United Way of Southern Kentucky, Inc.

FINANCIAL STATEMENTS

June 30, 2017 and 2016



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Independent Auditors' Report

Board of Directors United Way of Southern Kentucky, Inc. Bowling Green, Kentucky

We have audited the accompanying financial statements of United Way of Southern Kentucky, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Southern Kentucky, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Can, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC Bowling Green, Kentucky October 26, 2017

FINANCIAL STATEMENTS

United Way of Southern Kentucky, Inc. Statements of Financial Position

June 30,		2017		2016						
		Temporarily		Temporarily						
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total				
Assets										
Cash and cash equivalents	\$ 297,454	\$ 48,702	\$ 346,156	\$ 117,912	\$ 96,500	\$ 214,412				
Investments	1,237,772	310,011	1,547,783	1,085,417	118,379	1,203,796				
2016 / 2017 contributions receivable, less										
allowance for uncollectibles of \$162,375	857,943	1,700	859,643	-	-					
2015 / 2016 contributions receivable, less										
allowance for uncollectibles of \$147,159	-	-	-	887,771	-	887,771				
Grant receivables	4,306	-	4,306	43,914	-	43,914				
Other receivables	16,110	-	16,110	15,058	-	15,058				
Prepaid expenses	9,780	-	9,780	8,689	-	8,689				
Land, building and equipment, net	201,133	-	201,133	222,191	-	222,191				
Total assets	\$ 2,624,498	\$ 360,413	\$ 2,984,911	\$ 2,380,952	\$ 214,879	\$ 2,595,831				

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United Way of Southern Kentucky, Inc. Statements of Financial Position

June 30,				2017		2016						
			Тег	mporarily			Temporarily					
	Un	restricted	Restricted			Total		restricted	R	estricted		Total
Liabilities and Net Assets												
Liabilities												
Accounts payable	\$	8,369	\$	-	\$	8,369	\$	9,280	\$	-	\$	9,280
Accrued expenses		42,416		-		42,416		50,945		-		50,945
Allocations payable		923,833		-		923,833		917,253		-		917,253
Designations payable, net of												
allowance for uncollectibles of												
\$14,316 and \$12,149, respectively		104,689		-		104,689		102,550		-		102,550
Deferred revenue		384		-		384		-				-
Total liabilities	1	,079,691		-		1,079,691		1,080,028		-		1,080,028
Net Assets												
Unrestricted												
Operating	1	,513,301		-		1,513,301		1,272,146		-		1,272,146
Endowment fund – Board designated		31,506		-		31,506		28,778		-		28,778
Temporarily restricted		-		360,413		360,413		-		214,879		214,879
Total net assets	1	,544,807		360,413		1,905,220		1,300,924		214,879		1,515,803
Total liabilities and net assets	\$ 2	2,624,498	\$	360,413	\$	2,984,911	\$	2,380,952	\$	214,879	\$	2,595,831

United Way of Southern Kentucky, Inc. Statements of Activities

For the Years Ended June 30,		2017		2016						
		Temporarily		Temporarily						
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total				
Public Support and Revenue										
Gross campaign results – current year	\$ 1,962,095	\$ 84,993	\$ 2,047,088	\$ 1,956,706	\$-	\$ 1,956,706				
Early Childhood Education contributions	-	34,468	34,468	-	64,964	64,964				
2-1-1 Center contributions	-	91,029	91,029	-	150	150				
Other revenues / endowment	1,679	-	1,679	5,346	-	5,346				
Released from restrictions	226,332	(226,332)	-	142,399	(142,399)	-				
Total campaign results – current year	2,190,106	(15,842)	2,174,264	2,104,451	(77,285)	2,027,166				
Less: donor designations – net of fees	(108,235)	-	(108,235)	(115,699)	-	(115,699)				
Less: donor designations – paid by processor	(31,018)	-	(31,018)	(19,218)	-	(19,218)				
Campaign revenue – current year	2,050,853	(15,842)	2,035,011	1,969,534	(77,285)	1,892,249				
Allowance for uncollectible pledges	(162,375)	-	(162,375)	(135,010)	-	(135,010)				
Net campaign revenue – current year	1,888,478	(15,842)	1,872,636	1,834,524	(77,285)	1,757,239				
Additional campaign revenue – prior year	22,877	_	22,877	57,130	-	57,130				
Campaign revenue – prior year	22,877	-	22,877	57,130	-	57,130				

