



United Way of Southern Kentucky, Inc.

FINANCIAL STATEMENTS

June 30, 2022 and 2021



REPORT

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REPORT





Carr, Riggs & Ingram, LLC
922 State Street
Suite 100
Bowling Green, KY 42101

Mailing Address:
PO Box 104
Bowling Green, KY 42102

270.782.0700
270.782.0932 (fax)
CRlcpa.com

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, 2022 and 2021, 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, 2022 and 2021, 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 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.

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 17, 2022



FINANCIAL STATEMENTS



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

<i>June 30,</i>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 268,689	\$ 2,886,785	\$ 3,155,474	\$ 255,869	\$ 184,857	\$ 440,726
Investments	1,910,214	711,330	2,621,544	2,598,253	571,803	3,170,056
2021 / 2022 contributions receivable, less allowance for uncollectibles of \$128,464 and \$0, respectively	738,877	-	738,877	45,000	-	45,000
2020 / 2021 contributions receivable, less allowance for uncollectibles of \$142,553	-	-	-	701,601	-	701,601
Grant receivables	8,300	-	8,300	8,800	-	8,800
Other receivables	79,959	-	79,959	46,911	-	46,911
Prepaid expenses	19,162	-	19,162	13,224	-	13,224
Total current assets	3,025,201	3,598,115	6,623,316	3,669,658	756,660	4,426,318
Property and equipment, net	193,704	-	193,704	184,759	-	184,759
Total assets	\$ 3,218,905	\$ 3,598,115	\$ 6,817,020	\$ 3,854,417	\$ 756,660	\$ 4,611,077

(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>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Liabilities and Net Assets						
Current liabilities						
Accounts payable	\$ 32,334	\$ -	\$ 32,334	\$ 9,069	\$ -	\$ 9,069
Accrued expenses	31,570	-	31,570	31,724	-	31,724
Allocations payable	1,026,695	-	1,026,695	1,117,789	-	1,117,789
Designations payable, net of allowance for uncollectibles of \$5,476 and \$8,210, respectively	60,207	-	60,207	82,502	-	82,502
Refundable advance	-	-	-	-	121,525	121,525
Deferred revenue	-	-	-	13,000	-	13,000
Total current liabilities	1,150,806	-	1,150,806	1,254,084	121,525	1,375,609
Net Assets						
Without donor restrictions	2,068,099	-	2,068,099	2,600,333	-	2,600,333
With donor restrictions	-	3,598,115	3,598,115	-	635,135	635,135
Total net assets	2,068,099	3,598,115	5,666,214	2,600,333	635,135	3,235,468
Total liabilities and net assets	\$ 3,218,905	\$ 3,598,115	\$ 6,817,020	\$ 3,854,417	\$ 756,660	\$ 4,611,077

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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>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Gross campaign results – current year	\$ 1,646,119	\$ 58,547	\$ 1,704,666	\$ 1,823,746	\$ 14,760	\$ 1,838,506
Less: donor designations – net of fees	(53,759)	-	(53,759)	(76,054)	-	(76,054)
Less: donor designations – paid by processor	(27,357)	-	(27,357)	(44,849)	-	(44,849)
Campaign revenue – current year	1,565,003	58,547	1,623,550	1,702,843	14,760	1,717,603
Allowance for uncollectible pledges	(128,464)	-	(128,464)	(142,553)	-	(142,553)
Net campaign revenue – current year	1,436,539	58,547	1,495,086	1,560,290	14,760	1,575,050
Additional campaign revenue – prior year	46,591	-	46,591	34,134	-	34,134
Early campaign results – next year	-	-	-	-	45,000	45,000
Total campaign revenue	1,483,130	58,547	1,541,677	1,594,424	59,760	1,654,184
Other Public Support and Revenue						
Kindergarten Readiness contributions	-	84,439	84,439	-	74,631	74,631
2-1-1 Center contributions	-	146,800	146,800	-	152,895	152,895
Major Gifts	20,500	-	20,500	58,050	-	58,050
COVID-19 contributions	-	10,075	10,075	-	31,535	31,535
Disaster response and recovery	-	3,514,246	3,514,246	-	-	-
Total other public support and revenue	20,500	3,755,560	3,776,060	58,050	259,061	317,111

