



River Region United Way

# 2017 River Region United Way Audited Financial Statements

# River Region United Way

## FINANCIAL STATEMENTS


September 30, 2016 and 2015



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**River Region United Way  
Table of Contents  
September 30, 2016 and 2015**

**TAB: REPORT**

Independent Auditors' Report 1

**TAB: FINANCIAL STATEMENTS**

Statements of Financial Position 3

Statement of Activities 5

Statements of Functional Expenses 7

Statements of Cash Flows 8

Notes to Financial Statements 9



**REPORT**



## **INDEPENDENT AUDITORS' REPORT**

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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Carri Riggs & Ingram, L.L.C.*

Montgomery, Alabama

December 5, 2016



# FINANCIAL STATEMENTS

## River Region United Way Statements Financial Position

September 30,	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 2,769,752	\$ 266,425	\$ -	\$ 3,036,177	2,655,085	\$ 363,748	\$ -	\$ 3,018,833
Pledges receivable, net	790,296	734,961	-	1,525,257	1,034,170	748,282	-	1,782,452
Other receivables	2,970	-	-	2,970	83,340	-	-	83,340
Prepaid expense	22,408	-	-	22,408	23,087	-	-	23,087
Total current assets	3,585,426	1,001,386	-	4,586,812	3,795,682	1,112,030	-	4,907,712
Other assets								
Investments	-	874,029	365,124	1,239,153	-	765,364	365,124	1,130,488
Certificates of deposit	952,822	35,363	-	988,185	947,828	35,140	-	982,968
Property and equipment, net	133,303	-	-	133,303	83,484	-	-	83,484
Cash surrender value of life insurance	7,694	-	-	7,694	7,708	-	-	7,708
Total assets	\$ 4,679,245	\$ 1,910,778	\$ 365,124	\$ 6,955,147	\$ 4,834,702	\$ 1,912,534	\$ 365,124	\$ 7,112,360
<b>Liabilities and net assets</b>								
Current liabilities								
Accounts payable and accrued expenses	\$ 76,680	\$ -	\$ -	\$ 76,680	\$ 48,116	\$ -	\$ -	\$ 48,116
Allocations and designations payable	2,477,907	229,933	-	2,707,840	2,938,200	313,382	-	3,251,582
Current portion of capital lease obligation	10,010	-	-	10,010	9,478	-	-	9,478
Custodial accounts	115,394	-	-	115,394	91,883	-	-	91,883
Deferred income	1,000	-	-	1,000	-	-	-	-
Total current liabilities	2,680,991	229,933	-	2,910,924	3,087,677	313,382	-	3,401,059
Long-term liabilities								
Capital lease obligation	29,886	-	-	29,886	41,317	-	-	41,317
Total liabilities	2,710,877	229,933	-	2,940,810	3,128,994	313,382	-	3,442,376

*(Continued)*

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



## River Region United Way Statements Financial Position

<i>September 30,</i>	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Net assets</b>								
Undesignated	1,179,112	-	-	1,179,112	1,041,752	-	-	1,041,752
Board designated	789,256	-	-	789,256	663,956	-	-	663,956
Total unrestricted	1,968,368	-	-	1,968,368	1,705,708	-	-	1,705,708
Temporarily restricted	-	1,680,845	-	1,680,845	-	1,599,152	-	1,599,152
Permanently restricted	-	-	365,124	365,124	-	-	365,124	365,124
Total net assets	1,968,368	1,680,845	365,124	4,014,337	1,705,708	1,599,152	365,124	3,669,984
Total liabilities and net assets	\$ 4,679,245	\$ 1,910,778	\$ 365,124	\$ 6,955,147	\$ 4,834,702	\$ 1,912,534	\$ 365,124	\$ 7,112,360

