

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

Financial Statements

for the year ended
December 31, 2013



UNITED WAY OF SOUTHWEST ALABAMA, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the United Way of Southwest Alabama, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year 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 the United Way of Southwest Alabama, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Southwest Alabama, Inc.'s 2012 financial statements, and our report dated August 9, 2013, expressed an unmodified opinion on these audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Russell Thompson Butler & Houston, LLP

*Mobile, Alabama
August 1, 2014*

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Financial Position

December 31, 2013

(with comparative totals as of December 31, 2012)

December 31	2013	2012
Assets		
Cash and cash equivalents	\$ 678,964	\$ 933,769
Certificates of deposit	246,014	244,666
Pledges receivable - current campaign, net	1,780,317	2,361,239
Pledges receivable - prior campaign, net	583,584	557,511
Accounts receivable - other	122,216	55,148
Prepaid expenses	3,662	15,587
Investments, at market value	906,207	781,190
Property and equipment, net	194,354	211,614
Total assets	\$ 4,515,318	\$ 5,160,724
Liabilities and Net Assets		
Liabilities		
Allocations and designations payable	\$ 707,636	\$ 634,475
Accounts payable and accrued expenses	20,101	9,916
Total liabilities	727,737	644,391
Net assets		
Unrestricted	2,139,938	1,730,236
Temporarily restricted	1,587,643	2,726,097
Permanently restricted	60,000	60,000
Total net assets	3,787,581	4,516,333
Total liabilities and net assets	\$ 4,515,318	\$ 5,160,724

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Activities
Year Ended December 31, 2013
(with comparative totals for the year ended December 31, 2012)

Year Ended December 31	2013				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Comparative Totals Only
Public support and revenue					
Gross campaign results					
Campaign contributions - current year	\$ 1,353,890	\$ 2,801,141	\$ -	\$ 4,155,031	\$ 4,563,455
Donor designations	(212,299)	(1,096,390)	-	(1,308,689)	(907,417)
Less allowance for uncollectibles	-	(296,780)	-	(296,780)	(378,155)
Net campaign revenue - current	1,141,591	1,407,971	-	2,549,562	3,277,883
Campaign contributions - prior year	3,750,070	(3,750,070)	-	-	-
Less donor designations	(948,881)	948,881	-	-	-
Less allowance for uncollectibles	(308,319)	308,319	-	-	-
Net campaign revenue - prior	2,492,870	(2,492,870)	-	-	-
Recovery of pledge contributions in excess of prior allowance	159,317	-	-	159,317	53,192
Net campaign results	3,793,778	(1,084,899)	-	2,708,879	3,331,075
Other contributions	169,259	-	-	169,259	78,991
In-kind revenue	25,343	-	-	25,343	17,789
Investment return	130,100	7,266	-	137,366	82,602
Administrative fee income	22,813	-	-	22,813	21,700
Service fee revenue	43,125	119,837	-	162,962	190,793
Other public support	244,309	-	-	244,309	17,846
	4,428,727	(957,796)	-	3,470,931	3,740,796
Releases from restriction	180,658	(180,658)	-	-	-
Total public support, revenue, and releases	4,609,385	(1,138,454)	-	3,470,931	3,740,796

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Activities (continued)
 Year Ended December 31, 2013
 (with comparative totals for the year ended December 31, 2012)

Year Ended December 31	2013			2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Comparative Totals Only
Expenses					
Program services					
Funds allocated to partners	3,195,646	-	-	3,195,646	3,334,758
Less allocations funded through designations	(755,434)	-	-	(755,434)	(799,743)
Total allocations	2,440,212	-	-	2,440,212	2,535,015
Special designations to partners Community and program services provided	73,850	-	-	73,850	26,403
Total program services	1,039,022	-	-	1,039,022	699,313
Total program services	3,553,084	-	-	3,553,084	3,260,731
Supporting services					
Organizational administration	152,900	-	-	152,900	166,310
Fund-raising	449,511	-	-	449,511	544,170
United Way Worldwide dues	44,188	-	-	44,188	46,634
Total supporting services	646,599	-	-	646,599	757,114
Total expenses	4,199,683	-	-	4,199,683	4,017,845
Change in net assets	409,702	(1,138,454)	-	(728,752)	(277,049)
Net assets					
Beginning of year	1,730,236	2,726,097	60,000	4,516,333	4,793,382
End of year	\$ 2,139,938	\$ 1,587,643	\$ 60,000	\$ 3,787,581	\$ 4,516,333

See notes to financial statements

Statement of Functional Expenses
Year Ended December 31, 2013
(with comparative totals for the year ended December 31, 2012)

