

River Region United Way

FINANCIAL STATEMENTS

September 30, 2020 and 2019



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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, 2020 and 2019, 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, 2020 and 2019, 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 3, 2020



FINANCIAL STATEMENTS

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

<i>September 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Totals	Without Donor Restrictions	With Donor Restrictions	2019 Totals
Assets						
Current assets						
Cash and cash equivalents	\$ 4,807,972	\$ 275,174	\$ 5,083,146	\$ 4,562,891	\$ 298,050	\$ 4,860,941
Pledges receivable, net	360,337	254,245	614,582	660,291	268,344	928,635
Prepaid expense	27,127	-	27,127	26,430	-	26,430
Total current assets	5,195,436	529,419	5,724,855	5,249,612	566,394	5,816,006
Other assets						
Investments in marketable securities	-	877,621	877,621	-	872,716	872,716
Investments in pooled accounts	-	185,752	185,752	-	202,733	202,733
Investment in private company	-	297,278	297,278	-	253,015	253,015
Certificates of deposit	164,740	37,362	202,102	161,521	36,111	197,632
Property and equipment, net	367,494	-	367,494	382,181	-	382,181
Cash surrender value of life insurance	7,177	-	7,177	7,495	-	7,495
Total assets	\$ 5,734,847	\$ 1,927,432	\$ 7,662,279	\$ 5,800,809	\$ 1,930,969	\$ 7,731,778
Liabilities and net assets						
Current liabilities						
Accounts payable and accrued expenses	\$ 40,481	\$ -	\$ 40,481	\$ 54,745	\$ -	\$ 54,745
Allocations and designations payable	1,416,245	40,167	1,456,412	1,874,103	148,049	2,022,152
Current portion of capital lease obligation	7,422	-	7,422	7,435	-	7,435
PPP loan payable	125,000	-	125,000	-	-	-
Custodial accounts	109,149	-	109,149	111,893	-	111,893
Total current liabilities	1,698,297	40,167	1,738,464	2,048,176	148,049	2,196,225
Long-term liabilities						
Capital lease obligation	24,460	-	24,460	31,882	-	31,882
Total liabilities	1,722,757	40,167	1,762,924	2,080,058	148,049	2,228,107
Net assets						
Net assets without donor restrictions						
Unrestricted	3,113,668	-	3,113,668	2,939,878	-	2,939,878
Board designated	898,422	-	898,422	780,873	-	780,873
Total net assets without donor restrictions	4,012,090	-	4,012,090	3,720,751	-	3,720,751
Net assets with donor restrictions	-	1,887,265	1,887,265	-	1,782,920	1,782,920
Total net assets	4,012,090	1,887,265	5,899,355	3,720,751	1,782,920	5,503,671
Total liabilities and net assets	\$ 5,734,847	\$ 1,927,432	\$ 7,662,279	\$ 5,800,809	\$ 1,930,969	\$ 7,731,778

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

**River Region United Way
Statements of Activities**

<i>Year ended September 30,</i>	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Changes in net assets			
Gross campaign pledges for next allocation period	\$ -	\$ 483,028	\$ 483,028
Less donor designations	-	(40,167)	(40,167)
Less provision for uncollectible pledges	-	(40,222)	(40,222)
Net campaign pledges for next allocation period	-	402,639	402,639
Gross campaign pledges for current allocation period	3,483,779	-	3,483,779
Less donor designations	(870,181)	-	(870,181)
Less provision for uncollectible pledges	(513,320)	-	(513,320)
Pledges released for current allocation period	332,112	(332,112)	-
Net campaign pledges for current allocation period	2,432,390	(332,112)	2,100,278
Other contributions	183,381	24,864	208,245
Other contributions released from restrictions	43,557	(43,557)	-
Net public support	2,659,328	51,834	2,711,162
Other revenues			
Investment return, net of fees	24,770	52,511	77,281
Gain on disposal of assets	116	-	116
Other income	28,993	-	28,993
Total other revenues	53,879	52,511	106,390
Net public support and other revenues	2,713,207	104,345	2,817,552
Allocations and expenses			
Program services:			
Allocations and other programs	1,815,925	-	1,815,925
Supporting expenses:			
Management and general	149,017	-	149,017
Fundraising	456,926	-	456,926
Total allocations and expenses	2,421,868	-	2,421,868
Increase in net assets	291,339	104,345	395,684
Net assets, beginning of year	3,720,751	1,782,920	5,503,671
Net assets, end of year	\$ 4,012,090	\$ 1,887,265	\$ 5,899,355

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>	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	2,204,754	-	2,204,754
Supporting expenses:			
Management and general	160,507	-	160,507
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 Functional Expenses**