United Way of Southern Kentucky, Inc. Statements of Activities

For the Years Ended June 30,		2017			2016	
		Temporarily			Temporarily	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Early campaign results – next year	-	2,882	2,882	-	1,299	1,299
Campaign revenue – next year		2,882	2,882		1,299	1,299
Balloons, Tunes & BBQ revenue	-	78,270	78,270	163,382	-	163,382
Less: costs of Balloons, Tunes & BBQ	(106)	(50,642)	(50 <i>,</i> 748)	(202,064)	-	(202,064
Handbags for Hope	-	54,967	54,967	30,779	12,925	43,704
Other special events	22,125	551	22,676	9,035	126	9,163
Net revenue from special events	22,019	83,146	105,165	1,132	13,051	14,183
Early Childhood Education grants	-	14,521	14,521	-	33,725	33,725
2-1-1 Center grants	-	55,827	55,827	-	61,312	61,312
Designations from other United Ways	11,359	-	11,359	5,138	-	5,138
Investment return (loss) designated for				()		(
current operations	123,389	-	123,389	(5,597)	-	(5,59
In-kind	64,881	-	64,881	83,068	-	83,068
Marketing sponsorships	3,000	5,000	8,000	4,000	-	4,000
Miscellaneous income	-	-	-	127	3,853	3,980
Other revenue	202,629	75,348	277,977	86,736	98,890	185,626
otal revenue	2,136,003	145,534	2,281,537	1,979,522	35,955	2,015,477

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United Way of Southern Kentucky, Inc. Statements of Activities

For the Years Ended June 30,		2017	2016					
		Temporarily			Temporarily			
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total		
Expenses								
Program services								
Fund distribution	940,708	-	940,708	975,412	-	975,412		
Early childhood education	140,262	-	140,262	106,107	-	106,107		
Volunteer program	6,499	-	6,499	4,970	-	4,970		
2-1-1 Center	177,946	-	177,946	90,297	-	90,297		
Community impact activities	83,773	-	83,773	113,051	-	113,051		
Total program services	1,349,188	-	1,349,188	1,289,837	-	1,289,837		
Supporting services								
Management and general	237,504	-	237,504	257,632	-	257,632		
Fund raising	188,975	-	188,975	277,138	-	277,138		
Marketing	93,420	-	93,420	62,787	-	62,787		
United Way of America dues	23,033	-	23,033	20,594	-	20,594		
Total supporting services	542,932	-	542,932	618,151	-	618,151		
Total expenses	1,892,120	-	1,892,120	1,907,988	-	1,907,988		
Change in net assets	243,883	145,534	389,417	71,534	35,955	107,489		
Net assets – beginning of year	1,300,924	214,879	1,515,803	1,229,390	178,924	1,408,314		
Net assets – end of year	\$ 1,544,807	\$ 360,413	\$ 1,905,220	\$ 1,300,924	\$ 214,879	\$ 1,515,803		

The accompanying notes are an integral part of the financial statements.

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For the Year Ended June 30, 2017

						Program	Ser	vices				
				Early					Comr	nunity		
		Fund		Childhood V				2-1-1	Imj	oact		
	Dis	stribution		Education		Program		Center	Acti	vities		Total
Expenses												
Allocations	\$	1,013,225	Ś	-	\$	-	Ś	-	\$	-	\$	1,013,225
Less donor designations –	Ŧ	_)0_0)0			•		'		1		Ŧ	_,=_=
net of fees and shrinkage		(108,439)		-		-		-		-		(108,439
		904,786		-		-		-		-		904,786
		22.040		2 4 7 5		2 54 0		100.055		42.005		472 502
Salaries		23,040		3,175		3,518		100,955		42,905		173,593
Fringe benefits		6,449		889		985		28,259		12,010		48,592
		29,489		4,064		4,503		129,214		54,915		222,185
Payments to affiliates		312		43		48		1,369		582		2,354
Dues/subscriptions		-		-		-		550		-		550
Supplies		829		103,536		285		1,507		1,383		107,540
Utilities		1,449		650		664		5,552		2,247		10,562
Marketing materials and programs		-		31,129		108		21,562		17,800		70,599
Training		111		41		42		329		181		704
Insurance		372		51		57		1,629		692		2,801
Purchased services		-		-		-		1,825		-		1,825
Repairs and maintenance		984		136		150		2,607		1,833		5,710
Travel		807		379		386		5,144		1,234		7,950
Miscellaneous		444		78		84		1,728		811		3,145
Depreciation expense		1,125		155		172		4,930		2,095		8,477
		6,433		136,198		1,996		48,732		28,858		222,217
United Way												
Worldwide dues		-		-		-		-		-		
Total expenses	\$	940,708	\$	140,262	\$	6,499	\$	177,946	\$	83,773	\$	1,349,188

