

River Region United Way

FINANCIAL STATEMENTS

September 30, 2019 and 2018



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**River Region United Way
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REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
River Region United Way

We have audited the accompanying financial statements of River Region United Way (the Organization) which comprise the statements of financial position as of September 30, 2019 **and 2018**, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of River Region United Way as of September 30, 2019 **and 2018**, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carly Riggs & Ingram, L.L.C.

Montgomery, Alabama

December 5, 2019



FINANCIAL STATEMENTS

**River Region United Way
Statements of Financial Position**

<i>September 30,</i>	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Assets						
Current assets						
Cash and cash equivalents	\$ 4,562,891	\$ 298,050	\$ 4,860,941	\$ 4,240,726	\$ 404,739	\$ 4,645,465
Pledges receivable, net	660,291	268,344	928,635	696,580	419,435	1,116,015
Prepaid expense	26,430	-	26,430	26,306	-	26,306
Total current assets	5,249,612	566,394	5,816,006	4,963,612	824,174	5,787,786
Other assets						
Investments in marketable securities	-	908,826	908,826	-	884,036	884,036
Investments - other	-	419,638	419,638	-	430,105	430,105
Certificates of deposit	161,521	36,111	197,632	26,990	36,111	63,101
Property and equipment, net	382,181	-	382,181	389,278	-	389,278
Cash surrender value of life insurance	7,495	-	7,495	7,516	-	7,516
Total assets	\$ 5,800,809	\$ 1,930,969	\$ 7,731,778	\$ 5,387,396	\$ 2,174,426	\$ 7,561,822
Liabilities and net assets						
Current liabilities						
Accounts payable and accrued expenses	\$ 54,745	\$ -	\$ 54,745	\$ 61,187	\$ -	\$ 61,187
Allocations and designations payable	1,874,103	148,049	2,022,152	1,969,342	233,563	2,202,905
Current portion of capital lease obligation	7,435	-	7,435	10,270	-	10,270
Custodial accounts	111,893	-	111,893	122,470	-	122,470
Total current liabilities	2,048,176	148,049	2,196,225	2,163,269	233,563	2,396,832
Long-term liabilities						
Capital lease obligation	31,882	-	31,882	14,500	-	14,500
Total liabilities	2,080,058	148,049	2,228,107	2,177,769	233,563	2,411,332
Net assets						
Net assets without donor restrictions						
Unrestricted	2,939,878	-	2,939,878	2,490,848	-	2,490,848
Board designated	780,873	-	780,873	718,779	-	718,779
Total net assets without donor restrictions	3,720,751	-	3,720,751	3,209,627	-	3,209,627
Net assets with donor restrictions	-	1,782,920	1,782,920	-	1,940,863	1,940,863
Total net assets	3,720,751	1,782,920	5,503,671	3,209,627	1,940,863	5,150,490
Total liabilities and net assets	\$ 5,800,809	\$ 1,930,969	\$ 7,731,778	\$ 5,387,396	\$ 2,174,426	\$ 7,561,822

The accompanying notes are an integral part of these financial statements.

River Region United Way Statements of Activities

<i>Year ended September 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
Changes in net assets			
Gross campaign pledges for next allocation period	\$ -	\$ 505,493	\$ 505,493
Less donor designations	-	(148,049)	(148,049)
Less provision for uncollectible pledges	-	(24,928)	(24,928)
Net campaign pledges for next allocation period	-	332,516	332,516
Gross campaign pledges for current allocation period	3,194,849	-	3,194,849
Less donor designations	(627,482)	-	(627,482)
Less provision for uncollectible pledges	(122,451)	-	(122,451)
Pledges released for current allocation period	504,228	(504,228)	-
Net campaign pledges for current allocation period	2,949,144	(504,228)	2,444,916
Other contributions	282,798	11,417	294,215
Other contributions released from restrictions	44,579	(44,579)	-
Net public support	3,276,521	(204,874)	3,071,647
Other revenues			
Investment return, net of fees	21,268	45,431	66,699
Gain on disposal of assets	5,098	-	5,098
Other income	27,447	1,500	28,947
Total other revenues	53,813	46,931	100,744
Net public support and other revenues	3,330,334	(157,943)	3,172,391
Allocations and expenses			
Program services:			
Allocations and other programs	2,198,326	-	2,198,326
Supporting expenses:			
Management and general	166,935	-	166,935
Fundraising	453,949	-	453,949
Total allocations and expenses	2,819,210	-	2,819,210
Increase in net assets	511,124	(157,943)	353,181
Net assets, beginning of year	3,209,627	1,940,863	5,150,490
Net assets, end of year	\$ 3,720,751	\$ 1,782,920	\$ 5,503,671

The accompanying notes are an integral part of these financial statements.