<i>Years ended September 30,</i>	Program Services	Management and General	Fund- Raising	2020 Totals	Program Services	Management and General	Fund- Raising	2019 Totals
Gross distributions to agencies	\$ 1,996,253	\$ -	\$ -	\$ 1,996,253	\$ 2,326,289	\$ -	\$ -	\$ 2,326,289
Less: donor designations to agencies	(862,927)	-	-	(862,927)	(782,729)	-	-	(782,729)
Net allocations to agencies	1,133,326	-	-	1,133,326	1,543,560	-	-	1,543,560
Campaign expenses	22,271	435	32,828	55,534	46,051	1,819	66,364	114,234
Depreciation	13,795	3,066	13,795	30,656	16,458	3,612	16,458	36,528
Directors and officers and cyber insurance	2,724	605	2,724	6,053	2,689	1,053	2,301	6,043
Dues and memberships	53,869	1,842	1,582	57,293	44,493	2,891	1,081	48,465
Employee benefits	51,513	13,124	47,290	111,927	46,372	12,084	36,084	94,540
Grants and other program expenses	169,571	-	-	169,571	160,078	4,950	-	165,028
Interest expense	1,132	252	1,132	2,516	755	160	750	1,665
Investment and bank fees	9,364	1,981	2,725	14,070	8,389	1,961	545	10,895
Meetings	749	1,492	824	3,065	662	2,056	1,341	4,059
Occupancy and equipment	29,497	10,581	34,081	74,159	24,778	9,066	25,172	59,016
Outsourcing fees	10,157	2,619	9,891	22,667	9,081	2,020	8,917	20,018
Payroll taxes	20,729	5,561	20,661	46,951	19,836	5,110	18,626	43,572
Postage and shipping	548	142	3,739	4,429	686	149	4,136	4,971
Printing	1,806	877	4,701	7,384	4,309	1,190	6,921	12,420
Professional and legal fees	10,446	30,829	2,096	43,371	12,602	38,810	15,394	66,806
Promotional materials	410	2,204	998	3,612	198	2,453	304	2,955
Publications and subscriptions	20	153	20	193	204	421	336	961
Salaries	277,259	71,581	272,033	620,873	256,663	60,926	242,507	560,096
Supplies	3,890	1,780	4,067	9,737	2,953	1,988	2,969	7,910
Travel and conferences	2,849	(107)	1,739	4,481	3,937	7,788	3,743	15,468
	\$ 1,815,925	\$ 149,017	\$ 456,926	\$ 2,421,868	\$ 2,204,754	\$ 160,507	\$ 453,949	\$ 2,819,210

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>	2020	2019
Operating activities		
Increase in net assets	\$ 395,684	\$ 353,181
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	30,656	36,528
Provision for uncollectible pledges	553,542	147,380
Gain on disposal of property and equipment	(116)	(5,098)
Realized and unrealized gains on investments	(49,602)	(26,341)
(Increase) decrease in current assets:		
Pledges receivable	(239,489)	40,000
Prepaid expense	(697)	(124)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(14,264)	(6,442)
Allocations and designations payable	(565,740)	(180,753)
Custodial accounts	(2,744)	(10,577)
Net cash provided by operating activities	107,230	347,754
Investing activities		
Purchase of investments	(127,011)	(229,826)
Proceeds from sales and maturities of investments	140,072	93,755
Purchase of property and equipment	(15,969)	(1,099)
Proceeds from disposal of property and equipment	-	13,756
Change in cash surrender value of life insurance	318	21
Net cash used in investing activities	(2,590)	(123,393)
Financing activities		
Proceeds from PPP loan payable	125,000	-
Principal payments on capital leases	(7,435)	(8,885)
Net cash provided by (used in) financing activities	117,565	(8,885)
Net increase in cash and cash equivalents	222,205	215,476
Cash and cash equivalents, beginning of year	4,860,941	4,645,465
Cash and cash equivalents, end of year	\$ 5,083,146	\$ 4,860,941
Supplemental information:		
Interest paid in cash during the year	\$ 2,517	\$ 1,662
Office machines acquired with capital lease obligations	\$ -	\$ 37,024

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

Note 1: DESCRIPTION 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 Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

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.

Use of Estimates

The presentation of financial statements in conformity with U.S. GAAP 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.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents and Certificates of Deposit

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. Additionally, the Organization invests in certificates of deposit and values them at amortized cost

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. 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 current economic conditions 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 on marketable securities are included in investment return. Investments in pooled accounts are carried at fair value, determined based on net asset value (NAV). Investment in private company represents a less than 20% interest and is carried at cost, with distributions received from the company included in earnings.

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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions received are recorded as with donor restriction or without donor restriction 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 donor 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 with 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 payable due to agencies. The Organization receives and disburses these funds directly to the designated agency. The Organization honors these designations by contributors and has no variance power related to the underlying pledge. Therefore, they are not included in net public support.