For the Year Ended June 30, 2017

· · · · ·	-		Sı	pporting Service	es		
	Management and General	Fund	Raising	Marketing	UWW Dues	Total	tal Program l Supportinន្ត Services
Expenses							
Allocations	\$-	\$	-	\$-	\$-	\$-	\$ 1,013,225
Less donor designations –							
net of fees and shrinkage	-		-	-	-	-	(108,439
	-		-	-	-	-	904,786
Salaries	118,674		108,334	28,446	-	255,454	429,047
Fringe benefits	33,219		30,325	7,962	-	71,506	120,098
	151,893		138,659	36,408	-	326,960	549,145
Payments to affiliates	1,609		1,469	386	-	3,464	5,818
Dues/subscriptions	788		743	337	-	1,868	2,418
Supplies	3,493		3,205	980	-	7,678	115,218
Utilities	5,293		4,876	1,666	-	11,835	22,397
Marketing materials and programs	1,609		22,952	48,983	-	73,544	144,143
Training	447		411	130	-	988	1,692
Insurance	1,915		1,748	459	-	4,122	6,923
Purchased services	54,525		-	-	-	, 54,525	56,350
Repairs and maintenance	5,069		4,628	1,215	-	10,912	16,622
Travel	2,866		2,643	923	-	6,432	14,382
Miscellaneous	2,202		2,351	544	-	5,097	8,242
Depreciation expense	5,795		5,290	1,389	-	12,474	20,951
· ·	85,611		50,316	57,012	-	192,939	415,156
United Way Worldwide dues	-		_	-	23,033	23,033	23,033
Total expenses	\$ 237,504	\$	188,975	\$ 93,420	\$ 23,033	\$ 542,932	\$ 1,892,120

For the Year Ended June 30, 2016

			Program Services									
			Early		Communi	ty						
		Fund	Ch	ildhood	١	olunteer/		2-1-1	Impact			
_	Dis	tribution	Ed	ucation		Program		Center	Activitie	5		Total
Expenses												
Allocations	\$	1,019,803	\$	-	\$	-	\$	-	\$	- 9	\$	1,019,803
Less donor designations –		//	•								•	,,
net of fees and shrinkage		(102,550)		-		-		-		-		(102,550
		917,253		-		-		-		-		917,253
				14 001		207		40,778	22.5	710		126.040
Salaries		36,564		14,991		897		-	33,			126,940
Fringe benefits		<u>12,495</u> 49,059		5,123 20,114		306 1,203		13,935 54,713	11, 45,2			43,379 170,319
		49,039		20,114		1,205		54,715	43,	230		170,519
Payments to affiliates		474		194		12		529		137		1,646
Dues/subscriptions		-		-		-		275		-		275
Supplies		944		81,350		23		1,055	:	372		84,244
Utilities		1,505		617		37		1,679	1,	388		5,226
Marketing materials and programs		37		1,124		3,501		3,065	59 <i>,</i> 4	128		67,155
Training		262		109		10		3,322		242		3,945
Insurance		567		232		14		632	1	523		1,968
Purchased services		-		-		-		-		-		-
Repairs and maintenance		1,833		752		45		14,091	1,0	590		18,411
Travel		981		568		48		8,099	9	906		10,602
Miscellaneous		652		290		32		779		534		2,387
Depreciation expense		1,845		757		45		2,058	1,	701		6,406
		9,100		85,993		3,767		35,584	67,	321		202,265
United Way Worldwide dues		_		-		-		-		_		_
Total expenses	Ś	975,412	ć	106,107	\$	4,970	\$	90,297	\$ 113,0)51 (¢	1,289,837

