



River Region United Way

FINANCIAL STATEMENTS

September 30, 2021 and 2020



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REPORT



Carr, Riggs & Ingram, LLC
7550 Halcyon Summit Drive
Montgomery, AL 36117

334.271.6678
334.271.6697 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
River Region United Way

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of River Region United Way as of September 30, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Carly Riggs & Ingram, L.L.C.

Montgomery, Alabama
December 3, 2021



FINANCIAL STATEMENTS

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

<i>September 30,</i>	Without Donor Restrictions	With Donor Restrictions	2021 Totals	Without Donor Restrictions	With Donor Restrictions	2020 Totals
Assets						
Current assets						
Cash and cash equivalents	\$ 5,565,294	\$ 172,904	\$ 5,738,198	\$ 4,807,972	\$ 275,174	\$ 5,083,146
Grants receivable	1,593	-	1,593	-	-	-
Pledges receivable, net	334,934	150,346	485,280	360,337	254,245	614,582
Prepaid expense	35,612	-	35,612	27,127	-	27,127
Total current assets	5,937,433	323,250	6,260,683	5,195,436	529,419	5,724,855
Other assets						
Investments in marketable securities	-	1,096,577	1,096,577	-	952,345	952,345
Investment in limited partnership	-	227,088	227,088	-	222,554	222,554
Certificates of deposit	138,291	37,493	175,784	164,740	37,362	202,102
Property and equipment, net	337,230	-	337,230	367,494	-	367,494
Cash surrender value of life insurance	6,912	-	6,912	7,177	-	7,177
Total assets	\$ 6,419,866	\$ 1,684,408	\$ 8,104,274	\$ 5,734,847	\$ 1,741,680	\$ 7,476,527
Liabilities and net assets						
Current liabilities						
Accounts payable and accrued expenses	\$ 53,200	\$ -	\$ 53,200	\$ 40,481	\$ -	\$ 40,481
Allocations and designations payable	1,217,303	30,035	1,247,338	1,416,245	40,167	1,456,412
Current portion of capital lease obligation	6,250	-	6,250	7,422	-	7,422
PPP loan payable	125,000	-	125,000	125,000	-	125,000
Refundable advance - grants	66,760	-	66,760	-	-	-
Custodial accounts	109,163	-	109,163	109,149	-	109,149
Total current liabilities	1,577,676	30,035	1,607,711	1,698,297	40,167	1,738,464
Long-term liabilities						
Capital lease obligation	18,210	-	18,210	24,460	-	24,460
Total liabilities	1,595,886	30,035	1,625,921	1,722,757	40,167	1,762,924
Net assets						
Net assets without donor restrictions						
Unrestricted	3,410,444	-	3,410,444	3,113,668	-	3,113,668
Board designated	1,413,536	-	1,413,536	898,422	-	898,422
Total net assets without donor restrictions	4,823,980	-	4,823,980	4,012,090	-	4,012,090
Net assets with donor restrictions	-	1,654,373	1,654,373	-	1,701,513	1,701,513
Total net assets	4,823,980	1,654,373	6,478,353	4,012,090	1,701,513	5,713,603
Total liabilities and net assets	\$ 6,419,866	\$ 1,684,408	\$ 8,104,274	\$ 5,734,847	\$ 1,741,680	\$ 7,476,527

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

River Region United Way Statements of Activities

<i>Year ended September 30,</i>	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Changes in net assets			
Gross campaign pledges for next allocation period	\$ -	\$ 271,774	\$ 271,774
Less donor designations	-	(30,034)	(30,034)
Less provision for uncollectible pledges	-	(24,069)	(24,069)
Net campaign pledges for next allocation period	-	217,671	217,671
Gross campaign pledges for current allocation period	3,073,743	-	3,073,743
Less donor designations	(717,924)	-	(717,924)
Less provision for uncollectible pledges	(71,220)	-	(71,220)
Pledges released for current allocation period	402,610	(402,610)	-
Net campaign pledges for current allocation period	2,687,209	(402,610)	2,284,599
Grant revenue	25,743	-	25,743
Other contributions	169,571	10,245	179,816
Other contributions released from restrictions	26,545	(26,545)	-
PPP loan forgiveness	125,000	-	125,000
Net public support	3,034,068	(201,239)	2,832,829
Other revenues			
Investment return, net of fees	4,070	154,099	158,169
Gain (Loss) on disposal of assets	(137)	-	(137)
Other income	39,138	-	39,138
Total other revenues	43,071	154,099	197,170
Net public support and other revenues	3,077,139	(47,140)	3,029,999
Allocations and expenses			
Program services:			
Allocations and other programs	1,666,278	-	1,666,278
Supporting expenses:			
Management and general	116,492	-	116,492
Fundraising	482,479	-	482,479
Total allocations and expenses	2,265,249	-	2,265,249
Increase in net assets	811,890	(47,140)	764,750
Net assets, beginning of year	4,012,090	1,701,513	5,713,603
Net assets, end of year	\$ 4,823,980	\$ 1,654,373	\$ 6,478,353

