



**United Way of Southern Kentucky, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**



**REPORT**

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**FINANCIAL STATEMENTS**

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# REPORT





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## **Independent Auditors' Report**

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

### **Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southern Kentucky, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southern Kentucky Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Southern Kentucky Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southern Kentucky Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Directors  
United Way of Southern Kentucky, Inc.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

CARR, RIGGS & INGRAM, LLC  
Bowling Green, Kentucky  
November 18, 2021



# FINANCIAL STATEMENTS



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

<i>June 30,</i>	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 255,869	\$ 184,857	\$ 440,726	\$ 340,464	\$ 442,435	\$ 782,899
Investments	2,598,253	571,803	3,170,056	1,672,118	637,204	2,309,322
2021 / 2022 contributions receivable, less allowance for uncollectibles of \$0	45,000	-	45,000	-	-	-
2020 / 2021 contributions receivable, less allowance for uncollectibles of \$142,553	701,601	-	701,601	-	-	-
2019 / 2020 contributions receivable, less allowance for uncollectibles of \$148,500	-	-	-	842,563	-	842,563
Grant receivables	8,800	-	8,800	12,750	-	12,750
Other receivables	46,911	-	46,911	32,178	200,000	232,178
Prepaid expenses	13,224	-	13,224	18,345	-	18,345
<b>Total current assets</b>	<b>3,669,658</b>	<b>756,660</b>	<b>4,426,318</b>	<b>2,918,418</b>	<b>1,279,639</b>	<b>4,198,057</b>
<b>Property and equipment, net</b>	<b>184,759</b>	<b>-</b>	<b>184,759</b>	<b>190,255</b>	<b>-</b>	<b>190,255</b>
<b>Total assets</b>	<b>\$ 3,854,417</b>	<b>\$ 756,660</b>	<b>\$ 4,611,077</b>	<b>\$ 3,108,673</b>	<b>\$ 1,279,639</b>	<b>\$ 4,388,312</b>

(Continued)

*The accompanying notes are an integral part of these financial statements.*



**United Way of Southern Kentucky, Inc.**  
**Statements of Financial Position (Continued)**

<i>June 30,</i>	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Liabilities and Net Assets</b>						
Current liabilities						
Accounts payable	\$ 9,069	\$ -	\$ 9,069	\$ 39,718	\$ -	\$ 39,718
Accrued expenses	31,724	-	31,724	32,136	-	32,136
Allocations payable	1,117,789	-	1,117,789	881,361	-	881,361
Designations payable, net of allowance for uncollectibles of \$8,210 and \$8,733, respectively	82,502	-	82,502	89,332	-	89,332
Refundable advance	-	121,525	121,525	-	110,571	110,571
Deferred revenue	13,000	-	13,000	15,750	-	15,750
<b>Total current liabilities</b>	<b>1,254,084</b>	<b>121,525</b>	<b>1,375,609</b>	<b>1,058,297</b>	<b>110,571</b>	<b>1,168,868</b>
Net Assets						
Without donor restrictions	2,600,333	-	2,600,333	2,050,376	-	2,050,376
With donor restrictions	-	635,135	635,135	-	1,169,068	1,169,068
<b>Total net assets</b>	<b>2,600,333</b>	<b>635,135</b>	<b>3,235,468</b>	<b>2,050,376</b>	<b>1,169,068</b>	<b>3,219,444</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,854,417</b>	<b>\$ 756,660</b>	<b>\$ 4,611,077</b>	<b>\$ 3,108,673</b>	<b>\$ 1,279,639</b>	<b>\$ 4,388,312</b>

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*The accompanying notes are an integral part of these financial statements.*

