

2018 Financial Statements



River Region United Way



River Region United Way

FINANCIAL STATEMENTS

September 30, 2018 and 2017



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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, 2018 and 2017, 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, 2018 and 2017, 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.

Carri Riggs & Ingram, L.L.C.

Montgomery, Alabama

December 6, 2018



FINANCIAL STATEMENTS

River Region United Way Statements of Financial Position

September 30,	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Assets								
Current assets								
Cash and cash equivalents	\$ 4,240,726	\$ 404,739	\$ -	\$ 4,645,465	\$ 3,684,937	\$ 287,560	\$ -	\$ 3,972,497
Pledges receivable, net	696,580	419,435	-	1,116,015	729,373	370,641	-	1,100,014
Prepaid expense	26,306	-	-	26,306	24,895	-	-	24,895
Total current assets	4,963,612	824,174	-	5,787,786	4,439,205	658,201	-	5,097,406
Other assets								
Investments	-	969,017	345,124	1,314,141	-	934,550	345,124	1,279,674
Certificates of deposit	26,990	36,111	-	63,101	176,502	35,683	-	212,185
Property and equipment, net	389,278	-	-	389,278	408,935	-	-	408,935
Cash surrender value of life insurance	7,516	-	-	7,516	7,625	-	-	7,625
Total assets	\$ 5,387,396	\$ 1,829,302	\$ 345,124	\$ 7,561,822	\$ 5,032,267	\$ 1,628,434	\$ 345,124	\$ 7,005,825
Liabilities and net assets								
Current liabilities								
Accounts payable and accrued expenses	\$ 61,187	\$ -	\$ -	\$ 61,187	\$ 39,586	\$ -	\$ -	\$ 39,586
Allocations and designations payable	1,969,342	233,563	-	2,202,905	2,266,636	155,345	-	2,421,981
Current portion of capital lease obligation	10,270	-	-	10,270	10,573	-	-	10,573
Custodial accounts	122,470	-	-	122,470	112,903	-	-	112,903
Deferred income	-	-	-	-	-	-	-	-
Total current liabilities	2,163,269	233,563	-	2,396,832	2,429,698	155,345	-	2,585,043
Long-term liabilities								
Capital lease obligation	14,500	-	-	14,500	19,312	-	-	19,312
Total liabilities	2,177,769	233,563	-	2,411,332	2,449,010	155,345	-	2,604,355
Net assets								
Undesignated	2,490,848	-	-	2,490,848	1,967,551	-	-	1,967,551
Board designated	718,779	-	-	718,779	615,706	-	-	615,706
Total unrestricted	3,209,627	-	-	3,209,627	2,583,257	-	-	2,583,257
Temporarily restricted	-	1,595,739	-	1,595,739	-	1,473,089	-	1,473,089
Permanently restricted	-	-	345,124	345,124	-	-	345,124	345,124
Total net assets	3,209,627	1,595,739	345,124	5,150,490	2,583,257	1,473,089	345,124	4,401,470
Total liabilities and net assets	\$ 5,387,396	\$ 1,829,302	\$ 345,124	\$ 7,561,822	\$ 5,032,267	\$ 1,628,434	\$ 345,124	\$ 7,005,825

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

River Region United Way Statements of Activities

Year ended September 30,	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	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	47,341	(47,341)	-	-
Net public support	3,549,888	53,670	-	3,603,558
Other revenues				
Investment return	4,753	66,980	-	71,733
Gain on disposal of assets	155	-	-	155
Other income	27,525	2,000	-	29,525
Total other revenues	32,433	68,980	-	101,413
Net public support and other revenues	3,582,321	122,650	-	3,704,971
Allocations and expenses				
Program services:				
Allocations and other programs	2,345,426	-	-	2,345,426
Supporting expenses:				
Management and general	183,051	-	-	183,051
Fundraising	427,474	-	-	427,474
Total allocations and expenses	2,955,951	-	-	2,955,951
Increase in net assets	626,370	122,650	-	749,020
Net assets, beginning of year	2,583,257	1,473,089	345,124	4,401,470
Net assets, end of year	\$ 3,209,627	\$ 1,595,739	\$ 345,124	\$ 5,150,490