For the Year Ended June 30, 2016

			Su	pporting Service	es			
	Management and General	Fund	Raising	Marketing	UWW Dues	Total	and	tal Program I Supporting Services
Expenses								
Allocations	\$-	\$	-	\$-	\$-	\$-	\$	1,019,803
Less donor designations –								
net of fees and shrinkage	-		-	-	-	-		(102,550
	-		-	-	-	-		917,253
Salaries	126,381		147,735	25,660	-	299,776		426,716
Fringe benefits	43,188		, 50,486	8,769	-	102,443		145,822
	169,569		198,221	34,429	-	402,219		572,538
Payments to affiliates	1,638		1,915	333	-	3,886		5,532
Dues/subscriptions	1,008		1,136	406	-	2,550		2,825
Supplies	3,267		3,820	663	-	7,750		91,994
Utilities	5,204		6,083	1,057	-	12,344		17,570
Marketing materials and programs	1,456		41,147	21,553	-	64,156		131,311
Training	896		1,047	185	-	2,128		6,073
Insurance	1,960		2,291	398	-	4,649		6,617
Purchased services	54,255		-	-	-	54,255		54,255
Repairs and maintenance	6,337		7,408	1,287	-	15,032		33,443
Travel	3,330		3,888	695	-	7,913		18,515
Miscellaneous	2,333		2,726	486	-	5,545		7,932
Depreciation expense	6,379		7,456	1,295	-	15,130		21,536
	88,063		78,917	28,358	-	195,338		397,603
United Way Worldwide dues	-		-	_	20,594	20,594		20,594
	¢ 257 600	ć	277 400	ć <u> </u>			~	
Fotal expenses	\$ 257,632	Ş	277,138	\$ 62,787	\$ 20,594	\$ 618,151	\$	1,907,988

United Way of Southern Kentucky, Inc. Statements of Cash Flows

For the Years Ended June 30,		2017	2016
Cash flows from operating activities			
Change in net assets	\$	389,417 \$	107,489
Adjustments to reconcile change in net assets to net	Ļ	383,417 Ş	107,489
operating activities:			
Depreciation		21,058	22,169
Unrealized (gain) loss on investment securities, net		(79,471)	139,132
Decrease (increase) in contributions receivable, net		28,128	(72,464)
(Increase) decrease in prepaid expenses		(1,091)	10,413
Decrease (increase) in grant receivables		39,608	(43,914)
Increase in other receivables		(1,052)	(1,901)
Decrease in accounts payable		(911)	(6,498)
(Decrease) increase in accrued expenses		(8,529)	494
Increase (decrease) in allocations/designations payable		8,719	(186,175)
Increase in deferred revenue		384	-
Net cash provided by (used in) operating activities		396,260	(31,255)
Cash flows from investing activities			
Purchase of fixed assets		-	(663)
Proceeds from redemption and sale of investment securities		109,485	631,375
Purchase of investment securities		(374,001)	(611,677)
			· · ·
Net cash (used in) provided by investing activities		(264,516)	19,035
Increase (decrease) in cash and cash equivalents		131,744	(12,220)
Cash and cash equivalents – beginning of year		214,412	226,632
Cash and cash equivalents – end of year	\$	346,156 \$	214,412

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Southern Kentucky, Inc. (the "Organization") is a non-profit organization incorporated in the State of Kentucky in 1956 and governed by a volunteer Board of Directors. The Organization is a multi-county enterprise serving Allen, Barren, Logan, Simpson, Warren, Butler, Edmonson, Hart, Metcalfe, and Monroe Counties. The mission of the Organization is "to be the leader in bringing together the resources to build a stronger, more caring community." Over the years, the Organization has evolved from that of a federated fund raiser or umbrella organization to one which identifies and addresses critical community problems. Shrinking financial resources and increased demand for human services have precipitated that change. Through a community-wide campaign, a local citizens' review process and a program of community education, the Organization acts as a catalyst to help the community identify and resolve health and human care problems.

Basis of Presentation

The accompanying financial statements of the Organization are presented on the accrual basis of accounting. Consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when paid.