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>	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	69,492	94,262
Gain on disposal of assets	116	-	116
Other income	28,993	-	28,993
Total other revenues	53,879	69,492	123,371
Net public support and other revenues	2,713,207	121,326	2,834,533
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	121,326	412,665
Net assets, beginning of year	3,720,751	1,580,187	5,300,938
Net assets, end of year	\$ 4,012,090	\$ 1,701,513	\$ 5,713,603

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	2021 Totals	Program Services	Management and General	Fund- Raising	2020 Totals
Gross distributions to agencies	\$ 1,366,019	\$ -	\$ -	\$ 1,366,019	\$ 1,996,253	\$ -	\$ -	\$ 1,996,253
Less: donor designations to agencies	(528,405)	-	-	(528,405)	(862,927)	-	-	(862,927)
Net allocations to agencies	837,614	-	-	837,614	1,133,326	-	-	1,133,326
Campaign expenses	16,479	814	27,228	44,521	22,271	435	32,828	55,534
Depreciation	15,241	2,989	14,915	33,145	13,795	3,066	13,795	30,656
Directors and officers and cyber insurance	2,941	547	2,584	6,072	2,724	605	2,724	6,053
Dues and memberships	77,877	1,303	1,696	80,876	53,869	1,842	1,582	57,293
Employee benefits	62,693	12,935	50,207	125,835	51,513	13,124	47,290	111,927
Grants and other program expenses	135,415	-	-	135,415	169,571	-	-	169,571
Interest expense	910	180	892	1,982	1,132	252	1,132	2,516
Investment and bank fees	12,515	2,377	2,683	17,575	9,364	1,981	2,725	14,070
Meetings	3,896	2,243	5,033	11,172	749	1,492	824	3,065
Occupancy and equipment	42,022	8,572	32,375	82,969	29,497	10,581	34,081	74,159
Outsourcing fees	12,387	2,415	11,899	26,701	10,157	2,619	9,891	22,667
Payroll taxes	26,469	5,153	21,209	52,831	20,729	5,561	20,661	46,951
Postage and shipping	867	157	3,230	4,254	548	142	3,739	4,429
Printing	2,300	458	3,840	6,598	1,806	877	4,701	7,384
Professional and legal fees	60,639	3,556	15,086	79,281	10,446	30,829	2,096	43,371
Promotional materials	2,447	2,495	3,466	8,408	410	2,204	998	3,612
Publications and subscriptions	326	117	36	479	20	153	20	193
Salaries	347,985	67,525	276,731	692,241	277,259	71,581	272,033	620,873
Supplies	3,972	1,197	3,880	9,049	3,890	1,780	4,067	9,737
Travel and conferences	1,283	1,459	5,489	8,231	2,849	(107)	1,739	4,481
	\$ 1,666,278	\$ 116,492	\$ 482,479	\$ 2,265,249	\$ 1,815,925	\$ 149,017	\$ 456,926	\$ 2,421,868