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

River Region United Way Statements of Activities

Year ended September 30,

2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Changes in net assets				
Gross campaign pledges for next allocation period	\$ -	\$ 617,448	\$ -	\$ 617,448
Less donor designations	-	(155,345)	-	(155,345)
Less provision for uncollectible pledges	-	(48,318)	-	(48,318)
Net campaign pledges for next allocation period	-	413,785	-	413,785
Gross campaign pledges for current allocation period	3,476,519	-	-	3,476,519
Less donor designations	(637,735)	-	-	(637,735)
Less provision for uncollectible pledges	(190,939)	-	-	(190,939)
Pledges released for current allocation period	702,115	(702,115)	-	-
Net campaign pledges for current allocation period	3,349,960	(702,115)	-	2,647,845
Other contributions	224,160	20,623	-	244,783
Other contributions released from restrictions	69,944	(49,944)	(20,000)	-
Net public support	3,644,064	(317,651)	(20,000)	3,306,413
Other revenues				
Investment return	9,070	109,895	-	118,965
Gain on disposal of assets	3,160	-	-	3,160
Other income	38,448	-	-	38,448
Total other revenues	50,678	109,895	-	160,573
Net public support and other revenues	3,694,742	(207,756)	(20,000)	3,466,986
Allocations and expenses				
Program services:				
Allocations and other programs	2,381,576	-	-	2,381,576
Supporting expenses:				
Management and general	257,999	-	-	257,999
Fundraising	440,278	-	-	440,278
Total allocations and expenses	3,079,853	-	-	3,079,853
Increase in net assets	614,889	(207,756)	(20,000)	387,133
Net assets, beginning of year	1,968,368	1,680,845	365,124	4,014,337
Net assets, end of year	\$ 2,583,257	\$ 1,473,089	\$ 345,124	\$ 4,401,470

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

River Region United Way Statements of Functional Expenses

Years ended September 30,	2018				2017			
	Program Services	Management and General	Fund- Raising	Totals	Program Services	Management and General	Fund- Raising	Totals
Gross distributions to agencies	\$ 2,183,444	\$ -	\$ -	\$ 2,183,444	\$ 2,317,740	\$ -	\$ -	\$ 2,317,740
Less: donor designations to agencies	(516,330)	-	-	(516,330)	(567,252)	-	-	(567,252)
Net allocations to agencies	1,667,114	-	-	1,667,114	1,750,488	-	-	1,750,488
Campaign expenses	31,624	2,594	41,130	75,348	9,126	651	112,233	122,010
Depreciation	16,832	5,432	16,452	38,716	6,235	21,270	9,169	36,674
Directors and officers and cyber insurance	1,889	2,987	2,231	7,107	827	2,945	1,257	5,029
Dues and memberships	71,920	3,097	1,293	76,310	65,524	5,015	541	71,080
Employee benefits	36,195	7,821	31,587	75,603	43,617	17,441	39,702	100,760
Grants and other program expenses	157,809	548	-	158,357	194,610	1,510	198	196,318
Interest expense	616	279	594	1,489	279	958	412	1,649
Investment and bank fees	17,475	25,638	2,732	45,845	9,336	11,134	1,485	21,955
Meetings	126	2,091	2,736	4,953	128	2,685	1,532	4,345
Occupancy and equipment	30,692	14,490	20,862	66,044	10,394	35,560	16,383	62,337
Outsourcing fees	10,921	3,226	10,672	24,819	3,416	12,036	5,134	20,586
Payroll taxes	19,678	5,676	18,408	43,762	19,337	6,384	15,870	41,591
Postage and shipping	464	427	6,109	7,000	147	764	3,296	4,207
Printing	2,155	3,761	4,375	10,291	1,620	3,160	5,464	10,244
Professional and legal fees	17,005	16,168	16,451	49,624	2,516	33,522	5,840	41,878
Promotional materials	-	3,011	145	3,156	-	3,118	1,037	4,155
Publications and subscriptions	1,724	504	392	2,620	632	553	675	1,860
Salaries	255,569	75,165	244,137	574,871	259,698	84,822	216,261	560,781
Supplies	1,818	1,397	2,653	5,868	1,545	6,821	2,194	10,560
Travel and conferences	3,800	8,739	4,515	17,054	2,101	7,650	1,595	11,346
	\$ 2,345,426	\$ 183,051	\$ 427,474	\$ 2,955,951	\$ 2,381,576	\$ 257,999	\$ 440,278	\$ 3,079,853