**River Region United Way
Statements of Activities (Continued)**

<i>Year ended September 30,</i>	2018		
	Without Donor Restrictions	With Donor Restrictions	Totals
Changes in net assets			
Gross campaign pledges for next allocation period	\$ -	\$ 780,164	\$ 780,164
Less donor designations	-	(233,563)	(233,563)
Less provision for uncollectible pledges	-	(46,604)	(46,604)
Net campaign pledges for next allocation period	-	499,997	499,997
Gross campaign pledges for current allocation period	3,862,532	-	3,862,532
Less donor designations	(850,448)	-	(850,448)
Less provision for uncollectible pledges	(150,732)	-	(150,732)
Pledges released for current allocation period	413,786	(413,786)	-
Net campaign pledges for current allocation period	3,275,138	(413,786)	2,861,352
Other contributions	227,409	14,800	242,209
Other contributions released from restrictions	39,673	(39,673)	-
Net public support	3,542,220	61,338	3,603,558
Other revenues			
Investment return, net of fees	4,753	59,312	64,065
Gain on disposal of assets	155	-	155
Other income	27,525	2,000	29,525
Total other revenues	32,433	61,312	93,745
Net public support and other revenues	3,574,653	122,650	3,697,303
Allocations and expenses			
Program services:			
Allocations and other programs	2,354,203	-	2,354,203
Supporting expenses:			
Management and general	168,196	-	168,196
Fundraising	425,884	-	425,884
Total allocations and expenses	2,948,283	-	2,948,283
Increase in net assets	626,370	122,650	749,020
Net assets, beginning of year	2,583,257	1,818,213	4,401,470
Net assets, end of year	\$ 3,209,627	\$ 1,940,863	\$ 5,150,490

The accompanying notes are an integral part of these financial statements.

River Region United Way Statements of Functional Expenses

Years ended September 30,	2019				2018			
	Program Services	Management and General	Fund-Raising	Totals	Program Services	Management and General	Fund-Raising	Totals
Gross distributions to agencies	\$ 1,981,673	\$ -	\$ -	\$ 1,981,673	\$ 2,183,444	\$ -	\$ -	\$ 2,183,444
Less: donor designations to agencies	(438,113)	-	-	(438,113)	(516,330)	-	-	(516,330)
Net allocations to agencies	1,543,560	-	-	1,543,560	1,667,114	-	-	1,667,114
Campaign expenses	46,051	1,819	66,364	114,234	31,624	2,594	41,130	75,348
Depreciation	16,458	3,612	16,458	36,528	16,832	5,432	16,452	38,716
Directors and officers and cyber insurance	2,689	1,053	2,301	6,043	1,889	2,987	2,231	7,107
Dues and memberships	44,493	2,891	1,081	48,465	71,920	3,097	1,293	76,310
Employee benefits	46,372	12,084	36,084	94,540	36,195	7,821	31,587	75,603
Grants and other program expenses	160,078	4,950	-	165,028	176,757	614	-	177,371
Interest expense	755	160	750	1,665	616	279	594	1,489
Investment and bank fees	1,961	8,389	545	10,895	7,304	10,717	1,142	19,163
Meetings	662	2,056	1,341	4,059	126	2,091	2,736	4,953
Occupancy and equipment	24,778	9,066	25,172	59,016	30,692	14,490	20,862	66,044
Outsourcing fees	9,081	2,020	8,917	20,018	10,921	3,226	10,672	24,819
Payroll taxes	19,836	5,110	18,626	43,572	19,678	5,676	18,408	43,762
Postage and shipping	686	149	4,136	4,971	464	427	6,109	7,000
Printing	4,309	1,190	6,921	12,420	2,155	3,761	4,375	10,291
Professional and legal fees	12,602	38,810	15,394	66,806	17,005	16,168	16,451	49,624
Promotional materials	198	2,453	304	2,955	-	3,011	145	3,156
Publications and subscriptions	204	421	336	961	1,724	504	392	2,620
Salaries	256,663	60,926	242,507	560,096	255,569	75,165	244,137	574,871
Supplies	2,953	1,988	2,969	7,910	1,818	1,397	2,653	5,868
Travel and conferences	3,937	7,788	3,743	15,468	3,800	8,739	4,515	17,054
	\$ 2,198,326	\$ 166,935	\$ 453,949	\$ 2,819,210	\$ 2,354,203	\$ 168,196	\$ 425,884	\$ 2,948,283

