

UNITED WAY OF NORTHWEST ALABAMA, INC.

FINANCIAL STATEMENTS

June 30, 2025

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UNITED WAY OF NORTHWEST ALABAMA, INC.

FINANCIAL STATEMENTS

June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Northwest Alabama, Inc. (United Way)
Florence, Alabama

Opinion

We have audited the financial statements of United Way of Northwest Alabama, Inc. (United Way) which comprise the statement of financial position as of June 30, 2025 and the related statements of activities, functional expenses, and cash flows for the year 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 Way, as of June 30, 2025, and the results of operations, functional expenses, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit for the Financial Statements section of our report. We are required to be independent of United Way, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 the 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 these financial statements, management is required to evaluate whether these are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for a time period of at least one year past the date of the auditor's report.

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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

--Continued--

In performing an audit in accordance with GAAS, 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 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 and opinion on the effectiveness of United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the United Way's basic financial statements. The schedules on pages 12 and 13 , as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit other basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Dyer & Smith, LLC
Certified Public Accountants
Huntsville, Alabama
October 1, 2025

UNITED WAY OF NORTHWEST ALABAMA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

	<u>2025</u>
ASSETS	
Cash in bank, unrestricted	\$ 86,230
Cash in bank, board reserved	118,072
Cash in bank, long term recovery - VOAD	131,029
2024-2025 campaign pledges receivable, net of allowance for uncollectible pledges of \$127,066	234,673
2025-2026 campaign pledges receivable, net of allowance for uncollectible pledges of \$-0-	3,070
Grant receivable	76,233
Other receivables	6,529
Land	50,000
Building	355,000
Furniture, fixtures & equipment	77,281
Accumulated depreciation on furniture & fixtures	(102,561)
Investments	985,284
Prepaid expenses	2,866
Certificates of deposit	<u>97,583</u>
TOTAL	<u>\$ 2,121,289</u>

LIABILITIES AND NET ASSETS

	<u>2025</u>
LIABILITIES	
Accounts payable	\$ 2,920
Accrued expenses	(1,255)
Accrued compensated absences	13,033
Current portion of mortgage payable	<u>12,899</u>
Total Current Liabilities	27,597
LONG TERM LIABILITIES	
Mortgage payable	<u>272,232</u>
Total Liabilities	<u>299,829</u>
NET ASSETS	
Without donor restrictions	1,084,853
With donor restrictions	<u>736,607</u>
Total net assets	<u>1,821,460</u>
	<u>\$ 2,121,289</u>

UNITED WAY OF NORTHWEST ALABAMA, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Net Assets		2025
	Without Restrictions	With Restrictions	Memo Total
SUPPORT & REVENUE			
Support			
2025-2026 Campaign	\$ -	\$ 6,138	\$ 6,138
2024-2025 Campaign - gross		726,506	726,506
Less: uncollectible	-	(85,646)	(85,646)
Special events		83,069	83,069
Grants	370,007	-	370,007
State income	-	10,425	10,425
Miscellaneous	37,423	-	37,423
Non-cash contributions	18,278	-	18,278
Net assets released	733,322	(733,322)	-
Total support	1,159,030	7,170	1,166,200
Revenue			
Interest	3,050	-	3,050
Unrealized gains	69,843	-	69,843
Rent	7,000	-	7,000
Total revenue	79,893	-	79,893
TOTAL	1,238,923	7,170	1,246,093
EXPENSES			
Fundraising	92,989	-	92,989
Allocations	962,690	-	962,690
Mgmt & general	50,239	-	50,239
Sub-total	1,105,918	-	1,105,918
CHANGE IN NET ASSETS	133,005	7,170	140,175
BEGINNING NET ASSETS	951,848	729,437	1,681,285
ENDING NET ASSETS	\$ 1,084,853	\$ 736,607	\$ 1,821,460

UNITED WAY OF NORTHWEST ALABAMA, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

(Increase/(decrease) in cash)