**United Way of Southern Kentucky, Inc.**  
**Statements of Activities**

<i>For the years ended June 30,</i>	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public Support and Revenue</b>						
Gross campaign results – current year	\$ 1,823,746	\$ 14,760	\$ 1,838,506	\$ 1,898,597	\$ 65,167	\$ 1,963,764
Less: donor designations – net of fees	(76,054)	-	(76,054)	(79,541)	-	(79,541)
Less: donor designations – paid by processor	(44,849)	-	(44,849)	(22,995)	-	(22,995)
Campaign revenue – current year	1,702,843	14,760	1,717,603	1,796,061	65,167	1,861,228
Allowance for uncollectible pledges	(142,553)	-	(142,553)	(148,500)	-	(148,500)
Net campaign revenue – current year	1,560,290	14,760	1,575,050	1,647,561	65,167	1,712,728
Additional campaign revenue – prior year	34,134	-	34,134	60,534	-	60,534
Early campaign results – next year	-	45,000	45,000	-	46,200	46,200
Total campaign revenue	1,594,424	59,760	1,654,184	1,708,095	111,367	1,819,462
<b>Other Public Support and Revenue</b>						
Kindergarten Readiness contributions	-	74,631	74,631	-	259,147	259,147
2-1-1 Center contributions	-	152,895	152,895	-	135,875	135,875
Major Gifts	58,050	-	58,050	51,377	-	51,377
COVID-19 contributions	-	31,535	31,535	-	443,009	443,009
Total other public support and revenue	58,050	259,061	317,111	51,377	838,031	889,408

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**United Way of Southern Kentucky, Inc.**  
**Statements of Activities (Continued)**

<i>For the years ended June 30,</i>	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Handbags for Hope	-	<b>38,854</b>	<b>38,854</b>	-	12,043	12,043
Less: costs of Handbags for Hope	-	<b>(10,837)</b>	<b>(10,837)</b>	-	(4,200)	(4,200)
Other special events	<b>28,998</b>	<b>261</b>	<b>29,259</b>	45,869	202	46,071
<b>Net revenue from special events</b>	<b>28,998</b>	<b>28,278</b>	<b>57,276</b>	45,869	8,045	53,914
<b>Grand total public support and revenue</b>	<b>1,681,472</b>	<b>347,099</b>	<b>2,028,571</b>	1,805,341	957,443	2,762,784
<b>Other Revenue</b>						
PPP loan forgiveness income	<b>110,571</b>	-	<b>110,571</b>	-	-	-
Designations from other United Ways	<b>6,212</b>	-	<b>6,212</b>	1,878	-	1,878
Investment return designated for current operations	<b>489,866</b>	-	<b>489,866</b>	59,702	-	59,702
In-kind	<b>4,970</b>	<b>76,780</b>	<b>81,750</b>	13,689	2,480	16,169
Marketing sponsorships	<b>2,000</b>	<b>5,000</b>	<b>7,000</b>	3,500	7,500	11,000
Miscellaneous income	<b>3,952</b>	-	<b>3,952</b>	-	3,299	3,299
<b>Other revenue</b>	<b>617,571</b>	<b>81,780</b>	<b>699,351</b>	78,769	13,279	92,048
<b>Released from restrictions</b>	<b>962,812</b>	<b>(962,812)</b>	-	435,592	(435,592)	-
<b>Total revenue</b>	<b>3,261,855</b>	<b>(533,933)</b>	<b>2,727,922</b>	2,319,702	535,130	2,854,832

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**United Way of Southern Kentucky, Inc.**  
**Statements of Activities (Continued)**

<i>For the years ended June 30,</i>	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Expenses</b>						
Program services						
Fund distribution	<b>1,149,320</b>	-	<b>1,149,320</b>	932,055	-	932,055
Kindergarten Readiness	<b>477,062</b>	-	<b>477,062</b>	193,600	-	193,600
Volunteer program	<b>4,292</b>	-	<b>4,292</b>	1,991	-	1,991
2-1-1 Center	<b>199,404</b>	-	<b>199,404</b>	204,531	-	204,531
Community impact activities	<b>77,780</b>	-	<b>77,780</b>	192,105	-	192,105
COVID-19 distributions	<b>341,323</b>	-	<b>341,323</b>	112,194	-	112,194
<b>Total program services</b>	<b>2,249,181</b>	-	<b>2,249,181</b>	1,636,476	-	1,636,476
Supporting services						
Management and general	<b>230,824</b>	-	<b>230,824</b>	226,035	-	226,035
Fund raising	<b>155,465</b>	-	<b>155,465</b>	180,085	-	180,085
Marketing	<b>38,524</b>	-	<b>38,524</b>	60,844	-	60,844
United Way of America dues	<b>37,904</b>	-	<b>37,904</b>	24,316	-	24,316
<b>Total supporting services</b>	<b>462,717</b>	-	<b>462,717</b>	491,280	-	491,280
<b>Total expenses</b>	<b>2,711,898</b>	-	<b>2,711,898</b>	2,127,756	-	2,127,756
Change in net assets	<b>549,957</b>	<b>(533,933)</b>	<b>16,024</b>	191,946	535,130	727,076
Net assets – beginning of year	<b>2,050,376</b>	<b>1,169,068</b>	<b>3,219,444</b>	1,858,430	633,938	2,492,368
Net assets – end of year	<b>\$ 2,600,333</b>	<b>\$ 635,135</b>	<b>\$ 3,235,468</b>	\$ 2,050,376	\$ 1,169,068	\$ 3,219,444

