

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

Financial Statements

for the year ended
June 30, 2018

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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 June 30, 2018, 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 United Way of Southwest Alabama, Inc. as of June 30, 2018, 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.

Russell Thompson Butler & Houston, LLP

*Mobile, Alabama
February 13, 2019*

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Financial Position

June 30, 2018

Assets

Cash and cash equivalents	\$ 315,071
Certificates of deposit	192,561
Pledges receivable - current campaign, net	1,104,896
Accounts receivable - other	8,793
Prepaid expenses	23,307
Investments, at market value	899,068
Property and equipment, net	143,766

Total assets \$ 2,687,462

Liabilities and Net Assets**Liabilities**

Line of credit	\$ 150,000
Allocations payable	157,942
Designations payable	469,233
Accounts payable and accrued expenses	64,376

Total liabilities 841,551

Net assets

Without donor restrictions	613,555
With donor restrictions	1,232,356

Total net assets 1,845,911

Total liabilities and net assets \$ 2,687,462

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Public support and revenue			
Gross campaign results			
Campaign contributions - current year	\$ -	\$ 3,342,066	\$ 3,342,066
Donor designations	-	(954,633)	(954,633)
Allowance for uncollectibles	-	(174,050)	(174,050)
Net campaign revenue - current year	-	2,213,383	2,213,383
Campaign contributions - prior year	3,750,480	(3,750,480)	-
Donor designations	(1,180,872)	1,180,872	-
Allowance for uncollectibles	(264,074)	264,074	-
Net campaign revenue - prior year	2,305,534	(2,305,534)	-
Recovery of pledge contributions in excess of prior allowance	316,156	-	316,156
Net campaign results	2,621,690	(92,151)	2,529,539
Other contributions	306,390	-	306,390
In-kind revenue	11,965	-	11,965
Investment income	49,263	6,380	55,643
Administrative fee income	3,000	-	3,000
Service fee revenue	-	79,529	79,529
Other public support	120,328	84,953	205,281
	3,112,636	78,711	3,191,347
Releases from restriction	957,686	(957,686)	-
Total public support, revenue, and releases	4,070,322	(878,975)	3,191,347

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Statement of Activities (continued)
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Expenses			
Program services			
Funds allocated to partners	2,390,372	-	2,390,372
Less allocations funded through designations	(745,604)	-	(745,604)
Total allocations	1,644,768	-	1,644,768
Special designations to partners Community and program services provided	199,031 708,381	- -	199,031 708,381
Total program services	2,552,180	-	2,552,180
Supporting services			
Organizational administration	175,427	-	175,427
Fund-raising	554,871	-	554,871
United Way Worldwide dues	37,779	-	37,779
Total supporting services	768,077	-	768,077
Total expenses	3,320,257	-	3,320,257
Change in net assets	750,065	(878,975)	(128,910)
Net assets			
Beginning of year	(136,510)	2,111,331	1,974,821
End of year	\$ 613,555	\$ 1,232,356	\$ 1,845,911

See notes to financial statements

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Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services		
	Allocations	Special Designations, Community and Program	Totals
Funds allocated to partners	\$ 2,390,372	\$ 199,031	\$ 2,589,403
Less allocations funded through designations	(745,604)	-	(745,604)
Subtotals	1,644,768	199,031	1,843,799
Salaries	-	278,638	278,638
Payroll taxes	-	19,114	19,114
Employee benefits	-	55,959	55,959
Totals	-	353,711	353,711
Agency relations	-	160,245	160,245
Advertising	-	4,031	4,031
Board/staff development	-	1,331	1,331
Contract labor	-	9,500	9,500
Contract services	-	10,659	10,659
Dues and subscriptions	-	2,675	2,675
Depreciation	-	7,327	7,327
Insurance	-	6,284	6,284
Miscellaneous	-	14,282	14,282
Occupancy	-	22,910	22,910
Postage and shipping	-	4,335	4,335
Printing	-	1,265	1,265
Professional fees	-	20,771	20,771
Special events	-	65,123	65,123
Supplies	-	11,089	11,089
Telephone	-	6,181	6,181
Travel	-	6,662	6,662
Subtotals	-	708,381	708,381
United Way Worldwide dues	-	-	-
Total functional expenses	\$ 1,644,768	\$ 907,412	\$ 2,552,180