(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>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Handbags for Hope	-	154,950	154,950	-	38,854	38,854
Less: costs of Handbags for Hope	-	(36,746)	(36,746)	-	(10,837)	(10,837)
Other special events	31,696	542	32,238	28,998	261	29,259
Net revenue from special events	31,696	118,746	150,442	28,998	28,278	57,276
Grand total public support and revenue	1,535,326	3,932,853	5,468,179	1,681,472	347,099	2,028,571
Other Revenue						
PPP loan forgiveness income	121,525	-	121,525	110,571	-	110,571
Designations from other United Ways	2,987	-	2,987	6,212	-	6,212
Investment return (loss) designated for current operations	(294,468)	-	(294,468)	489,866	-	489,866
In-kind	1,550	-	1,550	4,970	76,780	81,750
Marketing sponsorships	5,250	-	5,250	2,000	5,000	7,000
Miscellaneous income	5,623	300	5,923	3,952	-	3,952
Other (loss) revenue	(157,533)	300	(157,233)	617,571	81,780	699,351
Released from restrictions	970,173	(970,173)	-	962,812	(962,812)	-
Total revenue	2,347,966	2,962,980	5,310,946	3,261,855	(533,933)	2,727,922

(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>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program services						
Fund distribution	1,139,312	-	1,139,312	1,149,320	-	1,149,320
Kindergarten Readiness	256,898	-	256,898	477,062	-	477,062
Volunteer program	3,108	-	3,108	4,292	-	4,292
2-1-1 Center	156,559	-	156,559	199,404	-	199,404
Community impact activities	242,870	-	242,870	77,780	-	77,780
Disaster response and recovery	629,673	-	629,673	-	-	-
COVID-19 distributions	-	-	-	341,323	-	341,323
Total program services	2,428,420	-	2,428,420	2,249,181	-	2,249,181
Supporting services						
Management and general	252,934	-	252,934	230,824	-	230,824
Fund raising	100,331	-	100,331	155,465	-	155,465
Marketing	63,384	-	63,384	38,524	-	38,524
United Way of America dues	35,131	-	35,131	37,904	-	37,904
Total supporting services	451,780	-	451,780	462,717	-	462,717
Total expenses	2,880,200	-	2,880,200	2,711,898	-	2,711,898
Change in net assets	(532,234)	2,962,980	2,430,746	549,957	(533,933)	16,024
Net assets – beginning of year	2,600,333	635,135	3,235,468	2,050,376	1,169,068	3,219,444
Net assets – end of year	\$ 2,068,099	\$ 3,598,115	\$ 5,666,214	\$ 2,600,333	\$ 635,135	\$ 3,235,468

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, 2022

	Program Services						Total
	Fund Distribution	Kindergarten Readiness	Volunteer Program	2-1-1 Center	Community Impact Activities	COVID-19 and Disaster Response & Recovery	
Expenses							
Allocations	\$ 1,121,733	\$ -	\$ -	\$ -	\$ 129,235	\$ 619,680	\$ 1,870,648
Less donor designations – net of fees and shrinkage	(53,759)	-	-	-	-	-	(53,759)
Subtotal	1,067,974	-	-	-	129,235	619,680	1,816,889
Salaries	45,805	36,400	1,763	73,523	69,092	-	226,583
Fringe benefits	10,687	8,492	411	17,154	16,120	-	52,864
Subtotal	56,492	44,892	2,174	90,677	85,212	-	279,447
Payments to affiliates	580	461	22	931	875	-	2,869
Dues/subscriptions	183	145	7	1,054	275	-	1,664
Supplies	770	124,291	29	1,238	1,333	-	127,661
Utilities	2,208	1,278	62	7,737	2,426	-	13,711
Marketing materials and programs	-	76,472	386	5,360	4,450	9,993	96,661
Training	-	-	-	130	530	-	660
Insurance	1,025	814	39	2,838	1,545	-	6,261
Purchased services	1,991	1,582	77	33,405	4,253	-	41,308
Repairs and maintenance	6,064	4,819	234	9,835	9,146	-	30,098
Travel	-	534	-	103	536	-	1,173
Miscellaneous	625	498	24	1,003	942	-	3,092
Depreciation expense	1,400	1,112	54	2,248	2,112	-	6,926
Subtotal	14,846	212,006	934	65,882	28,423	9,993	332,084
United Way Worldwide dues	-	-	-	-	-	-	-
Total expenses	\$ 1,139,312	\$ 256,898	\$ 3,108	\$ 156,559	\$ 242,870	\$ 629,673	\$ 2,428,420