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>	2018	2017
Operating activities		
Increase in net assets	\$ 749,020	\$ 387,133
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	38,716	36,674
Provision for uncollectible pledges	197,336	239,257
Gain on disposal of assets	(155)	(3,160)
Realized and unrealized gains on investments	(41,564)	(61,727)
(Increase) decrease in current assets:		
Pledges receivable	(213,337)	185,986
Other receivables	-	2,970
Prepaid expense	(1,411)	(2,487)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	21,601	(37,094)
Allocations and designations payable	(219,076)	(285,859)
Custodial accounts	9,567	(2,491)
Deferred income	-	(1,000)
Net cash provided by operating activities	540,697	458,202
Investing activities		
Purchase of investments	(215,063)	(258,072)
Proceeds from sales and maturities of investments	371,408	1,055,278
Purchase of property and equipment	(19,068)	(309,146)
Change in cash surrender value of life insurance	109	69
Net cash provided by investing activities	137,386	488,129
Financing activities		
Principal payments on capital leases	(5,115)	(10,011)
Net cash used in financing activities	(5,115)	(10,011)
Net increase in cash and cash equivalents	672,968	936,320
Cash and cash equivalents, beginning of year	3,972,497	3,036,177
Cash and cash equivalents, end of year	\$ 4,645,465	\$ 3,972,497
Supplemental information:		
Interest paid in cash during the year	\$ 1,489	\$ 1,649

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

River Region United Way Notes to 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.

Financial Statement Presentation

Accounting standards require the Organization to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted - Net assets that are not subject to donor-imposed limitations and are available for operations

Temporarily restricted - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization (e.g., performing program services) and/or the passage of time

Permanently restricted - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization

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 cost which also approximates fair value.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges and Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently 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 temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily restricted net assets 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 budget and 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 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, 2014 for all major tax jurisdictions.

River Region United Way
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events

The Organization has evaluated its financial statements for subsequent events through December 6, 2018, 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>	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

<i>September 30,</i>	2017		
	Amount Pledged To Be Collected	Allowance for Uncollectible Amounts	Net
Fiscal year 2016-17 campaign	\$ 1,095,614	\$ 366,241	\$ 729,373
Fiscal year 2017-18 campaign	418,959	48,318	370,641
	\$ 1,514,573	\$ 414,559	\$ 1,100,014

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

NOTE 4: INVESTMENTS

Investments consist of the following:

<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

<i>September 30,</i>	2017		
	Cost	Unrealized Gains (Losses)	Fair Value
Central Alabama Community Foundation pooled accounts	\$ 211,160	\$ -	\$ 211,160
Mutual funds - fixed income	152,410	(608)	151,802
Mutual funds - equities	455,778	55,829	511,607
Bonds	198,369	(1,813)	196,556
	1,017,717	53,408	1,071,125
Interest in limited partnership	208,549	-	208,549
	\$ 1,226,266	\$ 53,408	\$ 1,279,674

River Region United Way
Notes to Financial Statements

NOTE 4: INVESTMENTS (CONTINUED)

Investment return consists of the following:

<i>Year ended September 30,</i>	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 4,753	\$ 25,416	\$ -	\$ 30,169
Realized gains	-	15,749	-	15,749
Unrealized gains	-	25,815	-	25,815
	\$ 4,753	\$ 66,980	\$ -	\$ 71,733

<i>Year ended September 30,</i>	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 9,070	\$ 48,168	\$ -	\$ 57,238
Realized gains	-	23,713	-	23,713
Unrealized gains	-	38,014	-	38,014
	\$ 9,070	\$ 109,895	\$ -	\$ 118,965

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.

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

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2018 and 2017.

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, 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	\$ -

<i>September 30, 2017</i>	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
Central Alabama Community Foundation			
pooled accounts	\$ -	\$ 211,160	\$ -
Mutual funds - fixed income	151,802	-	-
Mutual funds - equities	511,607	-	-
Bonds	-	196,556	-
	\$ 663,409	\$ 407,716	\$ -

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

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment at consist of the following:

<i>September 30,</i>	2018	2017
Furniture and equipment	\$ 219,583	\$ 216,077
Land	72,162	72,162
Building	251,614	245,364
Less: accumulated depreciation	154,081	124,668
	\$ 389,278	\$ 408,935

Depreciation expense was \$38,716 and \$36,674 for the years ended September 30, 2018 and 2017, 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, 2018 and 2017 was \$-0-. There were no draws or payments associated with the line of credit for the years ended September 30, 2018 and 2017.

River Region United Way
Notes to Financial Statements

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, 2018 and 2017 had a cost of \$51,542 and \$54,950, respectively, and a net book value of \$20,461 and \$26,040, respectively. The following is a schedule of future payments under lease:

<i>Years ended September 30,</i>	
2019	\$ 11,368
2020	13,395
2021	1,641
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Total future minimum lease payments	26,404
Amount representing interest	(1,634)
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Present value of future minimum capital lease payments	24,770
Current obligation	10,270
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Long term portion of capital lease obligation	\$ 14,500

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, 2018 and 2017 were \$31,440 and \$53,425, 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, 2018 and 2017 were \$3,087,050 and \$2,157,163, respectively.