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

## River Region United Way Statement of Activities

<i>Year ended September 30,</i>	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Changes in net assets</b>				
Gross campaign pledges for next allocation period	\$ -	\$ 1,026,092	\$ -	\$ 1,026,092
Less donor designations	-	(244,985)	-	(244,985)
Less provision for uncollectible pledges	-	(78,867)	-	(78,867)
Net campaign pledges for next allocation period	-	702,240	-	702,240
Gross campaign pledges for current allocation period	2,887,013	-	-	2,887,013
Less donor designations	(253,863)	-	-	(253,863)
Less provision for uncollectible pledges	(125,493)	-	-	(125,493)
Pledges released for current allocation period	711,328	(711,328)	-	-
Net campaign pledges for current allocation period	3,218,985	(711,328)	-	2,507,657
Other contributions	264,677	13,250	-	277,927
Other contributions released from restrictions	28,564	(28,564)	-	-
Net public support	3,512,226	(24,402)	-	3,487,824
Other revenues				
Investment return	11,651	106,095	-	117,746
Gain on disposal of assets	223	-	-	223
Other income	33,294	-	-	33,294
Total other revenues	45,168	106,095	-	151,263
Net public support and other revenues	3,557,394	81,693	-	3,639,087
Allocations and expenses				
Program services:				
Allocations and other programs	2,387,761	-	-	2,387,761
Supporting expenses:				
Management and general	522,618	-	-	522,618
Fundraising	384,355	-	-	384,355
Total allocations and expenses	3,294,734	-	-	3,294,734
Increase in net assets	262,660	81,693	-	344,353
Net assets, beginning of year	1,705,708	1,599,152	365,124	3,669,984
Net assets, end of year	\$ 1,968,368	\$ 1,680,845	\$ 365,124	\$ 4,014,337

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

## River Region United Way Statement of Activities

<i>Year ended September 30,</i>	<b>2015</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
<b>Changes in net assets</b>				
Gross campaign pledges for next allocation period	\$ -	\$ 1,105,187	\$ -	\$ 1,105,187
Less donor designations	-	(313,382)	-	(313,382)
Less provision for uncollectible pledges	-	(80,552)	-	(80,552)
Net campaign pledges for next allocation period	-	711,253	-	711,253
Gross campaign pledges for current allocation period	3,999,179	-	12,930	4,012,109
Less donor designations	(546,544)	-	-	(546,544)
Less provision for uncollectible pledges	(358,911)	-	-	(358,911)
Pledges released for current allocation period	730,580	(730,580)	-	-
Net campaign pledges for current allocation period	3,824,304	(730,580)	12,930	3,106,654
Other contributions	187,820	600	-	188,420
Other contributions released from restrictions	23,969	(23,969)	-	-
Net public support	4,036,093	(42,696)	12,930	4,006,327
Other revenues				
Investment return	14,734	16,655	-	31,389
Gain on disposal of assets	3,398	-	-	3,398
Other income	52,514	-	-	52,514
Total other revenues	70,646	16,655	-	87,301
Net public support and other revenues	4,106,739	(26,041)	12,930	4,093,628
Allocations and expenses				
Program services:				
Allocations and other programs	4,140,384	-	-	4,140,384
Supporting expenses:				
Management and general	511,989	-	-	511,989
Fundraising	413,411	-	-	413,411
Total allocations and expenses	5,065,784	-	-	5,065,784
<b>Increase (decrease) in net assets</b>	(959,045)	(26,041)	12,930	(972,156)
<b>Net assets, beginning of year, as restated (Note 14)</b>	2,664,753	1,625,193	352,194	4,642,140
<b>Net assets, end of year</b>	\$ 1,705,708	\$ 1,599,152	\$ 365,124	\$ 3,669,984

