ways of Alabama was determined not to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.