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

River Region United Way
Notes to Financial Statements

NOTE 11: RELATED PARTY

The Organization previously shared office space with the Combined Federal Campaign (CFC). CFC reimbursed the Organization for salaries, benefits and overhead expenses incurred by their personnel. For the years ended September 30, 2018 and 2017, CFC reimbursed \$-0- and \$171,836, respectively for these costs to the Organization. The Organization had no receivables from CFC related to these costs as of September 30, 2018 and 2017. The Organization no longer shares office space with CFC.

NOTE 12: DESIGNATED NET ASSETS

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

<i>September 30,</i>	2018	2017
General Fund Emergency Fund	\$ 626,555	\$ 514,301
Community Grants Fund	92,224	101,405
Total	\$ 718,779	\$ 615,706

NOTE 13: TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Amounts included in Next Allocation Period are temporarily restricted net assets related to the 2018-2019 campaign. They include cash, pledges receivable (net of allowance for uncollectible pledges), and designations payable. The amounts are restricted by donors for the next year's allocation period. 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 (or permanently restricted contributions) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 13: TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (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 unrestricted net assets. There were no such deficiencies as of September 30, 2018 and 2017.

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, formerly the Montgomery Area United Way (MAUW) Fund) and the Alex Sanders Fund (Sanders Fund). In the current year, the former MAUW Fund and the RRUW Fund merged into one account per the direction of the investment committee. The current 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 13: TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

Expenditures Policy (continued)

The Sanders Fund is a fund set up to provide investment income for the support of a nonprofit organization operating within the five-county service area of the River Region United Way and aiding 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 13: TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

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

<i>September 30,</i>	2018							Total
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale 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:								
Temporarily restricted	\$ 501,884	\$ 112,339	\$ 553,016	\$ 42,094	\$ 137,529	\$ 248,877	\$ -	\$ 1,595,739
Permanently restricted	-	105,000	-	-	240,124	-	-	345,124
Total net assets	\$ 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	(113)	14,665	30,468	50	17,265	4,645	-	66,980
Total support and revenue	501,884	14,665	30,468	50	32,065	4,645	-	583,777
Released from restrictions	(413,786)	(8,486)	(15,508)	-	(23,347)	-	-	(461,127)
Increase (decrease) in net assets	\$ 88,098	\$ 6,179	\$ 14,960	\$ 50	\$ 8,718	\$ 4,645	\$ -	\$ 122,650

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

NOTE 13: TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

<i>September 30,</i>	2017							
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total	
Assets:								
Cash and cash equivalents	\$ 198,490	\$ -	\$ 17,762	\$ 42,043	\$ 29,265	\$ -	\$ 287,560	
Investments, at fair value	-	211,160	520,295	-	339,670	208,549	1,279,674	
Certificates of deposit	-	-	-	-	-	35,683	35,683	
Pledges receivable, net	370,641	-	-	-	-	-	370,641	
Designations payable	(155,345)	-	-	-	-	-	(155,345)	
Total assets	\$ 413,786	\$ 211,160	\$ 538,057	\$ 42,043	\$ 368,935	\$ 244,232	\$ 1,818,213	
Net assets:								
Temporarily restricted	\$ 413,786	\$ 106,160	\$ 538,056	\$ 42,044	\$ 128,811	\$ 244,232	\$ 1,473,089	
Permanently restricted	-	105,000	-	-	240,124	-	345,124	
Total net assets	\$ 413,786	\$ 211,160	\$ 538,056	\$ 42,044	\$ 368,935	\$ 244,232	\$ 1,818,213	
Support and revenue:								
Gross pledges	\$ 617,448	\$ -	\$ -	\$ -	\$ 20,623	\$ -	\$ 638,071	
Less donor designations	(155,345)	-	-	-	-	-	(155,345)	
Less provision for uncollectibles	(48,318)	-	-	-	-	-	(48,318)	
Investment return	-	26,174	48,251	52	27,191	8,229	109,897	
Total support and revenue	413,785	26,174	48,251	52	47,814	8,229	544,305	
Released from restrictions	(702,115)	(43,082)	(14,927)	-	(11,937)	-	(772,061)	
Increase (decrease) in net assets	\$ (288,330)	\$ (16,908)	\$ 33,324	\$ 52	\$ 35,877	\$ 8,229	\$ (227,756)	