Program service fees and other income are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising and other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016 for all major tax jurisdictions.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation. The reclassifications had no effect on net assets or the increase in net assets.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2019 with early adoption permitted. The Organization chose to early adopt and thus, on October 1, 2019, the Organization adopted the new revenue recognition standard (and related amendments) using the modified retrospective method. This adoption did not have a significant impact on the Organization's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows, *Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Thus, on October 1, 2019, the Organization adopted the provisions of this ASU using a retrospective transition method. This adoption did not have a significant impact on the Organization's financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows, *Restricted Cash*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Thus, on October 1, 2019 the Organization applied the provisions of this ASU using a retrospective transition method to each period presented. This adoption did not have a significant impact on the Organization's financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This adoption did not have a significant impact on the Organization's financial statements.

Evaluation of Subsequent Events

The Organization has evaluated its financial statements for subsequent events through December 3, 2020, which is the date the financial statements were available to be issued. See Note 14 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: 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.

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

Note 3: 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>	2020	2019
Cash and cash equivalents	\$ 4,807,972	\$ 4,562,891
Certificates of deposit	164,740	161,521
	\$ 4,972,712	\$ 4,724,412

Note 4: 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>	2020		
	Amount Pledged To Be Collected	Allowance for Uncollectible Amounts	Net
Fiscal year 2019-20 campaign	\$ 953,110	\$ 592,773	\$ 360,337
Fiscal year 2020-21 campaign	294,468	40,223	254,245
Pledges receivable, net	\$ 1,247,578	\$ 632,996	\$ 614,582

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

Note 4: PLEDGES RECEIVABLE (Continued)

<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
Pledges receivable, net	\$ 1,260,348	\$ 331,713	\$ 928,635

Note 5: INVESTMENTS

Investments consist of the following:

<i>September 30,</i>	2020		
	Cost	Unrealized Gains (Losses)	Fair Value
Mutual funds - fixed income	\$ 155,889	\$ 10,631	\$ 166,520
Mutual funds - equities	426,429	96,641	523,070
Bonds	243,977	18,778	262,755
Investments in marketable securities	826,295	126,050	952,345
Investments in pooled accounts	185,752	-	185,752
Investment in private company	222,554	-	222,554
Total investments	\$ 1,234,601	\$ 126,050	\$ 1,360,651

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

Note 5: INVESTMENTS (Continued)

<i>September 30,</i>	2019		
	Cost	Unrealized Gains (Losses)	Fair Value
Mutual funds - fixed income	\$ 155,891	\$ 4,407	\$ 160,298
Mutual funds - equities	426,429	72,279	498,708
Bonds	237,839	11,982	249,821
	820,159	88,668	908,827
Investments in pooled accounts	202,733	-	202,733
Investment in private company	216,904	-	216,904
Total investments	\$ 1,239,796	\$ 88,668	\$ 1,328,464

Investment return consists of the following:

<i>Year ended September 30,</i>	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 24,770	\$ 31,748	\$ 56,518
Realized gains	-	18,751	18,751
Unrealized gains	-	30,850	30,850
Less: investment fees	-	(28,838)	(28,838)
Total investment return, net	\$ 24,770	\$ 52,511	\$ 77,281

<i>Year ended September 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 21,268	\$ 29,482	\$ 50,750
Realized gains	-	9,847	9,847
Unrealized gains	-	16,493	16,493
Less: investment fees	-	(10,391)	(10,391)
Total investment return, net	\$ 21,268	\$ 45,431	\$ 66,699

Note 6: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Pooled accounts: Valued based on NAV per share or unit as a practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

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

Note 6: FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

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

	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
<i>September 30, 2020</i>			
Mutual funds - fixed income	\$ 166,520	\$ -	\$ -
Mutual funds - equities	523,070	-	-
Bonds	-	262,755	-
	\$ 689,590	\$ 262,755	\$ -

	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
<i>September 30, 2019</i>			
Mutual funds - fixed income	\$ 160,298	\$ -	\$ -
Mutual funds - equities	498,708	-	-
Bonds	-	249,821	-
	\$ 659,006	\$ 249,821	\$ -

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended September 30, 2020, there were no significant transfers in or out of Levels 1, 2 or 3.

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

Note 6: FAIR VALUE MEASUREMENTS (Continued)

Fair Value of Investments that Calculate Net Asset Value

The following table summarizes information related to the pooled accounts measured at fair value based on NAV per share or unit as of September 30, 2020 and 2019, respectively. The pooled accounts are maintained by a foundation that holds investments in accordance with a stated set of fund objectives.