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Supporting Services

Organizational Administration	Fund- Raising	UWW Dues	Totals	Total Expenses
\$ -	\$ -	\$ -	\$ -	\$ 2,589,403
-	-	-	-	(745,604)
-	-	-	-	1,843,799
90,946	216,406	-	307,352	585,990
6,238	14,844	-	21,082	40,196
18,264	43,460	-	61,724	117,683
115,448	274,710	-	390,158	743,869
-	2,810	-	2,810	163,055
1,315	3,130	-	4,445	8,476
435	1,034	-	1,469	2,800
3,101	7,378	-	10,479	19,979
-	134,629	-	134,629	145,288
873	2,078	-	2,951	5,626
2,391	5,690	-	8,081	15,408
2,051	4,881	-	6,932	13,216
4,661	11,092	-	15,753	30,035
7,478	17,793	-	25,271	48,181
1,415	3,367	-	4,782	9,117
413	982	-	1,395	2,660
6,779	16,132	-	22,911	43,682
21,255	50,577	-	71,832	136,955
3,620	8,613	-	12,233	23,322
2,017	4,801	-	6,818	12,999
2,175	5,174	-	7,349	14,011
175,427	554,871	-	730,298	1,438,679
-	-	37,779	37,779	37,779
\$ 175,427	\$ 554,871	\$ 37,779	\$ 768,077	\$ 3,320,257

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.
Statement of Cash Flows
Year Ended June 30, 2018
Cash flows from operating activities

Change in net assets	\$ (128,910)	\$ (1,155,047)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	15,408	22,500
Net realized (gain) on investments	(5,131)	(14,379)
Net unrealized (gain) on investments	(33,596)	(51,275)
(Increase) decrease in:		
Pledges receivable	153,727	464,633
Accounts receivable - other	(3,372)	22,000
Prepaid expenses	(2,440)	442,665
Increase (decrease) in:		
Allocations payable	128	141,066
Designations payable	(131,906)	(1,702)
Accounts payable and accrued expenses	(25,317)	9,724
Net cash (used in) operating activities	(161,409)	144,259

Cash flows from investing activities

Purchase of investments	(289,024)	(354,015)
Proceeds from sale of investments	281,015	346,758
Purchases of property and equipment	(9,495)	(12,126)
Net cash (used in) investing activities	(17,504)	(19,383)

Net (decrease) in cash and cash equivalents (178,913) 124,876

Cash and cash equivalents

Beginning of year	493,984	369,108
End of year	\$ 315,071	\$ 493,984

Supplemental disclosures:

In-kind revenue and corresponding expense	\$ 11,965	\$ 20,750
Interest paid	\$ 6,860	\$ 6,343

See notes to financial statements

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements

June 30, 2018

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 nonprofit 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

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 two classes: with donor restrictions and without donor restrictions.

Measure of operations

The Organization's operating revenues in excess of expenditures include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from board-designated and other nonoperating funds to support current operating activities (when applicable). The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions designated for long-term investment according to the Organization's spending policy, which is detailed in Note 14. The measure of operations excludes investment return on board-designated reserve funds.

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.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

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

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 Whitney 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)

June 30, 2018

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

Contributions received are recorded as with donor restrictions or without donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 with donor restrictions in the year of the campaign and are transferred to without donor restrictions 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 without donor restrictions 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.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

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.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2018 was \$8,476.

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 June 30, 2018, 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 2014.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 2 – Summary of significant accounting policies (continued)

Recently issued accounting standards

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-14 on the Presentation of Nonprofit Financial Statements to improve the current net asset classification requirements and the information presented in financial statements and notes about a nonprofit entity’s liquidity, financial performance, and cash flows. The guidance is effective for annual periods beginning after December 15, 2017, but allows for early adoption. The Organization elected to early adopt ASU 2016-14 for the financial statements as allowed by the guidance.

Subsequent events

Management’s evaluation of subsequent events through February 13, 2019, which is the date the financial statements were available to be issued revealed no significant matters to be recorded or disclosed, except for the line of credit renewal as described in Note 7.

Note 3 – Certificates of deposit

A detail of certificates of deposit as of June 30, 2018, is as follows:

The First, Hattiesburg, Mississippi	\$ 81,581
Capstone Bank, McIntosh, Alabama	33,580
Merchants Bank, Jackson, Alabama	42,684
First United Security Bank, Thomasville, Alabama	34,716
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Total	<u>\$ 192,561</u>

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 4 – Pledges Receivable - current campaign

The pledges receivable are due in one year and include the following unconditional promises to give as of June 30, 2018:

Undesignated	
County campaign	\$ 2,781,285
Alabama state employee campaign	5,862
<u>Total undesignated</u>	<u>2,787,147</u>
Designated	
County campaign	480,994
Alabama state employee campaign	73,925
<u>Total designated</u>	<u>554,919</u>
Gross unconditional pledges	3,342,066
Cash collected during campaign	(2,018,751)
<u>Pledges receivable, gross</u>	<u>1,323,315</u>
<u>Less allowance for uncollectible pledges</u>	<u>(218,419)</u>
<u>Pledges receivable, net of allowance for uncollectible pledges</u>	<u>\$ 1,104,896</u>

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 5 – 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 Whitney Bank during 2018.