Year Ended December 31	2013		
		Program Services	
	Allocations	Community and program	Totals
Funds allocated to partners	\$ 3,195,646	\$ 73,850	\$ 3,269,496
Less allocations funded through designations	(755,434)	-	(755,434)
Subtotal	2,440,212	73,850	2,514,062
Salaries	-	436,696	436,696
Payroll taxes	-	31,899	31,899
Employee benefits	-	78,777	78,777
Totals	-	547,372	547,372
Agency relations	-	44,611	44,611
Advertising	-	8,888	8,888
Board/staff development	-	13,720	13,720
Contract labor	-	19,033	19,033
Contract services	-	184,839	184,839
Dues and subscriptions	-	3,368	3,368
Depreciation	-	12,096	12,096
Insurance	-	7,648	7,648
Miscellaneous	-	5,487	5,487
Occupancy	-	43,271	43,271
Postage and shipping	-	5,062	5,062
Printing	-	11,574	11,574
Repairs and maintenance	-	132	132
Professional fees	-	34,046	34,046
Special events	-	52,465	52,465
Supplies	-	18,028	18,028
Telephone	-	9,023	9,023
Travel	-	18,359	18,359
Subtotal	-	1,039,022	1,039,022
United Way Worldwide dues	-	-	-
Total functional expenses	\$ 2,440,212	\$ 1,112,872	\$ 3,553,084

UNITED WAY OF SOUTHWEST ALABAMA, INC.

2013				2012	
Supporting Services					
Organizational administration	Fund- raising	UWW Dues	Totals	Totals	Comparative Totals Only
\$ -	\$ -	\$ -	\$ -	\$ 3,269,496	\$ 3,361,161
-	-	-	-	(755,434)	(799,743)
-	-	-	-	2,514,062	2,561,418
82,478	163,590	-	246,068	682,764	617,242
6,025	11,950	-	17,975	49,874	44,993
14,878	29,511	-	44,389	123,166	129,308
103,381	205,051	-	308,432	855,804	791,543
-	6,799	-	6,799	51,410	37,696
1,679	3,330	-	5,009	13,897	10,234
2,591	5,140	-	7,731	21,451	1,611
3,595	7,130	-	10,725	29,758	19,265
-	139,441	-	139,441	324,280	263,357
636	1,261	-	1,897	5,265	4,542
2,284	4,531	-	6,815	18,911	18,772
1,444	2,865	-	4,309	11,957	14,088
1,036	2,055	-	3,091	8,578	9,594
8,172	16,209	-	24,381	67,652	54,723
956	1,896	-	2,852	7,914	4,974
2,186	4,336	-	6,522	18,096	18,713
25	49	-	74	206	-
6,430	12,754	-	19,184	53,230	36,612
9,909	19,654	-	29,563	82,028	61,088
3,405	6,753	-	10,158	28,186	23,706
1,704	3,380	-	5,084	14,107	11,421
3,467	6,877	-	10,344	28,703	27,854
152,900	449,511	-	602,411	1,641,433	1,409,793
-	-	44,188	44,188	44,188	46,634
\$ 152,900	\$ 449,511	\$ 44,188	\$ 646,599	\$ 4,199,683	\$ 4,017,845

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Cash Flows

Year Ended December 31, 2013

(with comparative totals for the year ended December 31, 2012)

Year Ended December 31	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (728,752)	\$ (277,049)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	18,911	18,772
Net realized (gain) on investments	(56,630)	(51,586)
Net unrealized (gain) on investments	(68,276)	(15,644)
Provision for uncollectibles	296,780	378,155
(Increase) decrease in:		
Pledges receivable	258,069	40,772
Accounts receivable - other	(67,068)	(15,809)
Prepaid expenses	11,925	(4,239)
Increase (decrease) in:		
Allocations and designations payable	73,161	(266,064)
Accounts payable and accrued expenses	10,185	(1,935)
Net cash (used in) operating activities	(251,695)	(194,627)
Cash flows from investing activities		
Purchase of investments	(405,941)	(262,177)
Proceeds from sale of investments	404,482	439,892
Purchases of property and equipment	(1,651)	(39,398)
Net cash provided by (used in) investing activities	(3,110)	138,317
Net decrease in cash and cash equivalents	(254,805)	(56,310)
Cash and cash equivalents		
Beginning of year	933,769	990,079
End of year	\$ 678,964	\$ 933,769
Supplemental disclosures:		
In-kind revenue	\$ 25,343	\$ 17,789
In-kind service expense	\$ 25,343	\$ 17,789

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements

December 31, 2013

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, and Washington counties. The Organization is governed by a volunteer board of trustees.

Note 2 – Summary of significant accounting policies

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.

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.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 2 – Summary of significant accounting policies (continued)

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 maintain 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)

December 31, 2013

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 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.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

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

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 year ended December 31, 2013 was \$13,897.

Memorandum totals

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). The statements of activities and functional expenses include certain prior year summarized comparative data in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized data was derived.

Cost deduction standards

The Organization pledges to commit to comply with the United Way Worldwide's *Implementation Requirements for Membership Standard M – Cost Deduction Requirements*.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 2 – Summary of significant accounting policies (continued)

Uncertain tax positions

The Organization implemented 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 December 31, 2013, 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 2010.

Subsequent events

Management's evaluation of subsequent events through August 1, 2014, which is the date the financial statements were available to be issued revealed no significant matters.

