

**UNITED WAY OF SOUTHWEST
ALABAMA, INC.**

Financial Statements

for the 15 months ended
March 31, 2016



UNITED WAY OF SOUTHWEST ALABAMA, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
United Way of Southwest Alabama, Inc.
Mobile, Alabama

We have audited the accompanying financial statements of United Way of Southwest Alabama, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, and the related statements of activities, functional expenses and cash flows for the 15 months 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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 United Way of Southwest Alabama, Inc. as of March 31, 2016, and the changes in its net assets and its cash flows for the 15 months then ended in accordance with accounting principles generally accepted in the United States of America.

Russell Thompson Butler & Houston, LLP

*Mobile, Alabama
September 7, 2016*

UNITED WAY OF SOUTHWEST ALABAMA, INC.
Statement of Financial Position
March 31, 2016
Assets

Cash and cash equivalents	\$ 369,108
Certificates of deposit	190,939
Pledges receivable - current campaign, net	1,881,943
Pledges receivable - prior campaign, net	105,387
Accounts receivable - other	27,421
Prepaid expenses	463,422
Investments, at market value	781,153
Property and equipment, net	160,053

Total assets	\$ 3,979,426
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Liabilities and Net Assets**Liabilities**

Line of credit	\$ 150,000
Allocations and designations payable	619,589
Accounts payable and accrued expenses	79,969
Total liabilities	849,558

Net assets

Unrestricted	778,103
Temporarily restricted	2,291,765
Permanently restricted	60,000
Total net assets	3,129,868

Total liabilities and net assets	\$ 3,979,426
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UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Activities 15 Months Ended March 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Public support and revenue				
Gross campaign results				
Campaign contributions - current year	\$ 565,417	\$ 3,771,285	\$ -	\$ 4,336,702
Donor designations	(94,781)	(947,183)	-	(1,041,964)
Allowance for uncollectibles	(37,372)	(300,180)	-	(337,552)
Net campaign revenue - current year	433,264	2,523,922	-	2,957,186
Campaign contributions - prior year	3,137,237	(3,137,237)	-	-
Donor designations	(1,125,031)	1,125,031	-	-
Allowance for uncollectibles	(310,281)	310,281	-	-
Net campaign revenue - prior year	1,701,925	(1,701,925)	-	-
Recovery of pledge contributions in excess of prior allowance	233,425	-	-	233,425
Net campaign results	2,368,614	821,997	-	3,190,611
Contribution received in donation of HandsOn South Alabama	160,541	-	-	160,541
Other contributions	281,630	-	-	281,630
In-kind revenue	25,149	-	-	25,149
Investment loss	(20,005)	(1,555)	-	(21,560)
Administrative fee income	20,500	-	-	20,500
Service fee revenue	146	117,241	-	117,387
Other public support	188,010	20,100	-	208,110
	3,024,585	957,783	-	3,982,368
Releases from restriction	550,384	(550,384)	-	-
Total public support, revenue, and releases	3,574,969	407,399	-	3,982,368

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Activities (continued)
15 Months Ended March 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Expenses				
Program services				
Funds allocated to partners	3,196,018	-	-	3,196,018
Less allocations funded through designations	(774,019)	-	-	(774,019)
Total allocations	2,421,999	-	-	2,421,999
Special designations to partners Community and program services provided	63,513	-	-	63,513
Total program services	1,134,478	-	-	1,134,478
Total program services	3,619,990	-	-	3,619,990
Supporting services				
Organizational administration	204,962	-	-	204,962
Fund-raising	790,726	-	-	790,726
United Way Worldwide dues	61,348	-	-	61,348
Total supporting services	1,057,036	-	-	1,057,036
Total expenses	4,677,026	-	-	4,677,026
Change in net assets	(1,102,057)	407,399	-	(694,658)
Net assets				
Beginning of year	1,880,160	1,884,366	60,000	3,824,526
End of year	\$ 778,103	\$ 2,291,765	\$ 60,000	\$ 3,129,868