The accompanying notes are an integral part of these financial statements.

River Region United Way Statements of Cash Flows

<i>Years ended September 30,</i>	2019	2018
Operating activities		
Increase in net assets	\$ 353,181	\$ 749,020
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	36,528	38,716
Provision for uncollectible pledges	147,380	197,336
Gain on disposal of property and equipment	(5,098)	(155)
Realized and unrealized gains on investments	(26,341)	(41,564)
(Increase) decrease in current assets:		
Pledges receivable	40,000	(213,337)
Prepaid expense	(124)	(1,411)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(6,442)	21,601
Allocations and designations payable	(180,753)	(219,076)
Custodial accounts	(10,577)	9,567
Net cash provided by operating activities	347,754	540,697
Investing activities		
Purchase of investments	(229,826)	(215,063)
Proceeds from sales and maturities of investments	93,755	371,408
Purchase of property and equipment	(1,099)	(13,164)
Proceeds from disposal of property and equipment	13,756	-
Change in cash surrender value of life insurance	21	109
Net cash provided by (used in) investing activities	(123,393)	143,290
Financing activities		
Principal payments on capital leases	(8,885)	(11,019)
Net cash used in financing activities	(8,885)	(11,019)
Net increase in cash and cash equivalents	215,476	672,968
Cash and cash equivalents, beginning of year	4,645,465	3,972,497
Cash and cash equivalents, end of year	\$ 4,860,941	\$ 4,645,465
Supplemental information:		
Interest paid in cash during the year	\$ 1,662	\$ 1,489
Office machines acquired with capital lease obligations	\$ 37,024	\$ 5,904

The accompanying notes are an integral part of these financial statements.

NOTE 1: NATURE OF OPERATIONS

The River Region United Way (the Organization), is a non-profit voluntary health and welfare organization made up of public and private health and welfare agencies, community organizations, and representatives of the general public, providing administrative and other central services for carrying out its charitable and educational purposes in the river region. The majority of revenue consists of contributions from the general public in Montgomery, Autauga, Elmore, Macon, and Lowndes counties.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting, under which revenues are recognized in the period they are earned or unconditionally promised rather than when they are received and expenses are recognized in the period incurred rather than when paid.

The accompanying financial statements include the accounts of the Organization, exclusive of associated agencies. Each associated agency has its own independent board of directors and conducts independent service programs.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The presentation 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 and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the provision for uncollectible pledges.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

In presenting the statements of cash flows, the Organization considers cash and cash equivalents to be all short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturities that they present insignificant risk of changes in value due to interest rate fluctuations.

Pledges Receivable and Other Receivables

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. The Organization uses the allowance method to recognize uncollectible pledges and other receivables. Accordingly, the Organization estimates uncollectible accounts based on historical actual bad debts and records a provision for uncollectible pledges and other receivables based on this estimate.

Investments

Investments in marketable securities are carried at fair value in the statements of financial position. Donated investments are recorded at the fair market value of the asset on the date it was donated. Unrealized and realized gains and losses are included in investment return. Other investments not considered marketable investments are carried at historical cost in accordance with the cost method of accounting for investments.