*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>	2016				2015			
	Program Services	Management and General	Fund- Raising	Totals	Program Services	Management and General	Fund- Raising	Totals
Gross distributions to agencies	\$ 2,360,553	\$ -	\$ -	\$ 2,360,553	\$ 4,528,480	\$ 100	\$ -	\$ 4,528,580
Less: donor designations to agencies	(449,764)	-	-	(449,764)	(856,961)	-	-	(856,961)
Net allocations to agencies	1,910,789	-	-	1,910,789	3,671,519	100	-	3,671,619
Campaign expenses	15,498	2,303	37,761	55,562	11,008	781	31,988	43,777
Depreciation	3,529	12,705	7,293	23,527	4,541	15,460	6,568	26,569
Directors and officers insurance	795	2,861	1,612	5,268	720	2,583	1,252	4,555
Dues and memberships	72,440	3,758	392	76,590	69,113	4,279	692	74,084
Employee benefits	15,966	60,449	33,866	110,281	15,675	64,268	28,742	108,685
Grants and other program expenses	165,101	1,391	-	166,492	177,082	-	53,918	231,000
Interest expense	176	612	334	1,122	464	1,663	860	2,987
Investment and bank fees	15,900	18,186	2,541	36,627	26,514	10,764	1,499	38,777
Meetings	724	6,218	1,178	8,120	1,653	4,068	695	6,416
Occupancy and equipment	23,003	48,765	33,083	104,851	25,935	36,624	30,453	93,012
Outsourcing fees	2,721	9,781	5,337	17,839	3,854	14,879	6,808	25,541
Payroll taxes	10,630	21,516	16,791	48,937	9,481	22,768	17,356	49,605
Postage and shipping	160	890	4,620	5,670	490	986	5,824	7,300
Printing	1,907	2,832	5,920	10,659	1,540	3,398	7,570	12,508
Professional and legal fees	5,580	33,607	872	40,059	9,845	30,816	948	41,609
Promotional materials	146	2,344	1,232	3,722	264	2,080	3,313	5,657
Publications and subscriptions	1,347	427	201	1,975	600	90	-	690
Salaries	138,733	279,912	224,017	642,662	108,481	281,960	209,076	599,517
Supplies	2,179	5,000	2,585	9,764	1,518	4,806	2,877	9,201
Travel and conferences	437	9,061	4,720	14,218	87	9,616	2,972	12,675
	<b>\$ 2,387,761</b>	<b>\$ 522,618</b>	<b>\$ 384,355</b>	<b>\$ 3,294,734</b>	<b>\$ 4,140,384</b>	<b>\$ 511,989</b>	<b>\$ 413,411</b>	<b>\$ 5,065,784</b>

*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>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Increase (decrease) in net assets	\$ 344,353	\$ (972,156)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	23,527	26,569
Provision for uncollectible pledges	204,360	439,463
Gain on disposal of assets	(223)	(3,398)
Realized and unrealized (gains) losses on investments	(79,995)	15,023
(Increase) decrease in current assets:		
Pledges receivable	52,835	(313,336)
Other receivables	80,370	7,968
Prepaid expense	679	10,769
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	28,564	(1,017)
Allocations and designations payable	(543,742)	1,125,149
Custodial accounts	23,511	53
Deferred income	1,000	(2,500)
 Net cash provided by operating activities	 <b>135,239</b>	 <b>332,587</b>
<b>Investing activities</b>		
Purchase of investments	(617,412)	(847,394)
Proceeds from sales and maturities of investments	583,525	550,171
Purchase of property and equipment	(73,123)	(77,597)
Change in cash surrender value of life insurance	14	(951)
 Net cash used in investing activities	 <b>(106,996)</b>	 <b>(375,771)</b>
<b>Financing activities</b>		
Proceeds from capital lease obligation	-	45,637
Principal payments on capital leases	(10,899)	(8,415)
 Net cash provided by (used in) financing activities	 <b>(10,899)</b>	 <b>37,222</b>
 <b>Net increase (decrease) in cash and cash equivalents</b>	 <b>17,344</b>	 <b>(5,962)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,018,833</b>	<b>3,024,795</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,036,177</b>	<b>\$ 3,018,833</b>
Supplemental information:		
Interest paid in cash during the year	\$ 1,122	\$ 2,987

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

## River Region United Way Notes to Financial Statements

### NOTE 1: NATURE OF OPERATIONS

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

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Presentation*

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

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

#### *Financial Statement Presentation*

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

Unrestricted - Net assets that are not subject to donor-imposed limitations

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

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

#### *Use of Estimates*

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the provision for uncollectible pledges.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Cash and Cash Equivalents***

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

The Organization invests in repurchase agreements. A repurchase agreement is an arrangement whereby a financial institution purchases funds from an investor and agrees to return the funds after a specified period. These transactions are collateralized by securities owned by the financial institution. A repurchase agreement is considered an investment and is not covered by federal deposit insurance.