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*The accompanying notes are an integral part of these financial statements.*

**United Way of Southern Kentucky, Inc.**  
**Statements of Functional Expenses**

*For the year ended June 30, 2021*

	Program Services						Total
	Fund Distribution	Kindergarten Readiness	Volunteer Program	2-1-1 Center	Community Impact Activities	COVID-19 Activities	
Expenses							
Allocations	\$ 1,176,462	\$ -	\$ -	\$ -	\$ 5,501	\$ 340,832	\$ 1,522,795
Less donor designations – net of fees and shrinkage	(76,054)	-	-	-	-	-	(76,054)
<b>Subtotal</b>	<b>1,100,408</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,501</b>	<b>340,832</b>	<b>1,446,741</b>
Salaries	32,338	32,384	2,768	82,066	43,916	-	193,472
Fringe benefits	8,685	8,697	743	22,040	11,795	-	51,960
<b>Subtotal</b>	<b>41,023</b>	<b>41,081</b>	<b>3,511</b>	<b>104,106</b>	<b>55,711</b>	<b>-</b>	<b>245,432</b>
Payments to affiliates	430	431	37	1,092	584	-	2,574
Dues/subscriptions	113	112	9	1,045	151	-	1,430
Supplies	520	160,825	43	1,318	705	-	163,411
Utilities	1,541	1,091	93	9,316	1,482	-	13,523
Marketing materials and programs	-	267,738	147	42,131	6,447	491	316,954
Training	-	-	-	216	-	-	216
Insurance	634	634	54	2,744	861	-	4,927
Purchased services	1,352	1,354	116	28,841	1,836	-	33,499
Repairs and maintenance	1,971	1,973	169	5,208	2,676	-	11,997
Travel	-	278	-	15	23	-	316
Miscellaneous	421	638	35	1,072	572	-	2,738
Depreciation expense	907	907	78	2,300	1,231	-	5,423
<b>Subtotal</b>	<b>7,889</b>	<b>435,981</b>	<b>781</b>	<b>95,298</b>	<b>16,568</b>	<b>491</b>	<b>557,008</b>
United Way Worldwide dues	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 1,149,320</b>	<b>\$ 477,062</b>	<b>\$ 4,292</b>	<b>\$ 199,404</b>	<b>\$ 77,780</b>	<b>\$ 341,323</b>	<b>\$ 2,249,181</b>

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**United Way of Southern Kentucky, Inc.**  
**Statements of Functional Expenses (Continued)**

*For the year ended June 30, 2021*

	Supporting Services					Total Program and Supporting Services
	Management and General	Fund Raising	Marketing	UWW Dues	Total	
Expenses						
Allocations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,522,795
Less donor designations – net of fees and shrinkage	-	-	-	-	-	(76,054)
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,446,741</b>
Salaries	151,216	98,674	17,945	-	267,835	461,307
Fringe benefits	40,612	26,501	4,819	-	71,932	123,892
<b>Subtotal</b>	<b>191,828</b>	<b>125,175</b>	<b>22,764</b>	<b>-</b>	<b>339,767</b>	<b>585,199</b>
Payments to affiliates	2,012	1,313	239	-	3,564	6,138
Dues/subscriptions	522	341	62	-	925	2,355
Supplies	2,428	1,584	289	-	4,301	167,712
Utilities	5,100	4,228	1,205	-	10,533	24,056
Marketing materials and programs	1,629	5,887	10,636	-	18,152	335,106
Training	1,021	-	-	-	1,021	1,237
Insurance	2,968	1,933	351	-	5,252	10,179
Purchased services	6,322	4,125	750	-	11,197	44,696
Repairs and maintenance	9,211	6,012	1,093	-	16,316	28,313
Travel	36	815	397	-	1,248	1,564
Miscellaneous	3,505	1,285	235	-	5,025	7,763
Depreciation expense	4,242	2,767	503	-	7,512	12,935
<b>Subtotal</b>	<b>38,996</b>	<b>30,290</b>	<b>15,760</b>	<b>-</b>	<b>85,046</b>	<b>642,054</b>
United Way Worldwide dues	-	-	-	37,904	37,904	37,904
<b>Total expenses</b>	<b>\$ 230,824</b>	<b>\$ 155,465</b>	<b>\$ 38,524</b>	<b>\$ 37,904</b>	<b>\$ 462,717</b>	<b>\$ 2,711,898</b>