Property and Equipment

Property and equipment purchased by the Organization are carried at historical cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives are three to thirty-nine years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Certificates of Deposit

The Organization invests in certificates of deposit and values them at amortized cost.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges and Contributions

Contributions received are recorded as unrestricted or restricted support depending on the existence or nature of any donor restrictions. Contributions received in the year prior to the year in which they are available to be allocated are reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the same reporting period in which the support was received. Support that is restricted by the donor for a specific program or time period is reported as an increase in net assets without donor restrictions if the restriction expires in a later reporting period. Amounts are reclassified or released upon satisfaction of the donor restrictions.

Pledges received that are designated for a specific agency are recorded as designations due to agencies. The Organization receives and disburses these funds to the designated agency. The Organization honors these designations by contributors and has no variance power related to the underlying pledge.

Donated Services

Volunteers provide essential services that the Organization might otherwise be unable to afford. These services include campaigning for annual pledges, distributing promotional materials and serving on committees which allocate the funds.

Functional Expenditures

Expenditures that can be directly identified with a function are so classified. Payroll, occupancy, and related expenditures are distributed on a percentage basis determined from estimates of time and effort developed in preceding years that are adjusted for significant changes affecting a particular function.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Internal Revenue Code. Additionally, the Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. The tax years that remain subject to examination are the periods beginning on October 1, **2015** for all major tax jurisdictions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, “Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities”. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses, among other items. The Organization adopted this accounting standards update during the year ended September 30, 2019. The ASU has been applied retrospectively to all periods presented, with no impact on net assets with donor restrictions.

Evaluation of Subsequent Events

The Organization has evaluated its financial statements for subsequent events through December 5, 2019, which is the date the financial statements were available to be issued. The Organization is not aware of any such events which would require recognition or disclosure in the financial statements.

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable, as shown in the accompanying statements of financial position, reflects pledges received during the current year for the current allocation period and pledges received in advance for the next allocation period.

The following is an analysis of pledges receivable:

<i>September 30,</i>	2019			
	Amount Pledged To Be Collected	Allowance for Uncollectible Amounts		Net
Fiscal year 2018-19 campaign	\$ 967,076	\$ 306,785	\$	660,291
Fiscal year 2019-20 campaign	293,272	24,928		268,344
	\$ 1,260,348	\$ 331,713	\$	928,635

**River Region United Way
Notes to Financial Statements**

NOTE 3: PLEDGES RECEIVABLE (CONTINUED)

<i>September 30,</i>	2018		
	Amount Pledged To Be Collected	Allowance for Uncollectible Amounts	Net
Fiscal year 2017-18 campaign	\$ 1,014,115	\$ 317,535	\$ 696,580
Fiscal year 2018-19 campaign	466,039	46,604	419,435
	\$ 1,480,154	\$ 364,139	\$ 1,116,015

NOTE 4: INVESTMENTS

Investments consist of the following:

<i>September 30,</i>	2019		
	Cost	Unrealized Gains (Losses)	Fair Value
Central Alabama Community Foundation pooled accounts	\$ 202,734	\$ -	\$ 202,734
Mutual funds - fixed income	155,890	4,407	160,297
Mutual funds - equities	426,429	72,279	498,708
Bonds	237,839	11,982	249,821
	1,022,892	88,668	1,111,560
Interest in limited partnership	216,904	-	216,904
	\$ 1,239,796	\$ 88,668	\$ 1,328,464

**River Region United Way
Notes to Financial Statements**

NOTE 4: INVESTMENTS (CONTINUED)

<i>September 30,</i>	2018		
	Cost	Unrealized Gains (Losses)	Fair Value
Central Alabama Community Foundation pooled accounts	\$ 217,340	\$ -	\$ 217,340
Mutual funds - fixed income	155,889	(4,679)	151,210
Mutual funds - equities	423,214	80,332	503,546
Bonds	235,928	(6,649)	229,279
	1,032,371	69,004	1,101,375
Interest in limited partnership	212,766	-	212,766
	\$ 1,245,137	\$ 69,004	\$ 1,314,141

Investment return consists of the following:

<i>Year ended September 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 21,267	\$ 29,483	\$ 50,750
Realized gains	-	9,847	9,847
Unrealized gains	-	16,493	16,493
Investment fees	-	(10,391)	(10,391)
	\$ 21,267	\$ 45,432	\$ 66,699

<i>Year ended September 30,</i>	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 4,753	\$ 25,416	\$ 30,169
Realized gains	-	15,749	15,749
Unrealized gains	-	25,815	25,815
Investment fees	-	(7,668)	(7,668)
	\$ 4,753	\$ 59,312	\$ 64,065

NOTE 5: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification No. 820, Fair Value Measurements and Disclosures (ASC No. 820), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard also establishes a fair value hierarchy which requires an Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC No. 820 describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted market prices in active markets for identical assets or liabilities.
Level 2	Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3	Unobservable inputs that are not corroborated by market data.