<i>September 30,</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Period
2020	\$ 185,752	None	Daily	None
2019	\$ 202,734	None	Daily	None

Note 7: PROPERTY AND EQUIPMENT

Property and equipment at consist of the following:

<i>September 30,</i>	2020	2019
Furniture and equipment	\$ 228,038	\$ 212,068
Land	72,162	72,162
Building	251,614	251,614
Less: accumulated depreciation	184,320	153,663
	\$ 367,494	\$ 382,181

Depreciation expense was \$30,656 and \$36,528 for the years ended September 30, 2020 and 2019, respectively.

River Region United Way
Notes to Financial Statements

Note 8: 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, 2020 and 2019 was \$-0-. There were no draws or payments associated with the line of credit for the years ended September 30, 2020 and 2019.

Note 9: 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, 2020 and 2019 had a cost of \$42,929 and \$42,929, respectively, and a net book value of \$29,521 and \$38,541, respectively. The following is a schedule of future payments under lease:

<i>Years ended September 30,</i>	
2021	\$ 9,405
2022	7,764
2023	7,764
2024	12,086
Total future minimum lease payments	37,019
Amount representing interest	(5,137)
<hr/>	
Present value of future minimum capital lease payments	31,882
Current obligation	7,422
<hr/>	
Long term portion of capital lease obligation	\$ 24,460

Note 10: 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, 2020 and 2019 were \$55,889 and \$44,861, respectively.

Note 11: 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, 2020 and 2019 were \$3,325,815 and \$3,185,020, respectively.

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

Note 12: BOARD DESIGNATED NET ASSETS

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

<i>September 30,</i>	2020	2019
General Fund Emergency Fund	\$ 898,422	\$ 780,873

Note 13: NET ASSETS WITH DONOR RESTRICTIONS

Amounts included in next allocation period on the statement of activities are donor restricted net assets related to the 2020-2021 and 2019-220 campaign allocation periods, respectively. They include cash, pledges receivable (net of allowance for uncollectible pledges), and designations payable. The Organization considers this a donor restriction as to time.

Interpretation of Relevant Law

The Organization has interpreted the State of Alabama 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 US GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of September 30, 2020 and 2019.

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. 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.

Note 12: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Expenditures Policy (continued)

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>	2020						
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total
Assets:							
Cash and cash equivalents	\$ 188,124	\$ -	\$ 18,707	\$ 34,682	\$ 33,661	\$ -	\$ 275,174
Investments, at fair value	-	185,752	595,057	-	357,288	222,554	1,360,651
Certificates of deposit	-	-	-	-	-	37,362	37,362
Pledges receivable, net	254,245	-	-	-	-	-	254,245
Designations payable	(40,167)	-	-	-	-	-	(40,167)
Total assets	\$ 402,202	\$ 185,752	\$ 613,764	\$ 34,682	\$ 390,949	\$ 259,916	\$ 1,887,265
Net assets with donor restrictions	\$ 402,202	\$ 185,752	\$ 613,764	\$ 34,682	\$ 390,949	\$ 259,916	\$ 1,887,265
Total net assets with donor restrictions	\$ 402,202	\$ 185,752	\$ 613,764	\$ 34,682	\$ 390,949	\$ 259,916	\$ 1,887,265
Support and revenue:							
Gross pledges	\$ 483,028	\$ -	\$ -	\$ -	\$ 24,861	\$ -	\$ 507,889
Less donor designations	(40,167)	-	-	-	-	-	(40,167)
Less provision for uncollectibles	(40,222)	-	-	-	-	-	(40,222)
Sponsorships	-	-	-	-	-	-	-
Investment return, net of fees	-	(16,981)	49,403	42	13,145	6,901	52,510
Total support and revenue	402,639	(16,981)	49,403	42	38,006	6,901	480,010
Released from restrictions	(332,109)	-	(10,486)	(2,500)	(30,570)	-	(375,665)
Increase (decrease) in net assets with donor restrictions	\$ 70,530	\$ (16,981)	\$ 38,917	\$ (2,458)	\$ 7,436	\$ 6,901	\$ 104,345

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

Note 12: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

<i>September 30,</i>	2019						
	Next						
	Allocation	CACF	Annual	DeTocqueville	Rothschild	Allendale	Total
	Period	Fund	Giving Trust	Fund	Fund	Fund	
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)

Note 14: SUBSEQUENT EVENT AND PPP LOAN

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) is characterized as a pandemic. As of the date of this report, uncertainties continue to arise that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects of the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

On April 13, 2020, the Organization received loan proceeds in the amount of \$125,000 under the Payroll Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Stimulus Act (the CARES Act), the PPP provides for loans to qualifying organizations in amounts up to 2.5 times the organization's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1% with a deferral of payments for ten months after the end of the covered period. The Organization intends to use the PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period. No forgiveness income has been recorded for the year ended September 30, 2020.

If the application for forgiveness is not made within ten months of the end of the covered period, payments of principal and interest will be required through the maturity date of April 13, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event. No such events have occurred through December 3, 2020.