***Pledges Receivable and Other Receivables***

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

***Investments***

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

***Property and Equipment***

Property and equipment purchased by the Organization are carried at historical cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives are three to ten 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.

***Certificate of Deposit***

The Organization invests in certificates of deposit and values them at cost which also approximates fair value.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Pledges and Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions received in the year prior to the year in which they are to be allocated are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the support was received. Support that is restricted by the donor for a specific program or time period is reported as an increase in temporarily restricted net assets if the restriction expires in a later reporting period. Amounts are reclassified or released upon satisfaction of the donor restrictions.

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

***Donated Services***

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

***Functional Expenditures***

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

***Income Taxes***

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

The Organization follows the provisions of FASB ASC (Accounting Standards Codification) No. 740, Accounting for Uncertainty in Income Taxes. As a result, 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, 2012 for all major tax jurisdictions.



**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Evaluation of Subsequent Events***

The Organization has evaluated its financial statements for subsequent events through December 5, 2016, which is the date the financial statements were available to be issued. The Organization is not aware of any such events which would require recognition or disclosure in the financial statements.

***Funding Year and Allocations to Member Agencies***

During the year ended September 30, 2015, the Organization changed its Funding Year from April 1 through March 31 to October 1 through September 30. The change resulted in a one-time additional accrual of allocations payable for the additional six month commitment period of April 1, 2016 to September 30, 2016. This one-time amount represented an accrued (not paid) commitment to member agencies at September 30, 2015 and did not affect the Organization's September 30, 2015 cash flows.

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

**NOTE 3: PLEDGES RECEIVABLE**

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

The following is an analysis of pledges receivable:

<i>September 30,</i>	<b>2016</b>		
	<b>Amount Pledged To Be Collected</b>	<b>Allowance for Uncollectible Amounts</b>	<b>Net</b>
Fiscal year 2015-16 campaign	\$ 1,178,023	\$ 387,727	\$ 790,296
Fiscal year 2016-17 campaign	813,828	78,867	734,961
	<b>\$ 1,991,851</b>	<b>\$ 466,594</b>	<b>\$ 1,525,257</b>

<i>September 30,</i>	<b>2015</b>		
	<b>Amount Pledged To Be Collected</b>	<b>Allowance for Uncollectible Amounts</b>	<b>Net</b>
Fiscal year 2014-15 campaign	\$ 1,446,633	\$ 412,463	\$ 1,034,170
Fiscal year 2015-16 campaign	828,834	80,552	748,282
	<b>\$ 2,275,467</b>	<b>\$ 493,015</b>	<b>\$ 1,782,452</b>

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

**NOTE 4: INVESTMENTS**

Investments consist of the following:

<i>September 30,</i>	<b>2016</b>		
	<b>Cost</b>	<b>Unrealized Gains</b>	<b>Fair Value</b>
Central Alabama Community Foundation pooled accounts	\$ 228,068	\$ -	\$ 228,068
Equities	279,414	5,899	\$ 285,313
Mutual funds - fixed income	152,410	2,380	154,790
Mutual funds - equities	157,868	6,030	163,898
Bonds	205,670	774	206,444
	<b>1,023,430</b>	<b>15,083</b>	<b>1,038,513</b>
Interest in limited partnership	200,640	-	200,640
	<b>\$ 1,224,070</b>	<b>\$ 15,083</b>	<b>\$ 1,239,153</b>

<i>September 30,</i>	<b>2015</b>		
	<b>Cost</b>	<b>Unrealized Gains (Losses)</b>	<b>Fair Value</b>
Central Alabama Community Foundation pooled accounts	\$ 210,982	\$ -	\$ 210,982
Mutual funds - fixed income	344,250	461	344,711
Mutual funds - equities	420,608	(40,217)	380,391
	975,840	(39,756)	936,084
Interest in limited partnership	194,404	-	194,404
	<b>\$ 1,170,244</b>	<b>\$ (39,756)</b>	<b>\$ 1,130,488</b>

