

**2012 Audited Financial
Statements
River Region United Way**

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**United
Way**



River Region United Way

River Region United Way

Financial Statements

September 30, 2012 and 2011

River Region United Way
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September 30, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
River Region United Way
Montgomery, Alabama

We have audited the accompanying statements of financial position of River Region United Way as of September 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of River Region United Way's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Carr, Riggs & Ingram, L.L.C.

Montgomery, Alabama
December 20, 2012

River Region United Way

Statements of Financial Position

September 30,	2012			2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Assets								
Current assets								
Cash and cash equivalents	\$ 2,398,264	\$ 406,050	\$ -	\$ 2,804,314	\$ 2,688,024	\$ 324,233	\$ -	\$ 3,012,257
Pledges receivable, net	1,241,718	1,195,283	-	2,437,001	1,523,295	1,637,020	-	3,160,315
Other receivables	114,605	-	-	114,605	121,743	-	-	121,743
Prepaid expense	7,633	-	-	7,633	9,733	-	-	9,733
Total current assets	3,762,220	1,601,333	-	5,363,553	4,342,795	1,961,253	-	6,304,048
Other assets								
Investments, at fair value	927,474	685,734	352,194	1,965,402	725,187	627,880	352,194	1,705,261
Property and equipment, net	67,315	-	-	67,315	95,234	-	-	95,234
Cash surrender value of life insurance	5,965	-	-	5,965	5,951	-	-	5,951
Total assets	\$ 4,762,974	\$ 2,287,067	\$ 352,194	\$ 7,402,235	\$ 5,169,167	\$ 2,589,133	\$ 352,194	\$ 8,110,494
Liabilities and net assets								
Current liabilities								
Accounts payable and accrued expenses	\$ 100,929	\$ -	\$ -	\$ 100,929	\$ 92,866	\$ -	\$ -	\$ 92,866
Allocations and designations payable	2,557,732	246,612	-	2,804,344	2,423,335	229,514	-	2,652,849
Current portion of capital lease obligation	15,814	-	-	15,814	15,045	-	-	15,045
Custodial accounts	46,767	-	-	46,767	85,127	-	-	85,127
Total current liabilities	2,721,242	246,612	-	2,967,854	2,616,373	229,514	-	2,845,887
Long-term liabilities								
Capital lease obligation	30,478	-	-	30,478	47,589	-	-	47,589
Total liabilities	2,751,720	246,612	-	2,998,332	2,663,962	229,514	-	2,893,476
Net assets								
Undesignated	1,237,436	-	-	1,237,436	1,815,437	-	-	1,815,437
Board designated	773,818	-	-	773,818	689,768	-	-	689,768
Total unrestricted	2,011,254	-	-	2,011,254	2,505,205	-	-	2,505,205
Temporarily restricted	-	2,040,455	-	2,040,455	-	2,359,619	-	2,359,619
Permanently restricted	-	-	352,194	352,194	-	-	352,194	352,194
Total net assets	2,011,254	2,040,455	352,194	4,403,903	2,505,205	2,359,619	352,194	5,217,018
Total liabilities and net assets	\$ 4,762,974	\$ 2,287,067	\$ 352,194	\$ 7,402,235	\$ 5,169,167	\$ 2,589,133	\$ 352,194	\$ 8,110,494

See accompanying notes to financial statements

River Region United Way

Statement of Activities

Year ended September 30,	2012			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Change in net assets				
Gross campaign pledges for next allocation period	\$ -	\$ 1,630,461	\$ -	\$ 1,630,461
Less donor designations	-	(246,612)	-	(246,612)
Less provision for uncollectible pledges	-	(107,519)	-	(107,519)
Net campaign pledges for next allocation period	-	1,276,330	-	1,276,330
Gross campaign pledges for current allocation period	3,043,216	-	-	3,043,216
Less donor designations	(616,340)	-	-	(616,340)
Less provision for uncollectible pledges	(400,619)	-	-	(400,619)
Pledges released for current allocation period	1,690,901	(1,690,901)	-	-
Net campaign pledges for current allocation period	3,717,158	(1,690,901)	-	2,026,257
Other contributions	107,842	31,700	-	139,542
Grants	110,775	-	-	110,775
Other contributions released from restrictions	42,192	(42,192)	-	-
Net public support	3,977,967	(425,063)	-	3,552,904
Other revenues				
Investment return	6,870	105,899	-	112,769
Other income	44,849	-	-	44,849
Total other revenues	51,719	105,899	-	157,618
Net public support and other revenues	4,029,686	(319,164)	-	3,710,522
Allocations and expenses				
Program services:				
Allocations and other programs	3,560,315	-	-	3,560,315
Supporting expenses:				
Management and general	486,367	-	-	486,367
Fundraising	476,955	-	-	476,955
Total allocations and expenses	4,523,637	-	-	4,523,637
Decrease in net assets	(493,951)	(319,164)	-	(813,115)
Net assets, beginning of year	2,505,205	2,359,619	352,194	5,217,018
Net assets, end of year	\$ 2,011,254	\$ 2,040,455	\$ 352,194	\$ 4,403,903