See notes to financial statements

Statement of Functional Expenses
15 Months Ended March 31, 2016

	Program Services		Totals
	Allocations	Community and Program	
Funds allocated to partners	\$ 3,196,018	\$ 63,513	\$ 3,259,531
Less allocations funded through designations	(774,019)	-	(774,019)
Subtotal	2,421,999	63,513	2,485,512
Salaries	-	523,244	523,244
Payroll taxes	-	37,542	37,542
Employee benefits	-	110,626	110,626
Totals	-	671,412	671,412
Agency relations	-	180,765	180,765
Advertising	-	16,823	16,823
Board/staff development	-	6,910	6,910
Contract labor	-	16,167	16,167
Contract services	-	10,995	10,995
Dues and subscriptions	-	5,250	5,250
Depreciation	-	14,421	14,421
Insurance	-	8,957	8,957
Miscellaneous	-	14,182	14,182
Occupancy	-	37,335	37,335
Postage and shipping	-	5,212	5,212
Printing	-	9,029	9,029
Professional fees	-	11,172	11,172
Special events	-	97,429	97,429
Supplies	-	13,311	13,311
Telephone	-	5,229	5,229
Travel	-	9,879	9,879
Subtotal	-	1,134,478	1,134,478
United Way Worldwide dues	-	-	-
Total functional expenses	\$ 2,421,999	\$ 1,197,991	\$ 3,619,990

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Organizational Administration	Supporting Services			Totals	Total Expenses
	Fund- Raising	UWW Dues			
\$ -	\$ -	\$ -		\$ -	\$ 3,259,531
-	-	-		-	(774,019)
-	-	-		-	2,485,512
113,761	355,678	-		469,439	992,683
8,162	25,519	-		33,681	71,223
24,052	75,199	-		99,251	209,877
145,975	456,396	-		602,371	1,273,783
-	6,520	-		6,520	187,285
3,657	11,435	-		15,092	31,915
1,503	4,698	-		6,201	13,111
3,515	10,990	-		14,505	30,672
-	143,385	-		143,385	154,380
1,142	3,569	-		4,711	9,961
3,135	9,803	-		12,938	27,359
1,947	6,089	-		8,036	16,993
3,084	9,641	-		12,725	26,907
8,117	25,379	-		33,496	70,831
1,133	3,543	-		4,676	9,888
1,963	6,137	-		8,100	17,129
2,429	7,594	-		10,023	21,195
21,183	66,229	-		87,412	184,841
2,894	9,049	-		11,943	25,254
1,137	3,554	-		4,691	9,920
2,148	6,715	-		8,863	18,742
204,962	790,726	-		995,688	2,130,166
-	-	61,348		61,348	61,348
\$ 204,962	\$ 790,726	\$ 61,348		\$ 1,057,036	\$ 4,677,026

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.
Statement of Cash Flows
15 Months Ended March 31, 2016
Cash flows from operating activities

Change in net assets	\$ (694,658)
Adjustments to reconcile change in net assets to net cash (used in) operating activities	
Depreciation	27,359
Net realized (gain) on investments	(37,654)
Net unrealized loss on investments	79,703
Provision for uncollectibles	337,552
(Increase) decrease in:	
Pledges receivable	299,066
Accounts receivable - other	33,254
Prepaid expenses	(452,407)
Increase (decrease) in:	
Allocations and designations payable	(85,191)
Accounts payable and accrued expenses	58,075
Net cash (used in) operating activities	(434,901)

Cash flows from investing activities

Purchase of investments	(775,884)
Proceeds from sale of investments	909,910
Net cash provided by investing activities	134,026

Cash flows from financing activities

Proceeds from line of credit	150,000
Net cash provided by financing activities	150,000

Net decrease in cash and cash equivalents (150,875)

Cash and cash equivalents

Beginning of year	519,983
End of year	\$ 369,108

Supplemental disclosures:

In-kind revenue and corresponding expense	\$ 25,149
Interest paid	\$ 1,636

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements

March 31, 2016

Note 1 – Statement of purpose

United Way of Southwest Alabama, Inc. (the Organization) began in 1926. It was formally organized as the Community Chest of Mobile, holding its first united campaign on behalf of 22 health and human service agencies in 1927. The Organization's mission is to improve the quality of life in the community. Through a workplace fund drive conducted primarily by volunteers, the Organization raises money from individuals and organizations to make possible services provided both by the Organization and by other area not-for-profit health and human service organizations. Virtually all of the Organization's funds are derived from contributions by residents and businesses in Mobile, Clarke, Choctaw, and Washington counties. The Organization is governed by a volunteer board of trustees.