When securities are traded in secondary markets and quoted market prices are not available, the Organization generally relies on prices obtained from independent vendors. Vendors compile prices from various sources and often apply matrix pricing for similar securities when no price is observable. Securities measured with these valuation techniques are generally classified within Level 2 of the valuation hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow analyses using inputs observable in the market where available. There have been no changes in the methodologies used at September 30, 2019 **and 2018**.

The Organization’s investments in marketable securities were carried at fair value in the statements of financial position as follows:

Assets measured at Fair Value on a Recurring Basis

<i>September 30, 2019</i>	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
Central Alabama Community Foundation			
pooled accounts	\$ -	\$ 202,734	\$ -
Mutual funds - fixed income	160,297	-	-
Mutual funds - equities	498,708	-	-
Bonds	-	249,821	-
	\$ 659,005	\$ 452,555	\$ -

**River Region United Way
Notes to Financial Statements**

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

<i>September 30, 2018</i>	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
Central Alabama Community Foundation pooled accounts	\$ -	\$ 217,340	\$ -
Mutual funds - fixed income	151,210	-	-
Mutual funds - equities	503,546		
Bonds		229,279	-
	\$ 654,756	\$ 446,619	\$ -

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment at consist of the following:

<i>September 30,</i>	2019	2018
Furniture and equipment	\$ 212,068	\$ 219,583
Land	72,162	72,162
Building	251,614	251,614
Less: accumulated depreciation	153,663	154,081
	\$ 382,181	\$ 389,278

Depreciation expense was \$36,528 and \$38,716 for the years ended September 30, 2019 and 2018, respectively.

NOTE 7: LINE OF CREDIT

The Organization has a line of credit with a local bank. The line of credit allows the Organization to draw up to \$250,000. All draws bear a variable interest rate of 1% over prime as of yearend. The amount outstanding on the line of credit at September 30, 2019 and 2018 was \$-0-. There were no draws or payments associated with the line of credit for the years ended September 30, 2019 and 2018.

NOTE 8: CAPITAL LEASE OBLIGATION

The Organization has acquired equipment under the provisions of various long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized. The property under capital lease as of September 30, 2019 **and 2018** had a cost of \$42,929 and \$51,542, respectively, and a net book value of \$38,541 and \$20,461, respectively. The following is a schedule of future payments under lease:

<i>Years ended September 30,</i>	
2020	\$ 9,952
2021	9,405
2022	7,764
2023	7,764
2024	12,085
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Total future minimum lease payments	46,970
Amount representing interest	(7,653)
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Present value of future minimum capital lease payments	39,317
Current obligation	7,435
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Long term portion of capital lease obligation	\$ 31,882
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NOTE 9: PENSION PLAN

The Organization began a defined contribution plan on October 1, 1999 in which all employees who have reached the age of 21 and have completed one year of service are eligible to participate in the plan. Employer contributions to the plan are equal to ten percent of eligible employees' salaries. Contributions to the plan for the years ended September 30, 2019 **and 2018** were \$44,861 and \$31,440, respectively.

NOTE 10: CONCENTRATION OF CASH AND CREDIT RISK

The Organization maintains its cash balances at financial institutions in Montgomery, Alabama. The Federal Depository Insurance Corporation (FDIC) insures these balances to \$250,000 at each institution. Uninsured balances at September 30, 2019 **and 2018** were \$3,185,020 and \$3,087,050, respectively.

A majority of contribution pledges received by the Organization comes from the counties of Montgomery, Elmore, Autauga, Macon and Lowndes within Alabama.