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>	2021	2020
Operating activities		
Increase in net assets	\$ 764,750	\$ 412,665
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	33,145	30,656
Provision for uncollectible pledges	95,289	553,542
(Gain) Loss on disposal of property and equipment	137	(116)
Realized and unrealized gains on investments	(139,525)	(66,583)
Forgiveness of PPP loan	(125,000)	-
(Increase) decrease in current assets:		
Grants receivable	(1,593)	-
Pledges receivable	34,013	(239,489)
Prepaid expense	(8,485)	(697)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	12,719	(14,264)
Allocations and designations payable	(209,074)	(565,740)
Custodial accounts	14	(2,744)
Refundable advance - grants	66,760	-
Net cash provided by operating activities	523,150	107,230
Investing activities		
Purchase of investments	(123,554)	(127,011)
Proceeds from sales and maturities of investments	140,494	140,072
Purchase of property and equipment	(2,881)	(15,969)
Change in cash surrender value of life insurance	265	318
Net cash used in investing activities	14,324	(2,590)
Financing activities		
Proceeds from PPP loan payable	125,000	125,000
Principal payments on capital leases	(7,422)	(7,435)
Net cash provided by (used in) financing activities	117,578	117,565
Net increase in cash and cash equivalents	655,052	222,205
Cash and cash equivalents, beginning of year	5,083,146	4,860,941
Cash and cash equivalents, end of year	\$ 5,738,198	\$ 5,083,146
Supplemental information:		
Interest paid in cash during the year	\$ 1,982	\$ 2,517

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

River Region United Way Notes to 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 a general fund emergency fund.

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

Grants and Pledges Receivable

Grants receivable are measured at net realizable value and recorded as receivable and revenue in the period in which the requirements of the grant have been met. The Organization considers all grant receivables to be fully collectible. 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. Investment in limited partnership represents a less than 20% interest and is carried at cost, adjusted for earnings and distributions received from the company.

Certificates of Deposit

Non-negotiable certificates of deposit are carried at amortized cost.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 or net allocations to agencies.

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. Certain performance obligations are satisfied at a specific point in time, while others are satisfied over time. As of September 30, 2021 and 2020, there were no performance obligations yet to be satisfied. Revenue for program service fees and other income is recognized when the services are provided in an amount that reflects the consideration that United Way expects to be entitled to in exchange for those services. The nature of these services does not give rise to contract costs, refunds, warranties or other related obligations. 100% of non-contribution type revenue earned in the current year was at a point in time consisting of program service income.

River Region United Way Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising

The Organization expenses advertising costs incurred. For the year ended September 30, 2021 and 2020, advertising costs were \$4,093 and 7,266, respectively.

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, 2017 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

River Region United Way Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

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.

Subsequent Events

The Organization has evaluated its financial statements for subsequent events through December 3, 2021, which is the date the financial statements were available to be issued. 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.

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>	2021	2020
Cash and cash equivalents	\$ 5,565,294	\$ 4,807,972
Certificates of deposit	138,291	164,740
	\$ 5,703,585	\$ 4,972,712

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

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 grant and pledges receivable:

<i>September 30,</i>	2021		
	Amount Pledged To Be Collected	Allowance for Uncollectible Amounts	Net
Fiscal year 2020-21 campaign	\$ 806,117	\$ 471,183	\$ 334,934
Fiscal year 2021-22 campaign	174,415	24,069	150,346
Receivables, net	\$ 980,532	\$ 495,252	\$ 485,280

<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
Receivables, net	\$ 1,247,578	\$ 632,996	\$ 614,582

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

Note 5: INVESTMENTS

Investments consist of the following:

<i>September 30,</i>	2021		
	Cost	Unrealized Gains (Losses)	Fair Value
Mutual funds - fixed income	\$ 155,890	\$ 6,607	\$ 162,497
Mutual funds - equities	426,428	239,610	666,038
Bonds	260,298	7,744	268,042
Investments in marketable securities	842,616	253,961	1,096,577
Investment in limited partnership	227,088	-	227,088
Total investments	\$ 1,069,704	\$ 253,961	\$ 1,323,665

<i>September 30,</i>	2020		
	Cost	Unrealized Gains (Losses)	Fair Value
Mutual funds - fixed income	\$ 155,890	\$ 10,631	\$ 166,521
Mutual funds - equities	426,429	96,641	523,070
Bonds	243,977	18,778	262,755
Investments in marketable securities	826,296	126,050	952,346
Investment in limited partnership	222,554	-	222,554
Total investments	\$ 1,048,850	\$ 126,050	\$ 1,174,900

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

Note 5: INVESTMENTS (Continued)

Investment return consists of the following:

<i>Year ended September 30,</i>	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 4,312	\$ 23,200	\$ 27,512
Realized gains	-	11,727	11,727
Unrealized gains	-	128,041	128,041
Less: investment fees	-	(9,111)	(9,111)
Total investment return, net	\$ 4,312	\$ 153,857	\$ 158,169

<i>Year ended September 30,</i>	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 25,064	\$ 26,800	\$ 51,864
Realized gains	-	13,045	13,045
Unrealized gains	-	37,381	37,381
Less: investment fees	-	(8,028)	(8,028)
Total investment return, net	\$ 25,064	\$ 69,198	\$ 94,262

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.