See accompanying notes to financial statements

River Region United Way

Statement of Activities

Year ended September 30,

2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Change in net assets				
Gross campaign pledges for next allocation period	\$ -	\$ 2,077,066	\$ -	\$ 2,077,066
Less donor designations	-	(229,514)	-	(229,514)
Less provision for uncollectible pledges	-	(152,067)	-	(152,067)
Net campaign pledges for next allocation period	-	1,695,485	-	1,695,485
Gross campaign pledges for current allocation period	4,626,825	-	-	4,626,825
Less donor designations	(557,111)	-	-	(557,111)
Less provision for uncollectible pledges	(281,581)	-	-	(281,581)
Pledges released for current allocation period	869,583	(869,583)	-	-
Net campaign pledges for current allocation period	4,657,716	(869,583)	-	3,788,133
Other contributions	80,464	900	-	81,364
Grants	238,443	-	-	238,443
Other contributions released from restrictions	65,113	(65,113)	-	-
Net public support	5,041,736	761,689	-	5,803,425
Other revenues				
Investment return	44,843	10,058	-	54,901
Loss on disposal of assets	(319,244)	-	-	(319,244)
Other income	55,449	-	-	55,449
Total other revenues	(218,952)	10,058	-	(208,894)
Net public support and other revenues	4,822,784	771,747	-	5,594,531
Allocations and expenses				
Program services:				
Allocations and other programs	3,491,746	-	-	3,491,746
Supporting expenses:				
Management and general	671,146	-	-	671,146
Fundraising	417,635	-	-	417,635
Total allocations and expenses	4,580,527	-	-	4,580,527
Increase in net assets	242,257	771,747	-	1,014,004
Net assets, beginning of year	2,262,948	1,587,872	352,194	4,203,014
Net assets, end of year	\$ 2,505,205	\$ 2,359,619	\$ 352,194	\$ 5,217,018

See accompanying notes to financial statements

River Region United Way

Statements of Functional Expenses

	2012			2011				
	Program Services	Management and General	Fund-Raising	Totals	Program Services	Management and General	Fund-Raising	Totals
Gross distributions to agencies	\$ 3,952,450	\$ -	\$ -	\$ 3,952,450	\$ 3,999,289	\$ -	\$ -	\$ 3,999,289
Less: donor designations to agencies	(795,113)	-	-	(795,113)	(783,843)	-	-	(783,843)
Net allocations to agencies	3,157,337	-	-	3,157,337	3,215,446	-	-	3,215,446
Campaign expenses	28,813	35	76,481	105,329	-	-	105,810	105,810
Depreciation and amortization	5,026	16,472	6,421	27,919	-	60,131	-	60,131
Directors and Officers insurance	139	399	251	789	150	1,242	450	1,842
Dues and memberships	43,251	2,763	406	46,420	46,796	1,938	285	49,019
Employee benefits	39,036	18,825	10,644	68,505	9,240	40,126	18,136	67,502
Grants and other program expenses	142,633	5,777	81,423	229,833	121,032	-	34,840	155,872
Meetings	1,194	2,637	3,184	7,015	1,126	4,454	3,641	9,221
Interest expense	479	1,415	643	2,537	257	7,044	771	8,072
Investment and bank fees	8,853	15,823	1,479	26,155	13,826	43,412	286	57,524
Occupancy and equipment	26,050	32,749	53,551	112,350	4,790	46,770	20,799	72,359
Other expenses	-	1,334	37	1,371	16,812	4,439	-	21,251
Outsourcing fees	3,030	10,711	17,135	30,876	12,248	15,031	25,594	52,873
Payroll taxes	5,614	23,599	10,350	39,563	3,242	20,814	16,921	40,977
Postage and shipping	492	1,056	6,277	7,825	413	1,625	1,636	3,674
Printing	1,534	5,177	9,644	16,355	739	3,096	3,645	7,480
Professional and legal fees	11,251	124,654	22,273	158,178	-	130,265	-	130,265
Promotional materials	57	-	4,448	4,505	-	-	2,245	2,245
Salaries	81,693	214,742	167,204	463,639	42,727	265,603	168,367	476,697
Supplies	1,567	6,081	3,433	11,081	650	4,523	2,212	7,385
Telephone, internet and subscriptions	22	624	1,589	2,235	1,681	10,169	4,830	16,680
Travel and conferences	2,244	1,494	82	3,820	571	10,464	7,167	18,202
	\$ 3,560,315	\$ 486,367	\$ 476,955	\$ 4,523,637	\$ 3,491,746	\$ 671,146	\$ 417,635	\$ 4,580,527