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

**NOTE 4: INVESTMENTS (CONTINUED)**

Investment return consists of the following:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 11,651	\$ 41,376	\$ -	\$ 53,027
Realized gains	-	9,880	-	9,880
Unrealized gains	-	54,839	-	54,839
	<b>\$ 11,651</b>	<b>\$ 106,095</b>	<b>\$ -</b>	<b>\$ 117,746</b>

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 14,734	\$ 14,870	\$ -	\$ 29,604
Realized gains	-	76,002	-	76,002
Unrealized losses	-	(74,217)	-	(74,217)
	<b>\$ 14,734</b>	<b>\$ 16,655</b>	<b>\$ -</b>	<b>\$ 31,389</b>

**NOTE 5: FAIR VALUE MEASUREMENTS**

The Organization follows the provisions of FASB ASC No. 820, Fair Value Measurements and Disclosures, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). ASC No. 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

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

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

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

**NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)**

Where available, securities are valued based on quoted market prices. When securities are traded in secondary markets and quoted market prices are not available, the Organization generally relies on prices obtained from independent vendors. Vendors compile prices from various sources and often apply matrix pricing for similar securities when no price is observable. Securities measured with these valuation techniques are generally classified within Level 2 of the valuation hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow analyses using inputs observable in the market where available. There have been no changes in the methodologies used at September 30, 2016 and 2015.

In accordance with ASC No. 820, the Organization's investments in marketable securities were carried at fair value in the statements of financial position as follows:

**Assets measured at Fair Value on a Recurring Basis**

	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
<i>September 30, 2016</i>			
Central Alabama Community Foundation pooled accounts	\$ -	\$ 228,068	\$ -
Equities	285,313	-	-
Mutual funds - fixed income	154,790	-	-
Mutual funds - equities	163,898	-	-
Bonds	-	206,444	-
	<b>\$ 604,001</b>	<b>\$ 434,512</b>	<b>\$ -</b>

	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
<i>September 30, 2015</i>			
Central Alabama Community Foundation pooled accounts	\$ -	\$ 210,982	\$ -
Mutual funds - fixed income	344,711	-	-
Mutual funds - equities	380,391	-	-
	<b>\$ 725,102</b>	<b>\$ 210,982</b>	<b>\$ -</b>

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

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment at consist of the following:

<i>September 30,</i>	<b>2016</b>	<b>2015</b>
Furniture and equipment	\$ 181,154	\$ 181,155
Construction in process	74,051	-
Less: accumulated depreciation	121,902	97,671
	<b>\$ 133,303</b>	<b>\$ 83,484</b>

Depreciation expense was \$23,527 and \$26,569 for the years ended September 30, 2016 and 2015, respectively.

During the year, the Organization purchased land and a building for relocation purposes. Renovations to the building were made subsequent to yearend, and the Organization expects to relocate in December of 2016.

**NOTE 7: LINE OF CREDIT**

The Organization has a line of credit with a local bank. The line of credit allows the Organization to draw up to \$250,000. All draws bear a variable interest rate of 1% over prime as of yearend. The amount outstanding on the line of credit at September 30, 2016 and 2015 was \$-0-. There were no draws or payments associated with the line of credit for the years ended September 30, 2016 and 2015.

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

**NOTE 8: CAPITAL LEASE OBLIGATION**

The Organization has acquired equipment under the provisions of various long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized. The property under capital lease as of September 30, 2016 and 2015 had a cost of \$54,950 and \$54,950, respectively, and a net book value of \$37,060 and \$48,081, respectively. The following is a schedule of future payments under lease:

<i>Years ended September 30,</i>	
2017	\$ 11,856
2018	11,856
2019	9,180
2020	11,207
<hr/>	
Total future minimum lease payments	44,099
Amount representing interest	(4,203)
<hr/>	
Present value of future minimum capital lease payments	39,896
Current obligation	10,010
<hr/>	
Long term portion of capital lease obligation	\$ 29,886
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**NOTE 9: PENSION PLAN**

The Organization began a defined contribution plan on October 1, 1999 in which all employees who have reached the age of 21 and have completed one year of service are eligible to participate in the plan. Employer contributions to the plan are equal to ten percent of eligible employees' salaries. Contributions to the plan for the years ended September 30, 2016 and 2015 were \$54,781 and \$52,992, respectively.