Note 3 – Certificates of deposit

A detail of certificates of deposit as of December 31, 2013 is as follows:

First Community Bank, Chatom, Alabama	\$ 81,220
Capstone Bank, McIntosh, Alabama	32,960
Merchants Bank, Jackson, Alabama	42,030
First United Security Bank, Thomasville, Alabama	34,064
Commonwealth Bank, Mobile, Alabama	27,229
PNC Bank, Mobile, Alabama	28,511
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Total	<u>\$ 246,014</u>

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 4 – Current campaign

The pledges receivable are due in one year and include the following unconditional promises to give as of December 31, 2013:

Undesignated	
County campaign	\$ 1,968,578
Combined federal campaign	20,297
Alabama state employee campaign	7,162
<u>Total undesignated</u>	<u>1,996,037</u>
Designated	
County campaign	609,499
Combined federal campaign	124,632
Alabama state employee campaign	70,973
<u>Total designated</u>	<u>805,104</u>
Gross unconditional pledges	2,801,141
Cash collected during campaign	(724,044)
<u>Total</u>	<u>2,077,097</u>
Less allowance for uncollectible pledges	(296,780)
<u>Pledges receivable, net of allowance for uncollectible pledges</u>	<u>\$ 1,780,317</u>

Note 5 – Prior campaign

The pledges receivable due in one year include the following as of December 31, 2013:

Pledges receivable, gross	\$ 653,528
Less allowance for uncollectible pledges	(69,944)
<u>Pledges receivable, net of allowance</u>	<u>\$ 583,584</u>

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

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 2013.

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 December 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Donor-restricted	\$ -	\$ 33,441	\$ 60,000	\$ 93,441
Board-restricted	812,766	-	-	812,766
Total funds	\$ 812,766	\$ 33,441	\$ 60,000	\$ 906,207

Changes in net investments for the year ended December 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Net investments, beginning of year	\$ 695,015	\$ 26,175	\$ 60,000	\$ 781,190
Investment income, net	9,791	1,852	-	11,643
Net appreciation	57,628	10,648	-	68,276
Net realized gain (loss)	56,904	(274)	-	56,630
Withdrawals, net	-	(3,850)	-	(3,850)
Management fees	(6,572)	(1,110)	-	(7,682)
Net investments, end of year	\$ 812,766	\$ 33,441	\$ 60,000	\$ 906,207

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 6 – Investments (continued)

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 \$245,173 as of December 31, 2013.

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.

Fair values of assets measured on a recurring basis as of December 31, 2013 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market fund	\$ 28,762	\$ 28,762	\$ -
Bonds	335,192	241,751	93,441
Equities	492,253	492,253	-
Certificate of deposit	50,000	-	50,000
Total assets	\$ 906,207	\$ 762,766	\$ 143,441

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

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 6 – Investments (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2013:

Interest and dividend income	\$ 12,460
Net realized gains	56,630
Net unrealized gains	68,276
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Investment return	\$ 137,366
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Investment expense incurred during the year ended December 31, 2013 was \$7,682.

Note 7 – Property and equipment

Property and equipment consists of the following as of December 31, 2013:

Parking lot - Joachim	\$ 49,017
Building and improvements	453,994
Furniture and fixtures	83,878
Computer equipment	184,225
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	771,114
Less accumulated depreciation	576,760
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Property and equipment, net	\$ 194,354
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Note 8 – Unrestricted appropriated net assets

Unrestricted net assets were appropriated by the Board of Trustees as of December 31, 2013 as follows:

Appropriated by board for reserve:	
Mobile County	\$ 869,329
Washington County	113,357
Clarke County	76,094
Appropriated for property and equipment	194,354
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Totals	\$ 1,253,134
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UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 9 – Temporarily restricted net assets

Temporarily restricted net assets as of December 31, 2013, are available for the following purposes:

Time restrictions - net campaign contributions for future years	\$ 1,515,499
Purpose restrictions - grant and other contributions	38,703
Purpose restrictions - earnings on endowment to be used to fund approved grant proposals	33,441
Total temporarily restricted net assets	\$ 1,587,643

Note 10 – 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 11 – 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 expense related to the management of these campaigns. Reimbursements due of \$15,656 are included in accounts receivable – other as of December 31, 2013.

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 administrative income for the year ended December 31, 2013.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 11 – Related party transactions (continued)

Members of the Board of Trustees are also members of the Board of Trustees of Hands on South Alabama, Inc. (a not-for-profit organization). The Organization pays expenses on behalf of Hands on South Alabama, Inc., which are reimbursed. Reimbursements due of \$65,884 are included in accounts receivable – other as of December 31, 2013.

Note 12 – 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 \$33,889, which is included in employee benefits, for the year ended December 31, 2013.

Note 13 – Concentrations

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

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 December 31, 2013, there was \$330,975 of uninsured cash account balances.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

December 31, 2013

Note 14 – Operating lease

The Organization is under an equipment lease that expires August 15, 2016. Future minimum rental payments are as follows:

2014	\$ 14,724
2015	14,724
2016	9,816
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Total	\$ 39,264
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