See accompanying notes to financial statements

River Region United Way

Statements of Cash Flows

<i>Years ended September 30,</i>	2012	2011
Operating activities		
Increase (decrease) in net assets	\$ (813,115)	\$ 1,014,004
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,919	60,131
Loss on disposal of assets	-	319,244
Realized and unrealized gains (losses) on investments	(91,015)	3,642
(Increase) decrease in current assets:		
Pledges receivable, net	723,314	(884,661)
Other receivables, net	7,138	(2,417)
Prepaid expense	2,100	(9,733)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	8,063	43,051
Allocations and designations payable	151,495	(253,653)
Custodial accounts	(38,360)	85,127
Net cash provided by operating activities	15,899	374,735
Investing activities		
Purchase of investments	(1,350,171)	(177,718)
Proceeds from sale of investments	1,142,657	183,588
Proceeds from sale of building	-	235,000
Increase (decrease) in cash surrender value of life insurance	14	(8)
Net cash provided by (used in) investing activities	(207,500)	240,862
Financing activities		
Principal payments on capital leases and long-term debt	(16,342)	(196,152)
Net cash used in financing activities	(16,342)	(196,152)
Net increase (decrease) in cash and cash equivalents	(207,943)	419,445
Cash and cash equivalents, beginning of year	3,012,257	2,592,812
Cash and cash equivalents, end of year	\$ 2,804,314	\$ 3,012,257
Supplemental information:		
Interest paid in cash during the year	\$ 2,537	\$ 8,072

See accompanying 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 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. The Organization's financial statements have been prepared on the accrual basis of accounting.

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.

Cash and Cash Equivalents

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

Pledges Receivable and Other Receivables

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

Investments

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

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 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

The Organization adopted the provisions of FASB ASC (Accounting Standards Codification) No. 740, Accounting for Uncertainty in Income Taxes. As a result of the implementation of ASC No. 740, 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, 2008 for all major tax jurisdictions.

Evaluation of Subsequent Events

The Organization has evaluated its financial statements for subsequent events through December 20, 2012, 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.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the presentation of the current period financial statements. These reclassifications include recording gross campaign and related contra revenue and gross allocations to agencies and related contra expense for donor designations. These represent designations that are raised in the campaign, but are paid directly to the agency.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable, as shown in the accompanying statements of financial position, includes pledges received in advance for the next allocation period. The following analysis of pledges receivable is provided:

<i>September 30,</i>	2012		
	Amount Pledged To Be Collected	Allowance for Uncollectible Amounts	Net
Fiscal year 2010-11 campaign	\$ 365,651	\$ 356,519	\$ 9,132
Fiscal year 2011-12 campaign	1,570,200	337,614	1,232,586
Fiscal year 2012-13 campaign	1,302,802	107,519	1,195,283
	\$ 3,238,653	\$ 801,652	\$ 2,437,001

<i>September 30,</i>	2011		
	Amount Pledged To Be Collected	Allowance for Uncollectible Amounts	Net
Fiscal year 2010-11 campaign	\$ 1,664,803	\$ 141,508	\$ 1,523,295
Fiscal year 2011-12 campaign	1,789,087	152,067	1,637,020
	\$ 3,453,890	\$ 293,575	\$ 3,160,315

NOTE 4 - INVESTMENTS

Investments consist of the following:

<i>September 30,</i>	Cost	2012 Unrealized Gains(Losses)	Fair Value
Certificates of deposit	\$ 1,240,130	\$ -	\$ 1,240,130
CACF pooled accounts	191,992	-	191,992
Mutual funds - fixed income	131,394	2,512	133,906
Mutual funds - equities	242,133	7,052	249,185
	1,805,649	9,564	1,815,213
Assignment of interest in limited partnership	150,189	-	150,189
	\$ 1,955,838	\$ 9,564	\$ 1,965,402

<i>September 30,</i>	Cost	2011 Unrealized Gains(Losses)	Fair Value
Certificates of deposit	\$ 1,067,993	\$ -	\$ 1,067,993
CACF pooled accounts	168,309	-	168,309
Mutual funds - fixed income	93,343	4,518	97,861
Mutual funds - equities	233,076	(6,682)	226,394
	1,562,721	(2,164)	1,560,557
Assignment of interest in limited partnership	144,704	-	144,704
	\$ 1,707,425	\$ (2,164)	\$ 1,705,261

NOTE 4 - INVESTMENTS (CONTINUED)

Investment return consists of the following:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 6,870	\$ 14,884	\$ -	\$ 21,754
Realized gains	-	60,257	-	60,257
Unrealized gains	-	30,758	-	30,758
	\$ 6,870	\$ 105,899	\$ -	\$ 112,769

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 44,843	\$ 13,700	\$ -	\$ 58,543
Realized gains (losses)	-	10,042	-	10,042
Unrealized gains (losses)	-	(13,684)	-	(13,684)
	\$ 44,843	\$ 10,058	\$ -	\$ 54,901

NOTE 5 - FAIR VALUE MEASUREMENTS

The Organization follows the provisions of *FASB ASC No. 820, Fair Value*, 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 entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC No. 820 describes three levels of inputs that may be used to measure fair value:

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

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

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:

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 December 31, 2012 and 2011.

Assets measured at Fair Value on a Recurring Basis

	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
<i>September 30, 2012</i>			
Certificates of deposit	\$ -	\$ 1,240,130	\$ -
CACF pooled accounts	-	191,992	-
Mutual funds - fixed income	133,906	-	-
Mutual funds - equities	249,185	-	-
	\$ 383,091	\$ 1,432,122	\$ -

	Based on:		
	Level 1 inputs	Level 2 inputs	Level 3 inputs
<i>September 30, 2011</i>			
Certificates of deposit	\$ -	\$ 1,067,993	\$ -
CACF pooled accounts	-	168,309	-
Mutual funds - fixed income	97,861	-	-
Mutual funds - equities	226,394	-	-
	\$ 324,255	\$ 1,236,302	\$ -

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>	2012	2011
Furniture and equipment	170,181	170,181
Less: accumulated depreciation	102,866	74,947
	\$ 67,315	\$ 95,234

Depreciation expense was \$27,919 and \$60,131 for the years ended September 30, 2012 and 2011, respectively.

NOTE 7 - LINE OF CREDIT AND NOTES PAYABLE

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, 2012 and 2011 was \$-0-.

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, 2012 has a cost of \$77,179 and a net book value of \$42,899. The following is a schedule of future payments under lease:

<i>Years ended September 30,</i>	
2013	\$ 17,870
2014	17,499
2015	13,416
2016	1,355
Total future minimum lease payments	50,140
Amount representing interest	(3,848)
Present value of future minimum capital lease payments	46,292
Current obligation	15,814
Long term portion of capital lease obligation	\$ 30,478

River Region United Way
Notes to Financial Statements

NOTE 9 - DESIGNATED NET ASSETS

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

<i>September 30,</i>	2012	2011
General Fund Emergency Fund	\$ 759,550	\$ 675,506
Community Grants Fund	14,268	14,262
Total	\$ 773,818	\$ 689,768

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, 2012 and 2011 were \$36,755 and \$37,119, respectively.

NOTE 11 - CONCENTRATION OF CASH AND CREDIT RISK

The Organization maintains its cash balances at financial institutions in Montgomery, Alabama. The Federal Depository Insurance Corporation (FDIC) insures these balances to \$250,000 at each institution. Uninsured balances at September 30, 2012 and 2011 were \$1,885,780 and \$2,212,724, 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 - RELATED PARTY

The Organization shares office space with the Combined Federal Campaign (CFC) and the Alabama State Employees Combined Charitable Campaign (ASECCC). Each of these organizations reimburses the Organization for salaries, benefits and overhead expenses incurred by their personnel. For the years ended September 30, 2012 and 2011, CFC reimbursed \$122,288 and \$81,333, respectively and ASECCC reimbursed \$29,189 and \$0, respectively for these costs to the Organization. The Organization had a receivable of \$103,679 and \$97,929 from CFC related to these costs as of September 30, 2012 and 2011, respectively.