Contributions

Contributions received are recorded as unrestricted, restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

The Organization reports gifts 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 reports land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donated assets are reported at fair market value as of the date of the gift.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

which the contribution is received, the Organization reports the support as unrestricted. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

Contributions receivable are expected to be collected within a one year period. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of contributions.

Concentrations of Credit Risk

The Organization has concentrations of credit risk in contributions receivable. The collection of outstanding contributions is heavily dependent upon the economic stability of local industries.

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.

Allowance for Uncollectible Contributions Receivable

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for uncollectible contributions receivable.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and highly liquid debt instruments with original maturities of three months or less. The carrying amount reported in the statement of financial position approximates fair value.

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are valued at their fair values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings and Equipment

Land, buildings and equipment in excess of \$2,500 with a useful life of one year or more are capitalized and recorded at cost. Depreciation is computed by the straight-line method at rates based on the estimated useful lives. The estimated useful lives range from three to forty years.

Allocations and Grants Payable

Allocations and grants are recorded as expense during the year of approval.

Donor Designations

Donor-designated contributions are not revenue when pledged or received or expensed when allocated. Donor designations are considered agent transactions in which the Organization is the agent through which donors make contributions to specific donees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants, which are exchange transactions, received before the intended purposes are met are recorded as deferred revenue.

Contributed Services and Materials

The Organization receives services donated by volunteers, as well as some materials and equipment. The donation of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Management records contributed services when meeting the criteria for recognition, and materials and equipment as contributions at their estimated fair values at the date of the donation.

Functional Expenses

The Organization will apply expenses to functional areas based on the best information possible. Most expenses will be allocated according to the functional time sheet. Other direct expenses will be allocated to the appropriate function. The Organization uses the following categories for reporting functional expenses:

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Program Services

- Fund Distribution Includes recruitment and training of volunteers to evaluate and make recommendations as to the level of funding specific nonprofit organizations receive, as well as consulting with boards of directors and staffs of community charities during the distribution of funds process. Evaluates programs to determine how the Organization's donor dollars will be invested; monitors programs to ensure accountability and measures results and outcomes; includes actual funding to non-profit organizations based on the policies and procedures mentioned above.
- Early Childhood Education Program designed to minimize barriers that prevent children from reaching their greatest potential with focus on engaging the community around early childhood education, concentration on building skills young children need to enter school ready to succeed. Specifically, the program will collect and distribute age-appropriate books for children, through the Dolly Parton Imagination Library.
- Volunteer Program Includes programming, which links individuals in each community with volunteer opportunities and coordinates activities and events to bring volunteer resources to community agencies and programs.
- ▶ 2-1-1 Center Provides callers with quick, easy, confidential, and free access to information about health and human services in the 10-county BRADD region. Professional Information and Referral Specialists work with callers to assess their needs, determine their options, provide appropriate programs/services, give support, intervene in crisis situations, and advocate for the caller as needed. Instead of multiple calls leading to dead ends, with one call to 2-1-1 people can reach a trained specialist who assesses a caller's full scope of needs and matches them to the right services for everyday needs such as food, housing, utilities, or transportation.
- Community Impact Activities Includes research aimed at identification and resolution of community problems that impact the quality of life in the community; provides information and education to the public regarding the community's most critical human needs; analyzes and reviews human services agencies and programs to ensure they are meeting the most critical community needs. Also includes funds for community capacity building activities either directly, or through partnership with other funders, to strengthen the community's ability to address service needs in the areas of Education (kindergarten readiness, college and career readiness), Income (workforce development), Health (access to affordable health care, safe home and community), and Safety Net (transportation, access to basic needs). Other activities include food drives and day of caring activities.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Supporting Services

- Management and General Includes oversight board meetings, business management, executive direction and planning, personnel and office management, accounting and bookkeeping, general record keeping and file maintenance, budgeting, financing, soliciting revenue from exchange transactions and all management and administration except for direct conduct of program services or fund raising activities.
- Fund Raising Includes publicizing and conducting fund raising campaigns, maintaining donor mailing lists, conducting special fund raising events, preparing and distributing fund raising manuals, instructions and other materials, and conducting other activities involved with soliciting contributions from individuals, foundations, governments and others. Also includes the recruitment, training and development of volunteers to solicit donations from corporations and individuals to fund operating and allocation expenses.
- Marketing Includes general distribution of public information about United Way of Southern Kentucky and raises awareness of United Way's mission.
- ▶ **UWW Dues** Includes the dues charged by the national office of the United Way Worldwide.