Note 2 – Summary of significant accounting policies*Fiscal year end change*

The Organization changed its fiscal year end from December 31 to March 31; accordingly, the financial statements represent a 15 month period ended March 31, 2016. In conjunction with the change in fiscal year end, the Organization changed its allocation policy to coincide with the new fiscal period. Included in prepaid expenses as of March 31, 2016 are advances of partner allocations totaling \$435,298 for the fiscal 2017 funding period.

Financial statement presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby net assets and activities are reported, based on the existence or absence of donor-imposed restrictions, into three classes: unrestricted, temporarily restricted, and permanently restricted.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 2 – Summary of significant accounting policies (continued)***Certificates of deposits***

Certificates of deposit are carried at fair market value which approximates cost. Fair market value is measured based on Level 2 inputs, which consist of quoted prices for similar assets or liabilities in active markets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets on the statement of activities.

The board-designated reserve funds (BDRF) are invested at Hancock Bank, with the objective to seek the highest returns on investments with the lowest possible risk with a maximum of 60% in common stocks. The purpose of the fund is to provide emergency funding to the partners in the event of an unforeseen disaster. The goal is to achieve a principal balance in the account of at least \$1,000,000.

The donor-restricted fund consists of the Alabama Power Endowment fund which is invested in a moderate portfolio at the Community Foundation of South Alabama. The income of the endowment will be used as the need might dictate to fund approved grant proposals.

Property and equipment

Property and equipment items are carried at cost, or if donated, at the estimated fair market value at the time of donation. Expenditures which materially increase values or extend useful lives are capitalized, while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. The net gain or loss on items retired or otherwise disposed of is credited or charged to income and the cost and accumulated depreciation are removed from the accounts.

Depreciation

A provision for depreciation of property and equipment is made using the straight-line method. Estimated useful lives are principally as follows: building, parking lot, and improvements, 10 - 40 years; furniture and fixtures, 5 – 18 years; and computer equipment, 3 – 10 years.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 2 – Summary of significant accounting policies (continued)***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization conducts an annual fund-raising campaign for the following year's operations. Thus, campaign contributions are treated as temporarily restricted in the year of the campaign and are transferred to unrestricted in the following year when the funds will be used to fund program allocations and the Organization's programs and supporting services. The Organization honors designations made to each partner agency by distributing the portion of a donor's pledge to said partner agency.

Contributions received in the current year from the preceding year's fund-raising campaign are reported as unrestricted since the restrictions are met in the same year.

Pledges receivable

Pledges receivable are unconditional promises to give that are expected to be collected within one fiscal year and are recorded at their net realizable value. Pledges, less an estimated provision for uncollectible amounts, are recorded as receivables and as contributions in the year the pledge is made. Provision for uncollectible amounts is computed based upon a historical average adjusted by management's estimate of current economic factors, applied to individual county campaigns, excluding state and combined federal campaigns, special designations and youth allocations.

Donated property and services

The Organization recognizes donated property and other intangible gifts-in-kind such as advertising and building and facility use as a contribution at its estimated market value at the date of the gift. The value of donated services is not recognized as a contribution since no objective basis is available to measure the value of such services and generally they do not require specialized skills. A substantial number of volunteers and organizations have donated significant amounts of their time and services on the Organization's behalf.

Functional expense allocations

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Functional expenses are allocated according to staff time spent on the benefitting programs and supporting services.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 2 – Summary of significant accounting policies (continued)***Taxes***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the accompanying financial statements.

Compensated absences

Employees of the Organization are entitled to paid vacation, depending on the length of time employed. It is impractical to estimate the amount of compensation for absences; accordingly, no liability has been recorded in the financial statements. The Organization's policy is to recognize the cost of compensated absences when the time is taken.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the 15 months ended March 31, 2016 was \$31,915.

United Way Worldwide presentation standards

The Organization's financial statements follow the guidance prescribed by United Way Worldwide titled, *Implementation Requirements for Membership Standard H – Financial Statement Standards* (Standard H). Also, the Organization pledges to commit to comply with the United Way Worldwide's *Implementation Requirements for Membership Standard M – Cost Deduction Requirements*.