*The accompanying notes are an integral part of these financial statements.*

**United Way of Southern Kentucky, Inc.**  
**Statements of Functional Expenses (Continued)**

*For the year ended June 30, 2020*

	Program Services							Total
	Fund Distribution	Kindergarten Readiness	Volunteer Program	2-1-1 Center	Community Impact Activities	COVID-19 Activities		
Expenses								
Allocations	\$ 941,309	\$ -	\$ -	\$ -	\$ 121,905	\$ 83,812	\$ 1,147,026	
Less donor designations – net of fees and shrinkage	(79,541)	-	-	-	-	-	(79,541)	
<b>Subtotal</b>	<b>861,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,905</b>	<b>83,812</b>	<b>1,067,485</b>	
Salaries	45,197	23,560	962	93,279	42,985	13,415	219,398	
Fringe benefits	11,959	6,234	254	24,680	11,374	3,549	58,050	
<b>Subtotal</b>	<b>57,156</b>	<b>29,794</b>	<b>1,216</b>	<b>117,959</b>	<b>54,359</b>	<b>16,964</b>	<b>277,448</b>	
Payments to affiliates	582	304	12	1,202	554	173	2,827	
Dues/subscriptions	142	74	2	1,255	136	42	1,651	
Supplies	910	129,181	18	1,879	866	270	133,124	
Utilities	2,137	802	33	9,071	1,463	457	13,963	
Marketing materials and programs	-	27,050	548	26,724	4,814	7,649	66,785	
Training	-	-	-	203	220	-	423	
Insurance	911	474	19	2,930	867	271	5,472	
Purchased services	3,399	2,999	39	32,097	1,734	541	40,809	
Repairs and maintenance	3,090	1,611	65	6,923	2,939	917	15,545	
Travel	137	362	-	523	515	-	1,537	
Miscellaneous	544	283	12	1,126	517	719	3,201	
Depreciation expense	1,279	666	27	2,639	1,216	379	6,206	
<b>Subtotal</b>	<b>13,131</b>	<b>163,806</b>	<b>775</b>	<b>86,572</b>	<b>15,841</b>	<b>11,418</b>	<b>291,543</b>	
United Way Worldwide dues	-	-	-	-	-	-	-	
<b>Total expenses</b>	<b>\$ 932,055</b>	<b>\$ 193,600</b>	<b>\$ 1,991</b>	<b>\$ 204,531</b>	<b>\$ 192,105</b>	<b>\$ 112,194</b>	<b>\$ 1,636,476</b>	

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**United Way of Southern Kentucky, Inc.**  
**Statements of Functional Expenses (Continued)**

*For the year ended June 30, 2020*

	Supporting Services					Total	Total Program and Supporting Services
	Management and General	Fund Raising	Marketing	UWW Dues	Total		
Expenses							
Allocations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,147,026
Less donor designations – net of fees and shrinkage	-	-	-	-	-	-	(79,541)
Subtotal	-	-	-	-	-	-	1,067,485
Salaries	134,292	104,001	23,127	-	261,420	-	480,818
Fringe benefits	35,533	27,518	6,119	-	69,170	-	127,220
Subtotal	169,825	131,519	29,246	-	330,590	-	608,038
Payments to affiliates	1,731	1,340	298	-	3,369	-	6,196
Dues/subscriptions	423	327	72	-	822	-	2,473
Supplies	2,704	2,094	465	-	5,263	-	138,387
Utilities	4,572	4,440	1,388	-	10,400	-	24,363
Marketing materials and programs	6,486	18,469	24,987	-	49,942	-	116,727
Training	-	559	-	-	559	-	982
Insurance	2,710	2,097	466	-	5,273	-	10,745
Purchased services	17,230	4,196	933	-	22,359	-	63,168
Repairs and maintenance	9,184	7,111	1,582	-	17,877	-	33,422
Travel	426	3,739	475	-	4,640	-	6,177
Miscellaneous	6,944	1,252	278	-	8,474	-	11,675
Depreciation expense	3,800	2,942	654	-	7,396	-	13,602
Subtotal	56,210	48,566	31,598	-	136,374	-	427,917
United Way Worldwide dues	-	-	-	24,316	24,316	-	24,316
<b>Total expenses</b>	<b>\$ 226,035</b>	<b>\$ 180,085</b>	<b>\$ 60,844</b>	<b>\$ 24,316</b>	<b>\$ 491,280</b>	<b>\$ -</b>	<b>\$ 2,127,756</b>