Federal Income Taxes

The Organization qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Uncertain Tax Positions

The Organization follows accounting requirements associated with uncertainty in income taxes using the provisions of ASC 740, Income Taxes. The guidance prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2017, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through October 26, 2017, which was the date the financial statements were made available.

Recently Issued Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The ASU requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 is effective for interim and annual periods beginning after December 15, 2018. The adoption of ASU 2016-14 is not expected to have a significant impact on the Organization's financial position.

NOTE 2: INVESTMENT SECURITIES

	Am	ortized Cost	Fair Value	 t Unrealized
Cash management funds Mutual funds - equities	\$	71,165 727,641	\$ 71,165 816,595	\$ - 88,954
Mutual funds - bonds Preferred stock		651,883 448	659,446 577	7,563 129
	\$	1,451,137	\$ 1,547,783	\$ 96,646

At June 30, 2017, investments are stated at fair value as follows:

For the Year Ended June 30, 2017

Investment return is summarized as follows:	
Dividend/Interest income	\$ 27,917
Net realized/unrealized gains (losses)	95,472
Investment return designated for current operations	\$ 123,389

NOTE 2: INVESTMENT SECURITIES (CONTINUED)

	Am	nortized Cost		Fair Value	Net Unrealized Appreciation			
Cash management funds	\$	81,642	\$	81,642	\$	-		
Mutual funds - equities		627,422		634,090		6,668		
Mutual funds - bonds		477,557		488,064		10,507		
	\$	1,186,621	\$	1,203,796	\$	17,175		
For the Year Ended June	30, 20	016						
Investment return is sum	nmariz	zed as follows	:					
Dividend/Interest inc	come			\$		27,375		
Net realized/unrealized gains (losses)						(32,972)		
	0					· · ·		
Investment loss designat		(5,597)						

At June 30, 2016, investments are stated at fair value as follows:

NOTE 3: LAND, BUILDINGS, AND EQUIPMENT

At June 30, 2017 and 2016, the costs and related accumulated depreciation of land, buildings, and equipment consist of the following:

As of June 30,	2017 2016		
Land	\$ 26,000	\$	26,000
Buildings and improvements	315,055		315,055
Equipment	180,731		180,731
	521,786		521,786
Less: accumulated depreciation	(320,653)		(299,595)
	\$ 201,133	\$	222,191

NOTE 4: PENSION PLAN

The Organization has established a defined contribution pension plan for the benefit of its employees. The plan is non-contributory and is administered by Mutual of America. Under the plan, 7% of the employee's salary is contributed to an account for each individual employee and accrued for their benefit. An employee must have one year of service with any non-profit Health and Human Service organization before they can participate in the plan and three years of United Way service to become fully vested under the plan. During the years ended June 30, 2017 and 2016, the Organization contributed \$34,159 and \$41,840 to the plan, respectively.

NOTE 5: UNITED WAY MEMBER AGENCIES

The Organization has entered into agreements with United Way Agencies in Southern Kentucky to provide funding to these approved agencies. During the years ended June 30, 2017 and 2016, the Organization made payments to these affiliated agencies of \$904,786 and \$917,253, respectively.

NOTE 6: NET ASSETS RELEASED FROM TEMPORARY AND PERMANENT RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

For the Years Ended June 30,	2017 20			2016
Time and purpose restrictions satisfied	\$	226,332	\$	142,399
Total restrictions released	\$	226,332	\$	142,399

Temporarily restricted net assets consist of contributions for the Early Childhood Education program and the 2-1-1 Center which have not been spent totaling \$307,591 and \$213,580 at June 30, 2017 and 2016, respectively. In addition, at June 30, 2017 and 2016, early pledge receipts for the 2017/2018 campaign and 2016/2017 campaign totaling \$2,882 and \$1,299, respectively, were included in temporarily restricted net assets.