Uncertain tax positions

The Organization follows the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of March 31, 2016, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to Federal or state income tax examinations by taxing authorities for years before 2012.

Subsequent events

Management's evaluation of subsequent events through September 7, 2016, which is the date the financial statements were available to be issued revealed no significant matters to be recorded or disclosed.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 3 – Certificates of deposit

A detail of certificates of deposit as of March 31, 2016 is as follows:

First Community Bank, Chatom, Alabama	\$ 81,122
Capstone Bank, McIntosh, Alabama	33,082
Merchants Bank, Jackson, Alabama	42,373
First United Security Bank, Thomasville, Alabama	34,362
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Total	\$ 190,939
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Note 4 – Current campaign

The pledges receivable are due in one year and include the following unconditional promises to give as of March 31, 2016:

Undesignated	
County campaign	\$ 3,010,163
Combined federal campaign	724
Alabama state employee campaign	5,509
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Total undesignated	3,016,396
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Designated	
County campaign	587,453
Combined federal campaign	99,928
Alabama state employee campaign	67,508
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Total designated	754,889
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Gross unconditional pledges	3,771,285
Cash collected during campaign	(1,589,162)
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Pledges receivable, gross	2,182,123
Less allowance for uncollectible pledges	(300,180)
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Pledges receivable, net of allowance for uncollectible pledges	\$ 1,881,943
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UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 5 – Prior campaign

The pledges receivable are due in one year and include the following as of March 31, 2016:

Pledges receivable, gross	\$ 268,583
Less allowance for uncollectible pledges	(163,196)
Pledges receivable, net of allowance for uncollectible pledges	\$ 105,387

Note 6 – Investments

The United Way of Southwest Alabama, Inc. had two investment funds at the Community Foundation of South Alabama (CFSA) and a board-designated reserve fund (BDRF) with Hancock Bank during 2016.

Contributions to the Alabama Power Foundation Endowment fund are recorded as permanently restricted and the income and unrealized appreciation/depreciation are recorded as temporarily restricted until used to fund the approved grant proposals.

The BDRF was funded with unrestricted resources; therefore, the income and unrealized appreciation/depreciation are recorded as unrestricted net assets.

Net investment composition by type of fund as of March 31, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor-restricted	\$ -	\$ 31,203	\$ 60,000	\$ 91,203
Board-restricted	483,577	206,373	-	689,950
Total funds	\$ 483,577	\$ 237,576	\$ 60,000	\$ 781,153

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 6 – Investments (continued)

Changes in net investments for the 15 months ended March 31, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net investments, beginning of year	\$ 865,348	\$ 32,758	\$ 60,000	\$ 958,106
Investment income, net	19,734	1,889	-	21,623
Net unrealized depreciation	(76,639)	(3,064)	-	(79,703)
Net realized gain	36,584	1,070	-	37,654
Acquisition of HandsOn South Alabama	140,190	-	-	140,190
Withdrawals, net	(284,745)	-	-	(284,745)
Management fees	(10,522)	(1,450)	-	(11,972)
Releases from designation	(206,373)	206,373	-	-
Net investments, end of year	\$ 483,577	\$ 237,576	\$ 60,000	\$ 781,153

The Endowed Annual Gift Fund has not been included as an asset of the Organization since CFSA has control of these funds. This fund was established as an endowment to provide current income and long-term financial support of the annual campaigns and totals \$248,237 as of March 31, 2016.

The Financial Accounting Standards Board established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of quoted prices for similar assets or liabilities in active markets; and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 6 – Investments (continued)

Fair values of assets measured on a recurring basis as of March 31, 2016 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market fund	\$ 12,526	\$ 12,526	\$ -
Bonds	331,775	240,572	91,203
Equities	386,834	386,834	-
Certificate of deposit	50,018	-	50,018
Total assets	\$ 781,153	\$ 639,932	\$ 141,221

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

The following schedule summarizes the investment return (loss) and its classification in the statement of activities for the 15 months ended March 31, 2016:

Interest and dividend income	\$ 20,489
Net realized gains	37,654
Net unrealized depreciation	(79,703)
Investment loss	\$ (21,560)

Investment expense incurred during the 15 months ended March 31, 2016 was \$11,972.