**NOTE 10: CONCENTRATION OF CASH AND CREDIT RISK**

The Organization maintains its cash balances at financial institutions in Montgomery, Alabama. The Federal Depository Insurance Corporation (FDIC) insures these balances to \$250,000 at each institution. Uninsured balances at September 30, 2016 and 2015 were \$2,157,163 and \$2,113,697, respectively.

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

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

**NOTE 11: RELATED PARTY**

The Organization shares office space with the Combined Federal Campaign (CFC). CFC reimburses the Organization for salaries, benefits and overhead expenses incurred by their personnel. For the years ended September 30, 2016 and 2015, CFC reimbursed \$171,836 and \$132,147, respectively for these costs to the Organization. The Organization had a receivable of \$- and \$83,340 from CFC related to these costs as of September 30, 2016 and 2015, respectively.

**NOTE 12: DESIGNATED NET ASSETS**

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

<i>September 30,</i>	<b>2016</b>	<b>2015</b>
General Fund Emergency Fund	\$ 714,076	\$ 611,845
Community Grants Fund	75,180	52,111
<b>Total</b>	<b>\$ 789,256</b>	<b>\$ 663,956</b>

**NOTE 13: TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Amounts included in Next Allocation Period are temporarily restricted net assets related to the 2016-2017 campaign. They include cash, pledges receivable (net of allowance for uncollectible pledges), and designations payable. The amounts are restricted by donors for the for next year's allocation period. The Organization considers this a time restriction.

***Interpretation of Relevant Law***

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds (or permanently restricted contributions) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:



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

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

***Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of September 30, 2016 and 2015.

***Investment Policy***

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

***Expenditures Policy***

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

The CACF Fund consists of two separate funds that are in the custody of the Central Alabama Community Foundation, Inc. (CACF). The funds consist of The River Region United Way Fund (RRUW Fund, formerly the Montgomery Area United Way (MAUW) Fund) and the Alex Sanders Fund (Sanders Fund). In the current year, the former MAUW Fund and the RRUW Fund merged into one account per the direction of the investment committee. The current RRUW Fund is composed of funds set up to provide investment income for the general operations of the Organization and expenditures are limited to satisfy this purpose. The Sanders Fund is a fund set up to provide investment income for the support of all youth programs sponsored or conducted by the Organization.

## River Region United Way Notes to Financial Statements

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

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

<i>September 30,</i>	2016							
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total	
Assets:								
Cash and cash equivalents	\$ 197,088	\$ -	\$ 12,975	\$ 41,992	\$ 14,370	\$ -	\$ -	\$ 266,425
Investments, at fair value	-	228,068	491,757	-	318,688	200,640	-	1,239,153
Certificates of deposit	-	-	-	-	-	35,363	-	35,363
Pledges receivable, net	734,961	-	-	-	-	-	-	734,961
Designations payable	(229,933)	-	-	-	-	-	-	(229,933)
<b>Total assets</b>	<b>\$ 702,116</b>	<b>\$ 228,068</b>	<b>\$ 504,732</b>	<b>\$ 41,992</b>	<b>\$ 333,058</b>	<b>\$ 236,003</b>	<b>\$ -</b>	<b>\$ 2,045,969</b>
Net assets:								
Temporarily restricted	\$ 702,116	\$ 103,068	\$ 504,732	\$ 41,992	\$ 92,934	\$ 236,003	\$ -	\$ 1,680,845
Permanently restricted	-	125,000	-	-	240,124	-	-	365,124
<b>Total net assets</b>	<b>\$ 702,116</b>	<b>\$ 228,068</b>	<b>\$ 504,732</b>	<b>\$ 41,992</b>	<b>\$ 333,058</b>	<b>\$ 236,003</b>	<b>\$ -</b>	<b>\$ 2,045,969</b>
Support and revenue:								
Gross pledges	\$ 1,026,092	\$ -	\$ -	\$ -	\$ 13,250	\$ -	\$ -	\$ 1,039,342
Less donor designations	(244,985)	-	-	-	-	-	-	(244,985)
Less provision for uncollectibles	(78,867)	-	-	-	-	-	-	(78,867)
Investment return	-	22,706	51,527	85	25,318	6,459	-	106,095
<b>Total support and revenue</b>	<b>702,240</b>	<b>22,706</b>	<b>51,527</b>	<b>85</b>	<b>38,568</b>	<b>6,459</b>	<b>-</b>	<b>821,585</b>
Released from restrictions	(711,328)	(5,620)	(8,188)	(5,000)	(9,756)	-	-	(739,892)
Increase (decrease) in net assets	\$ (9,088)	\$ 17,086	\$ 43,339	\$ (4,915)	\$ 28,812	\$ 6,459	\$ -	\$ 81,693