	<u>United Way</u>
CHANGE IN NET ASSETS	<u>\$ 140,175</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	16,653
Change in pledge and other receivables	(28,285)
Change in prepaid expenses	(2,866)
Change in accounts payable & accrued expenses	<u>(16,718)</u>
Total adjustments	<u>(31,216)</u>
Net cash provided by operating activities	<u>108,959</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Change in fixed assets - equipment purchase	<u>(15,280)</u>
Total (used by) investing activities	<u>(15,280)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Retirement of mortgage	<u>(12,372)</u>
Total provided by (used in) financing activities	<u>(12,372)</u>
NET CHANGE IN CASH	81,307
CASH AND CASH EQUIVALENTS - Begin	<u>1,336,891</u>
CASH AND CASH EQUIVALENTS - End	<u>\$ 1,418,198</u>
SUPPLEMENTAL DISCLOSURE:	
Interest paid during the year	<u>\$ 12,464</u>
DETAIL OF CASH AND CASH EQUIVALENTS:	
Unrestricted	86,230
Board reserved	118,072
VOAD recovery	131,029
Investments	985,284
Certificates of deposit	<u>97,583</u>
Total	<u>\$ 1,418,198</u>

UNITED WAY OF NORTHWEST ALABAMA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Fund Raising	Allocations	Management & General	2025 Total Expenses
Allocations to agencies	\$ -	\$ 376,112	\$ -	\$ 376,112
Payroll and related expenses:				
Salaries	-	300,045	19,575	319,620
Vacation	-	12,493	798	13,291
Supplemental income expense	-	6,082	388	6,470
Payroll taxes	-	20,717	1,322	22,039
Employee insurance	-	56,790	3,625	60,415
Retirement plan	-	18,251	1,165	19,416
Community assistance	-	60,775	-	60,775
United Way of America dues	-	20,449	-	20,449
Donor recognition	10,352	-	-	10,352
Payroll software fees	-	3,263	208	3,471
Accounting	856	2,445	774	4,075
Insurance	844	2,413	764	4,021
Bank charges	504	1,440	456	2,400
General expense	6,219	17,768	5,627	29,614
Software support	2,301	6,574	2,082	10,956
Depreciation	3,497	9,992	3,164	16,653
Building expenses	2,125	6,070	1,922	10,117
Program expense	-	25,051	-	25,051
Interest	2,617	7,478	2,368	12,464
Fundraising	62,732	-	-	62,732
Travel	942	2,692	852	4,486
Navigator reimbursement	-	5,790	-	5,790
Miscellaneous	-	-	5,149	5,149
TOTAL	\$ 92,989	\$ 962,690	\$ 50,239	\$ 1,105,918

UNITED WAY OF NORTHWEST ALABAMA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization's Activities

The United Way of Northwest, Alabama, Inc. is a nonprofit organization, formed in 1955, that bases all activities and services on increasing the organized capacity of people to care for one another in the Shoals Community including Colbert, Franklin and Lauderdale Counties. The mission of United Way is to improve lives by mobilizing the caring power of communities. United Way is governed by a volunteer Board of Directors. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader:

Financial Statement Presentation

The financial statements of United Way have been prepared on the accrual basis of accounting as prescribed by accounting principles generally accepted for non-profit organizations. United Way has adopted Statement of Financial Accounting Standards ASC 958-205, "Financial Statement of Not-for-Profit Organization." Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the organization is required to present a statement of cash flows.

Pledges Receivable and Campaign Contributions

Pledges for contributions are recorded as received. Outstanding pledges at the end of a campaign year are reduced by a provision of uncollectible pledges based on experience and on any unusual circumstances that may affect the ability of the contributors to meet their pledges. Campaign contributions are reported as revenue net of uncollectible pledges.

United Way has adopted ASC 958-605, "Accounting for Contributions Received and Contributions Made." All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with restrictions that increases that class of net assets.

Recognition of Campaign Revenues and Allocations to Agencies

Pledges and other contributions received in advance of the year in which funds are to be used by United Way are recognized as revenue in the year that they are deemed to be earned. The campaign year is on a fiscal year basis ending in June. United Way allocates funds received from the fall campaign beginning July 1 the following year. The allocation is subject to availability of funds, the discretion of the Board Directors and the allocation committee of the United Way of Northwest Alabama, Inc. and renewable annually. Recipient agencies and program accomplishments are formally reviewed every three years. Allocation commitments are not recognized as payables in the accompanying financial statements because the allocation period doesn't begin until after year end on July 1. Accordingly, campaign receipts and disbursements recognized for each fiscal year are from different campaigns. However, the difference attributable to recognizing revenue and expenses from different campaign periods is not considered to be material.

Non-Cash Contributions

Donated materials and equipment are recorded as revenue on the date of receipt if the fair market value is objectively determinable. Since no objective basis is available to measure the value of donated services rendered, the value of such services is not recorded.

Cash and Cash Equivalents

The organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as a part of the investment portfolio, pledged to secure loan agreements or otherwise encumbered by the donors.