NOTE 11: DESIGNATED NET ASSETS

Certain unrestricted net assets have been designated by the Board for the following purposes:

<i>September 30,</i>	2019	2018
General Fund Emergency Fund	\$ 780,873	\$ 626,555
Community Grants Fund	-	92,224
Total	\$ 780,873	\$ 718,779

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS

Amounts included in Next Allocation Period are donor restricted net assets related to the 2019-2020 campaign. They include cash, pledges receivable (net of allowance for uncollectible pledges), and designations payable. The Organization considers this a time restriction.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment, (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Interpretation of Relevant Law (continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of the Organization and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and the appreciation of investments
- f) Other resources of the Organization
- g) The investment policies of the Organization

Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of September 30, 2019 **and 2018**.

Investment Policy

The objectives of the Organization call for a program to guide the investment of funds in a manner that will ultimately enable the Organization to fund its central services functions entirely through endowments and investments. The procedures to attain the objectives include consideration for the safety of capital, liquidity to meet short-range needs and maximization of the yield on investments. The Investment Committee of the Organization is responsible for the annual review of the assets and investment performance of the investment managers.

Expenditures Policy

The Organization's expenditures from these funds are restricted by donor request at the time the funds are received and are adhered to as follows:

The CACF Fund consists of two separate funds that are in the custody of the Central Alabama Community Foundation, Inc. (CACF). The funds consist of the *River Region United Way Fund (RRUW Fund)* and the *Alex Sanders Fund (Sanders Fund)*. The *RRUW Fund* is composed of funds set up to provide investment income for the general operations of the Organization and expenditures are limited to satisfy this purpose.

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Expenditures Policy (continued)

The *Sanders Fund* is a fund set up to provide investment income for the support of organizations operating within the five-county service area of the River Region United Way through the request of annual grants. Support is provided to the community through one of the following areas: family, food, medical, education, social services, shelter or arts.

The Annual Giving Trust was established by gift to the Organization in 2001 with the purpose of encouraging other bequests to the endowment. The conditions under the trust agreement are as follows: income earned on the investments is restricted from use for the first 10 years after the date of the gift, and the principal of the investment is restricted from use for 50 years after the date of the gift. The trust is held at Regions Bank. The trust allows for the payment of investment management fees annually.

In December, 2002, the Organization was given a gift to establish the Allendale Fund. Initially, the gift consisted of an assigned interest in a limited partnership, which had a fair market value of \$143,400 on the date of the gift. Use of the funds from the fund is to be determined by the Organization's board at the time that income from the partnership and/or the partnership interest is distributed to the Organization.

The DeTocqueville Fund was established in 1998 in order to encourage contributors to join the DeTocqueville Society. The DeTocqueville Society is comprised of contributors who give \$10,000 or more to the United Way campaign each year. For contributors who wish to join the DeTocqueville Society, the Fund provides for certain matching of contributions in the first two years. Specifically, the Fund matches a contributor's gift in the first year at \$5,000, in the second year, the Fund provides a match of \$2,500 for the contributor's gift of \$7,500. In the third year, contributors give the full \$10,000. The purpose of the fund is to encourage major gift giving and to grow the fund to cover overhead expenses such that 100% of other donors' pledges go directly to the community.

The Myron J. Rothschild Fund for Emergency Relief was established during the fiscal year ended September 30, 1983. Initial contributions to the Fund are to be held as an endowment for the purpose of assisting families and individuals in need as a result of situations of hardship and suffering not covered by organized relief agencies. The Fund is under the management and control of a three-person committee that makes all determinations concerning the investment of the principal and the disbursement of the income. The assets of the Fund were moved to a financial institution trust fund in September 2014.