*The accompanying notes are an integral part of these financial statements.*



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

<i>For the years ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Change in net assets	\$ 16,024	\$ 727,076
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,935	13,602
Unrealized (gain) loss on investment securities, net	(394,141)	29,036
Changes in operating assets and liabilities:		
Decrease in contributions receivable, net	95,962	75,627
Decrease in prepaid expenses	5,123	1,125
Decrease (increase) in grant receivables	3,950	(10,250)
Decrease (increase) in other receivables	185,267	(184,761)
(Decrease) increase in accounts payable	(30,649)	27,428
Decrease in accrued expenses	(412)	(4,146)
Increase (decrease) in allocations/designations payable	229,598	(282,677)
Increase in refundable advance	10,954	110,571
(Decrease) increase in deferred revenue	(2,750)	15,750
<b>Net cash provided by operating activities</b>	<b>131,861</b>	<b>518,381</b>
<b>Investing Activities</b>		
Purchase of property and equipment	(7,439)	(17,468)
Proceeds from redemption and sale of investment securities	797,218	257,195
Purchase of investment securities	(1,263,813)	(591,364)
<b>Net cash used in investing activities</b>	<b>(474,034)</b>	<b>(351,637)</b>
<b>Net change in cash and cash equivalents</b>	<b>(342,173)</b>	<b>166,744</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>782,899</b>	<b>616,155</b>
<b>Cash and cash equivalents – end of year</b>	<b>\$ 440,726</b>	<b>\$ 782,899</b>

*The accompanying notes are an integral part of these financial statements.*

## United Way of Southern Kentucky, Inc. Notes to Financial Statements

### NOTE 1: DESCRIPTION OF THE ORGANIZATION

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.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### *Use of Estimates*

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, 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. 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 90 days or less. The carrying amount reported in the statement of financial position approximates fair value.

#### *Contributions Receivable*

Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. Contributions receivable are expected to be collected within a one year period. The Organization provides for losses on contributions receivable using the allowance method. The allowance is based on prior years' experience and management's analysis of contributions

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Contributions Receivable (Continued)***

It is the Organization's policy to charge off uncollectible contributions receivable when management determines the receivable will not be collected.

***Promises to Give***

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

***Investments***

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

***Property and Equipment***

All acquisitions of property and equipment in excess of \$1,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Land	Not depreciated
Building and grounds	15-40 years
Equipment	3-15 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.

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Refundable Advance***

The Organization has received Small Business Administration Payment Protection Program (PPP) loans during the COVID-19 pandemic and has accounted for these PPP loans as refundable advances in accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Once the conditions for forgiveness have been met, these PPP loans will be treated as contribution revenue. As of June 30, 2021, \$110,571 of these loans have been recognized as revenue and \$121,525 as a refundable advance.

***Deferred Revenue***

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

***Net Assets***

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, amounts for the endowment. These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing functions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Net Assets (Continued)***

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***Revenue Recognition***

Contributions, governmental support, and grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions are recognized as increases in net assets without donor restrictions and net assets with donor restrictions, 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, with donor restrictions net assets are reclassified to without donor restrictions 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 restricted support that increases that net asset class. However, if a restriction is fulfilled in the same time period in 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.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Revenue Recognition (Continued)***

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions, governmental, support, and grants received with donor-imposed restrictions that are met in the same year in which they are received are classified as net assets without donor restrictions. For conditional contributions, governmental support, and grants, any unused funds at June 30, 2021 and 2020 are recorded as a refundable advance if allowed to be retained and used in a future period, or recorded as due to the governmental department, agency, or grantor if required to be returned.