UNITED WAY OF NORTHWEST ALABAMA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Land, Building and Equipment.

Land, building and equipment are stated at cost at the date of purchase or, if contributed, the estimated fair valued at the date of receipt. Additions, improvements and expenses for repairs and maintenance that significantly add to the productivity or extend the economic life of the assets are recorded in fixed asset accounts. Other expenses for repairs and maintenance are charged to operations as incurred. Depreciation, for financial statement purposes, is calculated using the straight-line method based on estimated lives of the assets. When assets are retired, the asset and related accumulated depreciation are removed from the respective accounts and any profit or loss on the disposition is credited or charged to operations. Assets are depreciated using the straight - line method over estimates lives ranging from 5 to 39 years. Depreciation expense for the year ended June 30, 2025 was \$16,653.

Income Taxes

United Way operates as a non-profit corporation under the guidelines of Section 501 (c)(3) of the Internal Revenue Code and the regulations there under and is exempt from federal and state income taxes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

The “ratified campaign” amount each year is a significant estimate. The results of the “ratified campaign” are affected by the estimates for allowance for uncollectible pledges, unforeseen economic impact to the local economy and to individual donors.

Allocations of Expenses by Function

Allocations of expenses by function to fund raising, allocations, management and general have been based upon estimates by management.

Accompanying Schedule of Receipts and Disbursements for the Area State Campaign

The United Way of Central Alabama manages the Alabama Statewide Campaign. The accompanying schedule of state campaign receipts and disbursements is required by the State Campaign. The data presented in the schedule is included in the accompanying financial statements.

Certification of Federation Designations

United Way (Federation) is honoring designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member, per CFC Section 950.301(e)(2)(i).

NOTE 2 – RETIREMENT PLAN

United Way participates in a defined contribution pension plan that is available to its full-time employees with one year of service. United Way contributes 5% of covered employee payroll to the plan. Contributions by United Way during the year ended June 30, 2025 was \$19,416.

NOTE 3 – RELATED PARTY TRANSACTIONS

United Way maintains bank accounts with various local banks. Members of the management of certain banks are also members of the Board of Directors of United Way.

UNITED WAY OF NORTHWEST ALABAMA, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE 4 – CASH CONCENTRATIONS AND CREDIT RISK

United Way Northwest maintains its cash account at several commercial banks that are insured by the FDIC and SIPC up to \$250,000 or \$500,000 per account. A summary of the total insured and uninsured amounts on deposit at June 30, 2024 is as follows:

	2025
Cash and cash equivalents	\$ 1,418,198
Less: petty cash	(265)
Less: deposits in transit	(-0-)
Add: outstanding checks and wire transfers	5,203
Total cash held at bank	1,423,136
Less: portion insured by FDIC or SIPC	1,172,376
Uninsured Cash Balance	\$ 250,760

NOTE 5 - INVESTMENTS

Investment Policy

The Board of Directors is responsible for the security and preservation of United Way's assets, capital, and reserves and will accept investment risks common to its industry. It is the policy of United Way to report all investments at market price at year end as follows:

	Cost	Fair Value
DESCRIPTION		
Cash - Ameriprise	\$ 1,468	\$ 1,468
Cash - Morgan Stanley	55,100	55,100
Mutual Funds Morgan Stanley	-	8,500
Stock - Morgan Stanley	236,726	242,796
C/D's - Morgan Stanley	50,192	51,264
Morgan Stanley - equities	286,598	393,100
Ameriprise - Mutual Funds and Bonds	209,278	233,056
TOTAL	\$ 839,362	\$ 985,284

Total unrealized gains in the current portfolio is \$145,922. United Way recorded an increase market value of \$69,843 as unrealized gain in the accompanying financial statements for 2025. \$76,079 of unrealized gain in the current portfolio was recognized in 2024 or earlier.

NOTE 6 - NET ASSETS WITH RESTRICTIONS

Pledges and other contributions received in advance of the year in which funds are to be used by United Way are recognized as revenue in the year that they are deemed to be earned. The campaign year is on a fiscal year basis ending in June. At June 30, 2025, temporarily restricted net assets is \$736,607.