Note 7 – Property and equipment

Property and equipment consists of the following as of March 31, 2016:

Parking lot - Joachim	\$ 49,017
Building and improvements	453,994
Furniture and fixtures	83,878
Computer equipment	199,948
	786,837
Less accumulated depreciation	626,784
Property and equipment, net	\$ 160,053

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 8 – Line of credit

The Organization has a revolving line of credit with Hancock Bank in the amount of \$250,000 dated December 29, 2014, expiring December 29, 2016 and is secured by the Organization's securities and investment account held at Hancock Bank. The line bears interest at LIBOR plus 2.25% (2.68% at March 31, 2016) and is payable monthly. At March 31, 2016, the Organization had drawn \$150,000 on the note. Interest expense for the 15 months ended totaled \$1,636.

Note 9 – Unrestricted appropriated net assets

Unrestricted net assets were appropriated by the Board of Trustees as of March 31, 2016 as follows:

Appropriated by board for reserve:	
Mobile County	\$ 483,577
Washington County	80,411
Clarke County	54,062
Appropriated for property and equipment	160,053
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Total unrestricted appropriated net assets	\$ 778,103
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Note 10 – Temporarily restricted net assets

Temporarily restricted net assets as of March 31, 2016 are available for the following purposes:

Time restrictions - net campaign contributions for future years, net of prepaid allocation expense	\$ 2,205,360
Purpose restrictions - grants and other contributions that are restricted by the donors for payment of expenses incurred in conjunction with specific projects related primarily to community issues	55,202
Purpose restrictions - earnings on endowment to be used to fund approved grant proposals	31,203
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Total temporarily restricted net assets	\$ 2,291,765
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UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 11 – Permanently restricted net assets

The Organization received an endowment from the Alabama Power Foundation. The principal is permanently restricted, and endowment fund earnings are temporarily restricted to fund special grants.

Note 12 – Related party transactions

The Organization contracts with the Local Federal Coordinating Committee (LFCC) to manage the Southwest Alabama Combined Federal Campaign (CFC) for federal employees in nine counties in Alabama. It also contracts with the State of Alabama to manage the Alabama State Employees' Charitable Campaign (ASECC) in five counties in Alabama. The Organization is reimbursed for campaign expenses related to the management of these campaigns. Reimbursements due of \$15,755 are included in pledges receivable as of March 31, 2016.

Members of the Board of Trustees are also members of the Board of Trustees of the Gordon Smith Center, Inc. (a not-for-profit organization). The Organization pays expenses on behalf of the Gordon Smith Center, Inc., which are reimbursed. The Organization received \$2,000 of administrative income for the 15 months ended March 31, 2016.

Note 13 – 403(b) Retirement plan

The Organization sponsors a defined contribution retirement plan covering substantially all employees.

Employees may elect to defer any percentage of their compensation not to exceed the Internal Revenue Service Code 402(g) limit. The plan provides for employer matching contributions up to 3% of each participant's compensation, as well as employer discretionary contributions. All employee and employer contributions are 100% vested at all times. The Organization's contributions to this plan totaled \$67,928, which is included in employee benefits, for the 15 months ended March 31, 2016.

Note 14 – Concentrations

The Organization depends solely upon the residents and businesses of Mobile, Washington, Clarke, and Choctaw counties for its public support. The top 50 supporters and their employees are responsible for a significant portion of the revenue.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

March 31, 2016

Note 14 – Concentrations (continued)

The Organization maintains cash balances at several financial institutions located in Alabama. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of March 31, 2016, the Organization has no uninsured cash account balances.

Note 15 – Operating leases

The Organization has two equipment leases that expire in August 2016 and November 2022. Future minimum rental payments for the years ended March 31 are as follows:

2017	\$ 14,130
2018	10,152
2019	10,152
2020	10,152
2021	10,152
2022	5,922
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Total	\$ 60,660

Note 16 – Acquisition of HandsOn South Alabama

The Organization acquired HandsOn South Alabama (HandsOn) (a non-profit organization) in January 2015 in order to integrate the programs of HandsOn into the Organization's existing programs. HandsOn was a related party of the Organization through common Board of Trustee members. UWSWA recognized income of \$160,541 for the contribution received in donation of HandsOn which is the net of their contributed cash and investment accounts totaling \$186,006 less an accounts receivable balance on the Organization's books from the prior year of \$25,465.