River Region United Way Notes to Financial Statements

Note 6: FAIR VALUE MEASUREMENTS (Continued)

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, 2021 and 2020.

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.

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, 2021</i>			
Mutual funds - fixed income	\$ 162,497	\$ -	\$ -
Mutual funds - equities	666,038	-	-
Bonds	-	268,042	-
	\$ 828,535	\$ 268,042	\$ -

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

Note 6: FAIR VALUE MEASUREMENTS (Continued)

<i>September 30, 2020</i>	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
Mutual funds - fixed income	\$ 166,521	\$ -	\$ -
Mutual funds - equities	523,070	-	-
Bonds	-	262,755	-
	\$ 689,591	\$ 262,755	\$ -

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, 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 7: PROPERTY AND EQUIPMENT

Property and equipment at consist of the following:

<i>September 30,</i>	2021	2020
Furniture and equipment	\$ 230,919	\$ 228,038
Land	72,162	72,162
Building	251,614	251,614
Less: accumulated depreciation	(217,465)	(184,320)
	\$ 337,230	\$ 367,494

Depreciation expense was \$33,145 and \$30,656 for the years ended September 30, 2021 and 2020, 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, 2021 and 2020 was \$-0-. There were no draws or payments associated with the line of credit for the years ended September 30, 2021 and 2020.

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, 2021 and 2020 had a cost of \$42,929 and \$42,929, respectively, and a net book value of \$21,157 and \$29,521, respectively. The following is a schedule of future payments under lease:

<i>Years ended September 30,</i>	
2022	\$ 7,764
2023	7,764
2024	7,764
Thereafter	4,322
<hr/>	
Total future minimum lease payments	27,614
Amount representing interest	(3,154)
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Present value of future minimum capital lease payments	24,460
Current obligation	6,250
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Long term portion of capital lease obligation	\$ 18,210
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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, 2021 and 2020 were \$50,986 and \$55,889, respectively.

River Region United Way
Notes to Financial Statements

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, 2021 and 2020 were \$3,777,043 and \$3,325,815, 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>	2021	2020
General Fund Emergency Fund	\$ 1,413,536	\$ 898,422

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 2021-2022 and 2020-2021 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 13: 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, 2021 and 2020.

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 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.

River Region United Way Notes to Financial Statements

Note 13: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Expenditures Policy (continued)

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: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

<i>September 30,</i>	2021					
	Next Allocation Period	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total
Assets:						
Cash and cash equivalents	\$ 96,952	\$ 6,371	\$ 34,700	\$ 34,881	\$ -	\$ 172,904
Investments, at fair value	-	687,215	-	409,362	227,088	1,323,665
Certificates of deposit	-	-	-	-	37,493	37,493
Pledges receivable, net	150,346	-	-	-	-	150,346
Designations payable	(30,035)	-	-	-	-	(30,035)
Total assets	\$ 217,263	\$ 693,586	\$ 34,700	\$ 444,243	\$ 264,581	\$ 1,654,373
Net assets with donor restrictions	\$ 217,263	\$ 693,586	\$ 34,700	\$ 444,243	\$ 264,581	\$ 1,654,373
Total net assets with donor restrictions	\$ 217,263	\$ 693,586	\$ 34,700	\$ 444,243	\$ 264,581	\$ 1,654,373
Support and revenue:						
Gross pledges	\$ 271,774	\$ -	\$ -	\$ 10,245	\$ -	\$ 282,019
Less donor designations	(30,034)	-	-	-	-	(30,034)
Less provision for uncollectibles	(24,069)	-	-	-	-	(24,069)
Sponsorships	-	-	-	-	-	-
Investment return, net of fees	-	88,705	18	60,712	4,665	154,100
Total support and revenue	217,671	88,705	18	70,957	4,665	382,016
Released from restrictions	(402,610)	(8,883)	-	(17,663)	-	(429,156)
Increase (decrease) in net assets with donor restrictions	\$ (184,939)	\$ 79,822	\$ 18	\$ 53,294	\$ 4,665	\$ (47,140)