Description	Amount
2024-2025 Ratified Campaign	\$ 726,506
2025-2026 Campaign to date	6,138
Less campaign shrinkage	(127,066)
Long-term recovery VOAD	131,029
Net assets with restrictions	\$ 736,607

UNITED WAY OF NORTHWEST ALABAMA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – COMMITMENTS

Allocation year July 1, 2025 through June 30, 2026

United Way enters into allocation agreements with its beneficial agencies for allocations each year. Allocations are subject to availability of funds and the discretion of the Board of Directors. Some agencies may not request the entire allocation amount during the year. While unpaid budget allocations can be calculated, they are not recorded as payables because it is not known if these agencies will request their unpaid allocation amounts. United Way has committed to disburse \$307,666 to agencies for the year July 1, 2025 through June 30, 2026.

NOTE 8 – INCOME TAXES

United Way has adopted the provisions of FASB Interpretation 48 (ASC topic 740), "Accounting for Uncertainty in Income Taxes." The interpretation provides clarification on accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for the financial statement recognition, measurement and disclosure of a tax position taken or expected to be taken in a tax return. Examples of uncertainties under the standard are: 1) Tax exempt status, 2) Disallowance or redetermination of various positions related to sources of unrelated business taxable income (UBIT), 3) Penalties for failure to provide required disclosure regarding *quid pro quo* contributions over \$75. There are no unrecognized tax benefits reflected in the accompanying financial statements or positions taken in the tax returns that are believed to be uncertain. Tax years open to examination by the taxing authorities are the years ended June 30, 2025, 2024 and 2023.

NOTE 9 – LIQUIDITY MANAGEMENT

United Way financial assets available within one year of the balance sheet date for general expenditures are as follows:

<u>Description</u>	<u>Amount</u>
Cash - unrestricted	\$ 86,230
Cash – board reserved	118,072
Mission available - investments	985,284
Mission available - certificates	97,583
Grants receivable	76,233
2024 pledges receivable net of allowance of \$127,066	234,673
2025 pledges receivable	3,070
Total liquid assets	\$ 1,601,145

Total support and revenue for the year ended June 30, 2025 was \$1,246,093. Expenses of \$1,105,918 for the year ended June 30, 2025 were less than revenue for the year by \$140,175. Management does not anticipate liquidity issues after June 30, 2025. There is additional restricted cash of \$131,029 for long-term recovery.

UNITED WAY OF NORTHWEST ALABAMA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – MORTGAGE PAYABLE

The building was purchased in July 2021 for \$405,000 plus closing costs of \$4,612. The purchase was financed with cash in the amount of \$79,612 and a mortgage in the amount of \$330,000. The mortgage is payable in 240 payments of \$2,044 per month including interest of 4.19% per annum beginning August 1, 2021 through July 1, 2041. Principal maturities of the mortgage are as follows:

<u>Year</u>		<u>Amount</u>
2026	\$	12,899
2027		13,430
2028		14,064
2029		14,763
Thereafter		<u>229,975</u>
Total	\$	<u>285,131</u>

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, United Way evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, which was the date the financial statements were available and issued. There are no subsequent events to be recorded or disclosed in the financial statements for the fiscal year ended June 30, 2025.

UNITED WAY OF NORTHWEST ALABAMA, INC.

ALLOCATIONS TO AGENCIES
For the Year Ended June 30, 2025

<u>Agency</u>	<u>Amount</u>
CASA of Florence / Lauderdale County	\$ 13,800
Armstead Athletics	6,500
Big Brothers / Big Sisters	30,641
Colbert-Lauderdale Attention Homes, inc.	43,422
The ARC of the Shoals	55,008
Community Action Agency	52,234
Easter Seals Rehabilitation Center-Northwest Alabama	18,092
Healing Place	10,302
Safespace, Inc.	48,744
SCC Non-partner	3,642
The Metropolitan YMCA of the Shoals, Inc.	15,018
Shoals Community Clinic	30,015
Children's Cramer Center	30,871
Unitred Way of Northwest Alabama	7,957
Shoals Save a life	233
United Cerebral Palsy	7,296
Miscellaneous Designation	<u>2,337</u>
	<u>\$ 376,112</u>

UNITED WAY OF NORTHWEST ALABAMA ,INC.
AREA STATE CAMPAIGN
For the Year Ended June 30, 2025

CASH - Beginning - July 1, 2024	\$ 4,748.21
Receipts:	
Campaign Revenue 2023	4,830.37
Campaign Revenue 2024	<u>5,602.61</u>
Total Receipts	<u>10,432.98</u>
Disbursements:	
Designation payments - 2023	7,957.20
Designation payments - 2024	<u>3,875.27</u>
Total Disbursements	<u>11,832.47</u>
CASH - Ending June 30, 2025	<u>\$ 3,348.72</u>

The auditors' report on additional information.