(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, 2022

	Supporting Services					Total Program and Supporting Services
	Management and General	Fund Raising	Marketing	UWW Dues	Total	
Expenses						
Allocations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,870,648
Less donor designations – net of fees and shrinkage	-	-	-	-	-	(53,759)
Subtotal	-	-	-	-	-	1,816,889
Salaries	150,619	56,522	18,449	-	225,590	452,173
Fringe benefits	35,141	13,187	4,304	-	52,632	105,496
Subtotal	185,760	69,709	22,753	-	278,222	557,669
Payments to affiliates	1,908	716	234	-	2,858	5,727
Dues/subscriptions	600	225	73	-	898	2,562
Supplies	2,532	950	309	-	3,791	131,452
Utilities	5,639	2,660	1,048	-	9,347	23,058
Marketing materials and programs	2,853	10,875	16,800	-	30,528	127,189
Training	641	187	-	-	828	1,488
Insurance	3,373	1,262	412	-	5,047	11,308
Purchased services	6,544	2,456	17,802	-	26,802	68,110
Repairs and maintenance	19,937	7,482	2,442	-	29,861	59,959
Travel	233	1,312	695	-	2,240	3,413
Miscellaneous	18,307	769	252	-	19,328	22,420
Depreciation expense	4,607	1,728	564	-	6,899	13,825
Subtotal	67,174	30,622	40,631	-	138,427	470,511
United Way Worldwide dues	-	-	-	35,131	35,131	35,131
Total expenses	\$ 252,934	\$ 100,331	\$ 63,384	\$ 35,131	\$ 451,780	\$ 2,880,200

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

	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)
Subtotal	1,100,408	-	-	-	5,501	340,832	1,446,741
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
Subtotal	41,023	41,081	3,511	104,106	55,711	-	245,432
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
Subtotal	7,889	435,981	781	95,298	16,568	491	557,008
United Way Worldwide dues	-	-	-	-	-	-	-
Total expenses	\$ 1,149,320	\$ 477,062	\$ 4,292	\$ 199,404	\$ 77,780	\$ 341,323	\$ 2,249,181

(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)
Subtotal	-	-	-	-	-	1,446,741
Salaries	151,216	98,674	17,945	-	267,835	461,307
Fringe benefits	40,612	26,501	4,819	-	71,932	123,892
Subtotal	191,828	125,175	22,764	-	339,767	585,199
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
Subtotal	38,996	30,290	15,760	-	85,046	642,054
United Way Worldwide dues	-	-	-	37,904	37,904	37,904
Total expenses	\$ 230,824	\$ 155,465	\$ 38,524	\$ 37,904	\$ 462,717	\$ 2,711,898

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>	2022	2021
Operating Activities		
Change in net assets	\$ 2,430,746	\$ 16,024
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,825	12,935
Unrealized loss (gain) on investment securities, net	609,303	(394,141)
Changes in operating assets and liabilities:		
Decrease in contributions receivable, net	7,724	95,962
(Increase) decrease in prepaid expenses	(5,934)	5,123
Decrease in grant receivables	500	3,950
(Increase) decrease in other receivables	(33,048)	185,267
Increase (decrease) in accounts payable	23,265	(30,649)
Decrease in accrued expenses	(154)	(412)
(Decrease) increase in allocations/designations payable	(113,389)	229,598
(Decrease) increase in refundable advance	(121,525)	10,954
Decrease in deferred revenue	(13,000)	(2,750)
Net cash provided by operating activities	2,798,313	131,861
Investing Activities		
Purchase of property and equipment	(22,769)	(7,439)
Proceeds from redemption and sale of investment securities	426,725	797,218
Purchase of investment securities	(487,521)	(1,263,813)
Net cash used in investing activities	(83,565)	(474,034)
Net change in cash and cash equivalents	2,714,748	(342,173)
Cash and cash equivalents – beginning of year	440,726	782,899
Cash and cash equivalents – end of year	\$ 3,155,474	\$ 440,726

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

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 other revenue. As of June 30, 2022 and 2021, \$121,525 and \$110,571, respectively, of these loans have been recognized as revenue.

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

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.

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. 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 received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without 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, 2022 and 2021 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.
- ▶ **Disaster Response and Recovery Activities** — New in 2022 as a result of the tornadoes affecting the region during December 2021. Received additional funds specifically to address needs of the community impacted by the natural disaster.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of 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.

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, 2022 and 2021 advertising costs totaled \$56,652 and \$50,842, 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, 2022 and 2021.