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

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

<i>September 30,</i>	<b>2015</b>						
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total
<b>Assets:</b>							
Cash and cash equivalents	\$ 276,303	\$ -	\$ 14,837	\$ 46,907	\$ 25,701	\$ -	\$ 363,748
Investments, at fair value	-	210,982	446,556	-	278,546	229,544	1,165,628
Pledges receivable, net	748,282	-	-	-	-	-	748,282
Designations payable	(313,382)	-	-	-	-	-	(313,382)
<b>Total assets</b>	<b>\$ 711,203</b>	<b>\$ 210,982</b>	<b>\$ 461,393</b>	<b>\$ 46,907</b>	<b>\$ 304,247</b>	<b>\$ 229,544</b>	<b>\$ 1,964,276</b>
<b>Net assets:</b>							
Temporarily restricted	\$ 711,203	\$ 85,982	\$ 461,393	\$ 46,907	\$ 64,123	\$ 229,544	\$ 1,599,152
Permanently restricted	-	125,000	-	-	240,124	-	365,124
<b>Total net assets</b>	<b>\$ 711,203</b>	<b>\$ 210,982</b>	<b>\$ 461,393</b>	<b>\$ 46,907</b>	<b>\$ 304,247</b>	<b>\$ 229,544</b>	<b>\$ 1,964,276</b>
<b>Support and revenue:</b>							
Gross pledges	\$ 1,105,187	\$ -	\$ -	\$ -	\$ 13,530	\$ -	\$ 1,118,717
Less donor designations	(313,382)	-	-	-	-	-	(313,382)
Less provision for uncollectibles	(80,552)	-	-	-	-	-	(80,552)
Investment return	-	(8,025)	9,277	117	3,085	12,202	16,656
<b>Total support and revenue</b>	<b>711,253</b>	<b>(8,025)</b>	<b>9,277</b>	<b>117</b>	<b>16,615</b>	<b>12,202</b>	<b>741,439</b>
Released from restrictions	(730,580)	(5,458)	(9,928)	-	(8,583)	-	(754,549)
Increase (decrease) in net assets	\$ (19,327)	\$ (13,483)	\$ (651)	\$ 117	\$ 8,032	\$ 12,202	\$ (13,110)

**NOTE 14: NET ASSETS, ALLOCATIONS PAYABLE, AND GROSS DISTRIBUTIONS TO AGENCIES**

As discussed in Note 2, during the year ended September 30, 2015, the Organization changed its funding year from April 1 through March 31 to October 1 through September 30. During the year ended September 30, 2016, it was determined that, in connection with this change, certain intercompany allocations and certain gross distributions to agencies were not properly classified. As a result, adjustments were made to properly classify those amounts. The effect of the adjustment was to increase beginning net assets at September 30, 2014 by \$624,421. The decrease in net assets for the year ended September 30, 2015 was decreased by \$741,607. The net assets as of September 30, 2015 were increased by \$1,366,028.