NOTE 7: ENDOWMENT FUND

The Organization has an Endowment Fund Agreement ("Agreement") with the Community Foundation of South Central Kentucky, Inc. ("Foundation") to establish the "United Way Endowment Fund". The objective of the endowment fund is to provide support for various services and programs of the Organization to be administered through the Board of Directors.

NOTE 7: ENDOWMENT FUND (CONTINUED)

The Endowment Fund was established with an initial transfer of \$10,000 from the Organization's unrestricted net assets and is intended to include any other properties that later may be transferred to the Foundation for inclusion in the Endowment Fund from either donor unrestricted contributions or additional transfers of unrestricted net assets, as approved by the Board. The assets are held by the Foundation, acting in a fiduciary capacity, and all investment decisions and services are provided by the Foundation. The Foundation invests in a variety of certificates of deposits, mutual funds, bonds, and common stocks. Investments are exposed to various risks such as interest rate risk, credit risk, and market risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position. Income and principal from the Endowment Fund will be applied to any service, program or other need of the Organization, the application and expense of which will be at the sole discretion of the Organization's Board. Rate of return and spending policies have not been adopted by the Organization's Board. As of June 30, 2017 and 2016, the Organization is pursuing other funding sources to increase the endowment fund. The fair market value of the endowment fund at June 30, 2017 and 2016 was \$31,506 and \$28,778, respectively.

For the years ended June 30, 2017 and 2016, the Organization had the following Board designated endowment related activities:

For the Years Ended June 30,	2017	2016
Endowment funds, beginning balance	\$ 28,778 \$	26,860
Investment income	804	910
Net appreciation	2,281	327
Total investment return	3,085	1,237
Contributions to endowment	-	1,000
Amounts appropriated for expenses	(357)	(319)
Endowment funds, ending balance	\$ 31,506 \$	28,778

NOTE 8: FAIR VALUE MEASUREMENTS

The Organization follows FASB ASC 820 Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FASB ASC 820 applies whenever other standards require or permit assets or liabilities to be measured at fair value, but does not require any new fair value measurements.

NOTE 8: FAIR VALUE MEASUREMENTS (CONTINUED)

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 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. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access at the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Following is a description of the valuation method used for instruments measured at fair value on a recurring basis. For this disclosure, the Organization only has investment securities that meet the requirement.

Investment Securities

Valued primarily by independent third party pricing services under the market valuation approach that include, but not limited to, the following inputs:

- Marketable equity securities and mutual funds are priced utilizing real-time data feeds from active market exchanges for identical securities.
- Government-sponsored agency debt securities, obligations of states and political subdivisions, corporate bonds, and other similar investment securities are priced with available market information through processes using benchmark yields, matrix pricing, prepayment speeds, cash flows, live trading data, and market spreads sourced from new issues, dealer quotes, and trade prices, among others sources.

Investment securities are the Organization's only statement of financial position item that meets the disclosure requirements for instruments measured at fair value on a recurring basis.

NOTE 8: FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements at June 30, 2017 Using								
			Quoted Prices		Significant			
		in Active		Other		Significant		
			Ν	/arkets for	Observable		U	nobservable
	F	air Value	Identical Assets		Inputs			Inputs
Description	Ju	ne 30, 2017	(Level 1)		(Level 2)		(Level 3)	
Cash management funds	\$	71,165	\$	71,165	\$	-	\$	-
Mutual funds - equities		816,595		816,595		-		-
Mutual funds - bonds		659,446		659,446		-		-
Preferred stock		577		577				
Investments	\$	1,547,783	\$	1,547,783	\$	-	\$	-

As of June 30, 2017, fair value measurements were as follows:

As of June 30, 2016, fair value measurements were as follows:

	Fair Value Measurements at June 30, 2016 Using								
			Quoted Prices		Significant				
			in Active		Other			Significant	
			Markets for		Observable		Unobservab		
	I	Fair Value	Identical Assets		Inputs			Inputs	
Description	Ju	ne 30, 2016	(Level 1)		(Level 2)		(Level 3)		
Cash management funds	\$	81,642	\$	81,642	\$	-	\$	-	
Mutual funds - equities		634,090		634,090		-		-	
Mutual funds - bonds		488,064	488,064			-		-	
Investments	\$	1,203,796	\$	1,203,796	\$	-	\$	-	

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