NOTE 13 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Amounts included in Next Allocation Period are temporarily restricted net assets related to the 2012-2013 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:

- 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, 2012 or 2011.

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 Board of Directors is responsible for the annual review of the assets and investment performance of the investment managers.

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

Expenditures Policy

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

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

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 are 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.

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>	2012						
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total
Assets:							
Cash and cash equivalents	\$ 307,517	\$ -	\$ 12,735	\$ 70,360	\$ 15,438	\$ -	\$ 406,050
Investments, at fair value	-	191,992	383,091	-	278,292	184,553	1,037,928
Pledges receivable, net	1,195,283	-	-	-	-	-	1,195,283
Designations payable	(246,612)	-	-	-	-	-	(246,612)
Total assets	\$ 1,256,188	\$ 191,992	\$ 395,826	\$ 70,360	\$ 293,730	\$ 184,553	\$ 2,392,649
Net assets:							
Temporarily restricted	\$ 1,256,188	\$ 66,992	\$ 395,826	\$ 70,360	\$ 66,536	\$ 184,553	\$ 2,040,455
Permanently restricted	-	125,000	-	-	227,194	-	352,194
Total net assets	\$ 1,256,188	\$ 191,992	\$ 395,826	\$ 70,360	\$ 293,730	\$ 184,553	\$ 2,392,649
Support and revenue:							
Gross pledges	\$ 1,630,461	\$ -	\$ -	\$ 31,000	\$ 700	\$ -	\$ 1,662,161
Less donor designations	(246,612)	-	-	-	-	-	(246,612)
Less provision for uncollectibles	(107,519)	-	-	-	-	-	(107,519)
Investment return	-	29,096	67,803	162	3,353	5,485	105,899
Total support and revenue	1,276,330	29,096	67,803	31,162	4,053	5,485	1,413,929
Released from restrictions	(1,690,901)	(5,413)	(7,166)	(26,192)	(3,421)	-	(1,733,093)
Increase (decrease) in net assets	\$ (414,571)	\$ 23,683	\$ 60,637	\$ 4,970	\$ 632	\$ 5,485	\$ (319,164)

River Region United Way

Notes to Financial Statements

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

<i>September 30,</i>	2011						
	Next Allocation Period	CACF Fund	Annual Giving Trust	DeTocqueville Fund	Rothschild Fund	Allendale Fund	Total
Assets:							
Cash and cash equivalents	\$ 263,253	\$ -	\$ 10,935	\$ 33,672	\$ 16,373	\$ -	\$ 324,233
Investments, at fair value	-	168,309	324,254	31,718	276,725	179,068	980,074
Pledges receivable, net	1,637,020	-	-	-	-	-	1,637,020
Designations payable	(229,514)	-	-	-	-	-	(229,514)
Total assets	\$ 1,670,759	\$ 168,309	\$ 335,189	\$ 65,390	\$ 293,098	\$ 179,068	\$ 2,711,813
Net assets:							
Temporarily restricted	\$ 1,670,759	\$ 43,309	\$ 335,189	\$ 65,390	\$ 65,904	\$ 179,068	\$ 2,359,619
Permanently restricted	-	125,000	-	-	227,194	-	352,194
Total net assets	\$ 1,670,759	\$ 168,309	\$ 335,189	\$ 65,390	\$ 293,098	\$ 179,068	\$ 2,711,813
Support and revenue:							
Gross pledges	\$ 2,077,066	\$ -	\$ -	\$ -	\$ 900	\$ -	\$ 2,077,966
Less donor designations	(229,514)	-	-	-	-	-	(229,514)
Less provisions for uncollectibles	(152,067)	-	-	-	-	-	(152,067)
Investment return	-	(1,865)	(175)	405	2,402	9,291	10,058
Total support and revenue	1,695,485	(1,865)	(175)	405	3,302	9,291	1,706,443
Released from restrictions	(869,583)	(6,668)	(31,675)	-	(12,457)	-	(920,383)
Increase (decrease) in net assets	\$ 825,902	\$ (8,533)	\$ (31,850)	\$ 405	\$ (9,155)	\$ 9,291	\$ 786,060