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, 2022 and 2021, 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 17, 2022. 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.

<i>June 30,</i>	2022	2021
Total current assets, at year-end	\$ 6,623,316	\$ 4,426,318
Less non-financial assets		
Prepaid expenses	(19,162)	(13,224)
Financial assets, at year-end	6,604,154	4,413,094
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(3,598,115)	(756,660)
Board designations	(189,028)	(121,259)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,817,011	\$ 3,535,175

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>June 30, 2022</i>	Cost	Market Value	Net Unrealized Appreciation (Depreciation)
Cash management funds	\$ 299,587	\$ 299,587	\$ -
Mutual funds - equities	1,408,024	1,379,374	(28,650)
Mutual funds - bonds	1,031,805	942,583	(89,222)
Total investments	\$ 2,739,416	\$ 2,621,544	\$ (117,872)

<i>June 30, 2021</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
Total investments	\$ 2,678,625	\$ 3,170,056	\$ 491,431

Investment return is recapped as follows:

<i>For the years ended June 30,</i>	2022	2021
Investment return is summarized as follows:		
Dividend/Interest income	\$ 56,998	\$ 47,183
Net realized/unrealized gains	(351,466)	442,683
Investment return designated for current operations	\$ (294,468)	\$ 489,866

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>	2022	2021
Land	\$ 26,000	\$ 26,000
Buildings and improvements	351,690	348,881
Equipment	127,026	126,199
Total property and equipment	504,716	501,080
Less: accumulated depreciation	(311,012)	(316,321)
Property and equipment, net	\$ 193,704	\$ 184,759

Depreciation expense for the years ended June 30, 2022 and 2021 was \$13,825 and \$12,935, 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, 2022 and 2021, the Organization contributed \$27,026 and \$37,752 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, 2022 and 2021, the Organization made payments to these affiliated agencies of \$1,067,974 and \$1,100,408, 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>	2022	2021
Undesignated	\$ 1,879,071	\$ 2,479,074
Board designated:		
Endowments	189,028	121,259
Total net assets without donor restrictions	\$ 2,068,099	\$ 2,600,333

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2022	2021
Time restricted	\$ -	\$ 45,000
Purpose restricted		
Restricted for 2-1-1 Center	221,892	177,821
Restricted for kindergarten readiness	392,673	372,636
Restricted for Disaster Response and Recovery	2,825,668	-
Restricted H4H for DPIL	157,882	39,678
Total net assets with donor restrictions	\$ 3,598,115	\$ 635,135

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 were 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, 2022 and 2021, the Organization is pursuing other funding sources to increase the endowment fund. The fair market value of the endowment fund at June 30, 2022 and 2021 was \$189,028 and \$121,259, respectively.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. That policy attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the expressed purpose of the account is to meet core operating expenses so donors to the Organization can be confident that their contributions are being maximized.

Endowment assets are invested in a well-diversified asset mix, which includes equity mutual funds, fixed income funds, commodities and cash equivalents. Actual returns may vary year to year. Investment risk is measured in terms of the total endowment fund; investment assets and allocations between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy. The Organization's policy denotes that no expenditures will be made from the endowment account until the total value has reached specified thresholds.

For the years ended June 30, 2022 and 2021, 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>	2022	2021
Endowment fund, beginning balance	\$ 121,259	\$ 89,873
Investment income	4,172	1,772
Realized gain/loss on sale, net	5,901	4,508
Net appreciation (depreciation)	(42,304)	25,106
Total investment return	(32,231)	31,386
Contributions to endowment	100,000	-
Amounts appropriated for expenses	-	-
Endowment fund, ending balance	\$ 189,028	\$ 121,259

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, 2022 and 2021.

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, 2022, fair value measurements were as follows:

Fair Value Measurements at June 30, 2022 Using				
Description	Fair Value June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash management funds	\$ 299,587	\$ 299,587	\$ -	\$ -
Mutual funds - equities	1,379,374	1,379,374	-	-
Mutual funds - bonds	942,583	942,583	-	-
Investments at fair value	\$ 2,621,544	\$ 2,621,544	\$ -	\$ -

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	\$ -	\$ -

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, 2022, 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 Organization applied for forgiveness of \$121,525 of the debt and recorded the amount as PPP loan forgiveness income during 2022. On October 19, 2021, the Organization received notice that the \$121,525 and related interest had been forgiven.



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