**River Region United Way
Notes to Financial Statements**

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The assets, net assets, revenue and expenses for these restricted funds are as follows:

<i>September 30,</i>	2019						
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total
Assets:							
Cash and cash equivalents	\$ 211,377	\$ -	\$ 16,837	\$ 37,140	\$ 32,696	\$ -	\$ 298,050
Investments, at fair value	-	202,733	558,010	-	350,817	216,904	1,328,464
Certificates of deposit	-	-	-	-	-	36,111	36,111
Pledges receivable, net	268,344	-	-	-	-	-	268,344
Designations payable	(148,049)	-	-	-	-	-	(148,049)
Total assets	\$ 331,672	\$ 202,733	\$ 574,847	\$ 37,140	\$ 383,513	\$ 253,015	\$ 1,782,920
Net assets with donor restrictions	\$ 331,672	\$ 202,733	\$ 574,847	\$ 37,140	\$ 383,513	\$ 253,015	\$ 1,782,920
Total net assets							
with donor restrictions	\$ 331,672	\$ 202,733	\$ 574,847	\$ 37,140	\$ 383,513	\$ 253,015	\$ 1,782,920
Support and revenue:							
Gross pledges	\$ 505,493	\$ -	\$ -	\$ -	\$ 11,417	\$ -	\$ 516,910
Less donor designations	(148,049)	-	-	-	-	-	(148,049)
Less provision for uncollectibles	(24,928)	-	-	-	-	-	(24,928)
Sponsorships	1,500	-	-	-	-	-	1,500
Investment return, net of fees	-	(292)	30,287	46	11,252	4,138	45,431
Total support and revenue	334,016	(292)	30,287	46	22,669	4,138	390,864
Released from restrictions	(504,228)	(14,314)	(8,456)	(5,000)	(16,809)	-	(548,807)
Increase (decrease) in net assets with donor restrictions	\$ (170,212)	\$ (14,606)	\$ 21,831	\$ (4,954)	\$ 5,860	\$ 4,138	\$ (157,943)

River Region United Way
Notes to Financial Statements

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

<i>September 30,</i>	2018						
	Next						
	Allocation	CACF	Annual	DeTocqueville	Rothschild	Allendale	Total
	Period	Fund	Giving Trust	Fund	Fund	Fund	
Assets:							
Cash and cash equivalents	\$ 316,012	\$ -	\$ 17,341	\$ 42,094	\$ 29,292	\$ -	\$ 404,739
Investments, at fair value	-	217,339	535,674	-	348,361	212,766	1,314,140
Certificates of deposit	-	-	-	-	-	36,111	36,111
Pledges receivable, net	419,435	-	-	-	-	-	419,435
Designations payable	(233,563)	-	-	-	-	-	(233,563)
Total assets	\$ 501,884	\$ 217,339	\$ 553,015	\$ 42,094	\$ 377,653	\$ 248,877	\$ 1,940,862
Net assets with donor restrictions	\$ 501,884	\$ 217,339	\$ 553,016	\$ 42,094	\$ 377,653	\$ 248,877	\$ 1,940,863
Total net assets							
with donor restrictions	\$ 501,884	\$ 217,339	\$ 553,016	\$ 42,094	\$ 377,653	\$ 248,877	\$ 1,940,863
Support and revenue:							
Gross pledges	\$ 780,164	\$ -	\$ -	\$ -	\$ 14,800	\$ -	\$ 794,964
Less donor designations	(233,563)	-	-	-	-	-	(233,563)
Less provision for uncollectibles	(46,604)	-	-	-	-	-	(46,604)
Sponsorships	2,000	-	-	-	-	-	2,000
Investment return, net of fees	(113)	12,019	28,133	50	14,578	4,645	59,312
Total support and revenue	501,884	12,019	28,133	50	29,378	4,645	576,109
Released from restrictions	(413,786)	(5,840)	(13,173)	-	(20,660)	-	(453,459)
Increase (decrease) in net							
assets with donor restrictions	\$ 88,098	\$ 6,179	\$ 14,960	\$ 50	\$ 8,718	\$ 4,645	\$ 122,650

NOTE 13: LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Organization has various sources of liquidity at their disposal, including cash and cash equivalents and certificates of deposit. The Organization manages liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves.

The Organization operates with a cash positive budget and anticipates collecting sufficient revenues to meet current expenditures.

NOTE 13: LIQUIDITY AND AVAILABILITY (CONTINUED)

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

<i>September 30,</i>	2019	2018
Cash and cash equivalents	\$ 4,562,891	\$ 4,240,726
Certificates of deposit	161,521	26,990
	\$ 4,724,412	\$ 4,267,716