Changes in net investments for the 12 months ended June 30, 2018, are as follows:

	Board- Designated	With donor restrictions	Totals
Net investments, beginning of year	\$ 751,354	\$ 101,844	\$ 853,198
Investment income, net	14,618	1,847	16,465
Net unrealized appreciation	32,877	719	33,596
Net realized gain	-	5,131	5,131
Withdrawals, net	-	-	-
Management fees	(8,005)	(1,317)	(9,322)
Net investments, end of year	790,844	108,224	899,068
Net releases	(177,289)	177,289	-
Balance, end of year	\$ 613,555	\$ 285,513	\$ 899,068

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 \$266,384 as of June 30, 2018.

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)

June 30, 2018

Note 5 – Investments (continued)

Fair values of assets measured on a recurring basis as of June 30, 2018, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market fund	\$ 66,311	\$ 66,311	\$ -
Bonds	278,238	278,238	-
Equities	447,379	447,379	-
Mutual funds	107,140	107,140	-
Certificate of deposit	192,561	-	192,561
Total assets	\$ 1,091,629	\$ 899,068	\$ 192,561

All assets have been valued using a market approach. There have been no transfers between Level 1 and 2, nor have there been changes in valuation techniques and related inputs.

The following schedule summarizes the investment return and its classification in the statement of activities for the 12 months ended June 30, 2018:

Interest and dividend income	\$ 16,916
Net realized gains	5,131
Net unrealized appreciation	33,596
Investment income	\$ 55,643

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 6 – Property and equipment

Property and equipment consists of the following as of June 30, 2018:

Parking lot - Joachim	\$ 49,017
Building and improvements	470,361
Furniture and fixtures	83,878
Computer equipment	205,203
	<hr/> 808,459
Less accumulated depreciation	664,693
	<hr/>
Property and equipment, net	<hr/> <hr/> \$ 143,766

Note 7 – Line of credit

The Organization has a revolving line of credit with Hancock Whitney Bank in the amount of \$250,000 dated December 14, 2017, expiring December 14, 2018, and is secured by the Organization's securities and investment account held at Hancock Whitney Bank. The line bears interest at LIBOR plus 2.25% (4.25% at June 30, 2018) and is payable monthly. At June 30, 2018, the Organization had drawn \$150,000 on the note. Interest expense for the year ended June 30, 2018, totaled \$6,860.

The line of credit was renewed on December 6, 2018 in the amount of \$250,000, expiring December 6, 2019, and is secured by the Organization's securities and investment account held at Hancock Whitney Bank. The line bears interest at the prime rate, with a floor of 4.00%.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 8 – Restrictions on net assets

Net assets with donor restrictions as of June 30, 2018 are available for the following purposes or periods:

Subject to expenditure for specified purposes:

Earnings on endowment to be used to fund approved grant proposals	\$ 48,224
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	19,236
Donor-restricted endowment fund for emergency funding requests	60,000
Net campaign contributions for future years	1,104,896
<hr/>	
Total	\$ 1,232,356

Note 9 – Board designated net assets without donor restrictions

The United Way of Southwest Alabama, Inc. has a board-designated reserve fund (BDRF) with Hancock Whitney Bank. The BDRF was funded with resources without donor restrictions; therefore, the income and unrealized appreciation/depreciation are recorded as net assets without donor restrictions.

Note 10 – Related party transactions

The Organization 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 this campaign. Reimbursements due of \$3,645 are included in pledges receivable as of June 30, 2018.

Members of the Board of Trustees are also members of the Board of Trustees of the Gordon Smith Center, Inc. (a nonprofit 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 year ended June 30, 2018.

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 11 – 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 \$31,011, which is included in employee benefits, for the year ended June 30, 2018.

Note 12 – 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.

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 June 30, 2018, the Organization has no uninsured cash account balances.

Note 13 – Operating leases

The Organization has equipment leases that expire in November 2022. Future minimum rental payments for the years ending June 30 are as follows:

2019	\$ 10,152
2020	10,152
2021	10,152
2022	3,384
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Total	<u>\$ 33,840</u>

UNITED WAY OF SOUTHWEST ALABAMA, INC.

Notes to Financial Statements (continued)

June 30, 2018

Note 14 – Liquidity and availability of financial assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Additionally, investments are maintained in mutual funds which can be liquidated on a short-term basis as well as a line of credit with a limit of \$250,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets at year-end	\$ 2,520,389
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted to maintain as an endowment	60,000
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Financial assets available to meet cash needs for general expenditure within one year	\$ 2,460,389
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