***Donated Assets***

Donated investments and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Noncash transactions include contributions in-kind recorded at fair value.

***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

***Functional Allocation of 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:

**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.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Functional Allocation of Expenses (Continued)***

***Program Services (Continued)***

- ▶ **Kindergarten Readiness** — 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.
  
- ▶ **COVID-19 Activities** — New in 2020 as a result of the pandemic. Received additional funds specifically to address needs of the community impacted by the health and economic effects.

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (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.

**Advertising**

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended, June 30, 2021 and 2020 advertising costs totaled \$50,842 and \$29,070, respectively.

**Income Taxes**

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. There was no unrelated business taxable income for the years ended June 30, 2021 and 2020.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) 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 de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2021 and 2020, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.



**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Reclassifications***

Certain reclassifications were made to prior year balances to conform with current year presentation.

***Subsequent Events***

The Organization has evaluated subsequent events through the date the financial statements were available to be issued, November 18, 2021. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**NOTE 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in cash and cash equivalents and investments to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Financial assets, at year-end	<b>\$ 4,413,094</b>	\$ 4,179,712
Less those not available for general expenditures within one year,		
Restricted by donor with time or purpose restrictions	<b>(635,135)</b>	(1,169,068)
Board designations	<b>(121,259)</b>	(89,873)
<hr/>		
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 3,656,700</b>	<b>\$ 2,920,771</b>
<hr/>		

Financial assets at year end as noted in the above schedule exclude property and equipment and prepaid expenses.

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 4: INVESTMENTS**

Investments in marketable securities consist of the following:

<i><b>June 30, 2021</b></i>	Cost	Market Value	Net Unrealized Appreciation (Depreciation)
Cash management funds	\$ 103,153	\$ 103,153	\$ -
Mutual funds - equities	1,309,667	1,768,096	458,429
Mutual funds - bonds	1,265,805	1,298,807	33,002
<b>Total investments</b>	<b>\$ 2,678,625</b>	<b>\$ 3,170,056</b>	<b>\$ 491,431</b>

<i><b>June 30, 2020</b></i>	Cost	Market Value	Net Unrealized Appreciation (Depreciation)
Cash management funds	\$ 190,643	\$ 190,643	\$ -
Mutual funds - equities	943,122	1,009,107	65,985
Mutual funds - bonds	1,078,266	1,109,572	31,306
<b>Total investments</b>	<b>\$ 2,212,031</b>	<b>\$ 2,309,322</b>	<b>\$ 97,291</b>

Investment return is recapped as follows:

<i><b>For the years ended June 30,</b></i>	<b>2021</b>	<b>2020</b>
Investment return is summarized as follows:		
Dividend/Interest income	\$ 47,183	\$ 57,302
Net realized/unrealized gains	442,683	2,400
<b>Investment return designated for current operations</b>	<b>\$ 489,866</b>	<b>\$ 59,702</b>

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Land	\$ 26,000	\$ 26,000
Buildings and improvements	348,881	341,441
Equipment	126,199	126,327
Total property and equipment	501,080	493,768
Less: accumulated depreciation	(316,321)	(303,513)
Property and equipment, net	\$ 184,759	\$ 190,255

Depreciation expense for the years ended June 30, 2021 and 2020 was \$12,935 and \$13,602, respectively.

**NOTE 6: 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, 2021 and 2020, the Organization contributed \$37,752 and \$33,432 to the plan, respectively.

**NOTE 7: UNITED WAY PARTNER 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, 2021 and 2020, the Organization made payments to these affiliated agencies of \$1,100,408 and \$861,768, respectively.

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 8: NET ASSETS**

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Undesignated	\$ 2,479,074	\$ 1,960,503
Board designated:		
Endowments	<b>121,259</b>	89,873
<b>Total net assets without donor restrictions</b>	<b>\$ 2,600,333</b>	<b>\$ 2,050,376</b>

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Time restricted	\$ 45,000	\$ 46,200
Purpose restricted		
Restricted for 2-1-1 Center	<b>177,821</b>	136,608
Restricted for kindergarten readiness	<b>372,636</b>	660,402
Restricted for COVID-19 Crisis	-	314,197
Restricted H4H for DPIL	<b>39,678</b>	11,661
<b>Total net assets with donor restrictions</b>	<b>\$ 635,135</b>	<b>\$ 1,169,068</b>

**NOTE 9: ENDOWMENT**

The Organization has an Endowment Fund Agreement (“Agreement”) originally established with the Community Foundation of South Central Kentucky, Inc. (“Foundation”) to create 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.