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

Note 13: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

<i>September 30,</i>	2020					
	Next					
	Allocation	Annual	DeTocqueville	Rothschild	Allendale	Total
	Period	Giving Trust	Fund	Fund	Fund	
Assets:						
Cash and cash equivalents	\$ 188,124	\$ 18,707	\$ 34,682	\$ 33,661	\$ -	\$ 275,174
Investments, at fair value	-	595,057	-	357,288	222,554	1,174,899
Certificates of deposit	-	-	-	-	37,362	37,362
Pledges receivable, net	254,245	-	-	-	-	254,245
Designations payable	(40,167)	-	-	-	-	(40,167)
Total assets	\$ 402,202	\$ 613,764	\$ 34,682	\$ 390,949	\$ 259,916	\$ 1,701,513
Net assets with donor restrictions	\$ 402,202	\$ 613,764	\$ 34,682	\$ 390,949	\$ 259,916	\$ 1,701,513
Total net assets with donor restrictions	\$ 402,202	\$ 613,764	\$ 34,682	\$ 390,949	\$ 259,916	\$ 1,701,513
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	-	49,403	42	13,145	6,901	69,491
Total support and revenue	402,639	49,403	42	38,006	6,901	496,991
Released from restrictions	(332,109)	(10,486)	(2,500)	(30,570)	-	(375,665)
Increase (decrease) in net assets with donor restrictions	\$ 70,530	\$ 38,917	\$ (2,458)	\$ 7,436	\$ 6,901	\$ 121,326

Note 14: ANNUAL CAMPAIGN

The annual fundraising campaign is conducted to raise support to invest in community program services and strategic initiatives. Each year by the end of January, the Organization reports to the public the total estimated annual campaign funds raised. Actual results may differ from estimated amounts publicly reported due to timing differences on multi-year pledges and receipts for future campaigns, among other things. The fiscal year 2021 and 2020 commitments to programs and agencies are based on the results of the 2020 and 2019 campaigns, and are reflected as net allocations to agencies expense in the statement of functional expenses for the years ended September 30, 2021 and 2020, respectively. Amounts received in 2021 for donor-designated gifts for next allocation period total approximately \$747,958. Amounts received in 2020 for donor-designated gifts for next allocation period total approximately \$910,348.

Note 15: PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$125,000 loan through the Paycheck Protection Program under the CARES Act. The Organization applied for forgiveness of \$125,000 of the debt and recorded the amount as PPP loan forgiveness during 2021. On January 12, 2021, the Organization received notice that the \$125,000 and related interest had been forgiven.

In March 2021, the Organization applied for and received a second \$125,000 loan through the Paycheck Protection Program (PPP) under the CARES Act. The Organization intends to apply for forgiveness within the 10 months of the end of the covered period. No forgiveness income has been recorded for the second PPP loan.

Note 16: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and the Organization's fair value of investments has declined similarly. Such declines in the fair value of investments held by the Organization may materially and adversely impact the Organization's ability to achieve its investment objectives and therefore, its operational objectives. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.

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

Note 17: PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2021, management determined that Central Alabama Community Foundation, Inc. (CACF) had been granted variance power in previous years with regard to the RRUW Fund and the Alex Sanders Fund. In accordance with U.S. GAAP, when variance power has been granted, the beneficiary organization should not carry the underlying assets of the fund on its financial statements. Accordingly, an adjustment was made to restate the September 30, 2020 financial statements.

The effects of the adjustment on the September 30, 2020 financial statements is as follows:

<i>September 30, 2020</i>	As originally stated	Adjustment	As restated
Net assets, beginning of year	\$ 5,503,671	\$ (202,733)	\$ 5,300,938
Assets	185,752	(185,752)	-
Investment return, net of fees	77,281	16,981	94,262
Net assets, end of year	5,899,355	(185,752)	5,713,603

The adjustment had no impact on the increase in net assets or net assets for the year ended September 30, 2021.