The Endowment Fund was established with an initial transfer of \$10,000 from the Organization’s without donor restrictions net assets and is intended to include any other properties that later may be transferred to the Endowment Fund from either without donor restrictions contributions or additional transfers of without donor restrictions net assets, as approved by the Board. Until July 2019, the assets were held by the Foundation, acting in a fiduciary capacity, and all investment decisions and services are provided by the Foundation. The Foundation invested in a variety of certificates of deposits, mutual funds, bonds, and common stocks. Beginning July 2019, the Endowment Fund was transferred to US Bank for management investment purposes.

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 9: ENDOWMENT (CONTINUED)**

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, 2021 and 2020, the Organization is pursuing other funding sources to increase the endowment fund. The fair market value of the endowment fund at June 30, 2021 and 2020 was \$121,259 and \$89,873, respectively.

For the years ended June 30, 2021 and 2020, the Organization had the following Board designated endowment related activities all of which is Without Donor Restrictions:

<i>For the years ended June 30,</i>	<b>2021</b>	2020
Endowment fund, beginning balance	\$ 89,873	\$ 37,465
Investment income	1,772	1,674
Realized gain/loss on sale	4,508	10,377
Net appreciation (depreciation)	25,106	(9,643)
Total investment return	31,386	2,408
Contributions to endowment	-	50,000
Amounts appropriated for expenses	-	-
<b>Endowment fund, ending balance</b>	<b>\$ 121,259</b>	<b>\$ 89,873</b>

**NOTE 10: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

*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.

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 10: FAIR VALUE MEASUREMENTS (CONTINUED)**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

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.

As of June 30, 2021, fair value measurements were as follows:

Fair Value Measurements at June 30, 2021 Using				
Description	Fair Value June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash management funds	\$ 103,153	\$ 103,153	\$ -	\$ -
Mutual funds - equities	1,768,096	1,768,096	-	-
Mutual funds - bonds	1,298,807	1,298,807	-	-
Investments at fair value	\$ 3,170,056	\$ 3,170,056	\$ -	\$ -

As of June 30, 2020, fair value measurements were as follows:

Fair Value Measurements at June 30, 2020 Using				
Description	Fair Value June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash management funds	\$ 190,643	\$ 190,643	\$ -	\$ -
Mutual funds - equities	1,009,107	1,009,107	-	-
Mutual funds - bonds	1,109,572	1,109,572	-	-
Investments at fair value	\$ 2,309,322	\$ 2,309,322	\$ -	\$ -

**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 10: FAIR VALUE MEASUREMENTS (CONTINUED)**

***Changes in Fair Value Levels***

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

**NOTE 11: 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.

The Organization has cash in financial institutions that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution for the bank accounts. At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. Management does not believe this concentration of cash results in a high level of custodial credit risk for the Organization.

**NOTE 12: CONTINGENCIES**

The Organization receives funding from local government agencies and private contributions some which are designated for special purposes. For government agency contributions, if, based on the grantor's review, the funds were not used for their intended purposes, the grantors may request refunds of monies advanced. The amounts of such future refunds, if any, are not expected to be significant. Continuation of the Organization's programs is predicated upon the satisfaction of the various donors that the funds they provide are being spent as intended and upon their intent to continue their programs.



**United Way of Southern Kentucky, Inc.**  
**Notes to Financial Statements**

**NOTE 13: PAYCHECK PROTECTION PROGRAM**

In May 2020, in response to the global pandemic, the Organization applied for and received a \$110,571 loan through the Paycheck Protection Program under the CARES Act. The Organization applied for forgiveness of \$110,571 of the debt and recorded the amount as PPP loan forgiveness income during 2021. On May 13, 2021, the Organization received notice that the \$110,571 and related interest had been forgiven.

In April 2021, in response to the continued global pandemic, the Organization applied for and received a \$121,525 loan through the Paycheck Protection Program under the CARES Act. The loan is recorded as a refundable advance of \$121,525 as of June 30, 2021.

**NOTE 14: UNCERTAINTY**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



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