

UNITED WAY OF KENTUCKY, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2010 and 2009

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4
Statements of cash flows	5
Notes to financial statements	6-11



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Kentucky, Inc.
Louisville, Kentucky

We have audited the accompanying statements of financial position of United Way of Kentucky, Inc. (a not-for-profit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Kentucky, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
May 16, 2011

UNITED WAY OF KENTUCKY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 306,850	\$ 409,475
Grants receivable	25,000	
Accounts receivable	36,099	2,187
Pledges receivable	643,058	716,285
Total current assets	<u>1,011,007</u>	<u>1,127,947</u>
 PROPERTY AND EQUIPMENT, at cost		
Equipment	48,155	48,155
Less accumulated depreciation	<u>46,561</u>	<u>45,667</u>
	1,594	2,488
 TOTAL ASSETS	 <u><u>\$ 1,012,601</u></u>	 <u><u>\$ 1,130,435</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,774	\$ 1,281
Agency payables	715,979	866,765
Deferred revenues		1,500
Total current liabilities	<u>718,753</u>	<u>869,546</u>
 NET ASSETS		
Unrestricted:		
Undesignated	248,103	258,401
Investment in fixed assets	<u>1,594</u>	<u>2,488</u>
	249,697	260,889
Temporarily restricted	<u>44,151</u>	
Total net assets	<u>293,848</u>	<u>260,889</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,012,601</u></u>	 <u><u>\$ 1,130,435</u></u>

See Notes to Financial Statements.

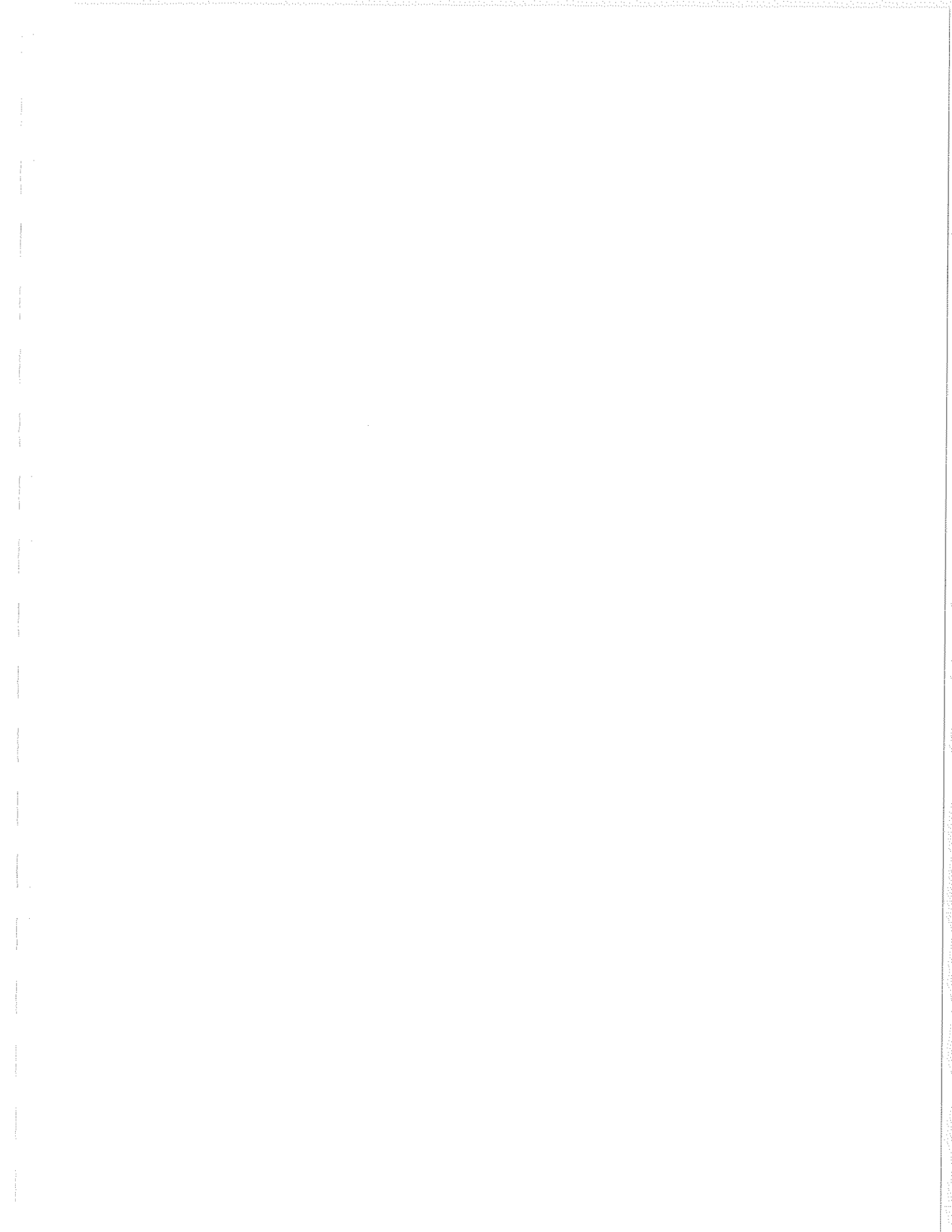
UNITED WAY OF KENTUCKY, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2010 and 2009

	2010			2009		
	Undesignated	Unrestricted Investment in Fixed Assets	Temporarily Restricted	Undesignated	Unrestricted Investment in Fixed Assets	Total
Revenues, gains and other support:						
Membership dues from Kentucky United Way agencies	\$ 147,081		50,000	\$ 153,601		\$ 153,601
Grant revenues						
Miscellaneous contributions	10,248			12,957		12,957
Administrative fees	67,727			67,886		67,886
KECC reimbursement	81,674			68,651		68,651
Interest income	3,287			7,309		7,309
Miscellaneous income	17,055			25,406		25,406
Total revenues, gains and other support	327,072		50,000	335,810		335,810
Net assets released from restrictions	5,849		(5,849)			
Total revenues, gains and other support	332,921		44,151	335,810		335,810
Expenses:						
Brand awareness	27,003	\$ 76		20,470	\$ 33	20,503
Training and networking	97,218	275		62,141	100	62,241
Leveraging resources	17,576	50		14,360	23	14,383
Statewide initiatives	31,855	73		66,503	54	66,557
Board development	10,370	29		7,136	12	7,148
KECC	132,927	316		134,371	189	134,560
Total program services	316,949	819		304,981	411	305,392
General and administrative	26,270	75		55,453	89	55,542
Total expenses	343,219	894		360,434	500	360,934
Net increase (decrease) in total net assets	(10,298)	(894)	44,151	(24,624)	(500)	(25,124)
Net assets, beginning of year	258,401	2,488		285,204	809	286,013
Transfer				(2,179)	2,179	
Net assets, end of year	\$ 248,103	\$ 1,594	\$ 44,151	\$ 258,401	\$ 2,488	\$ 260,889

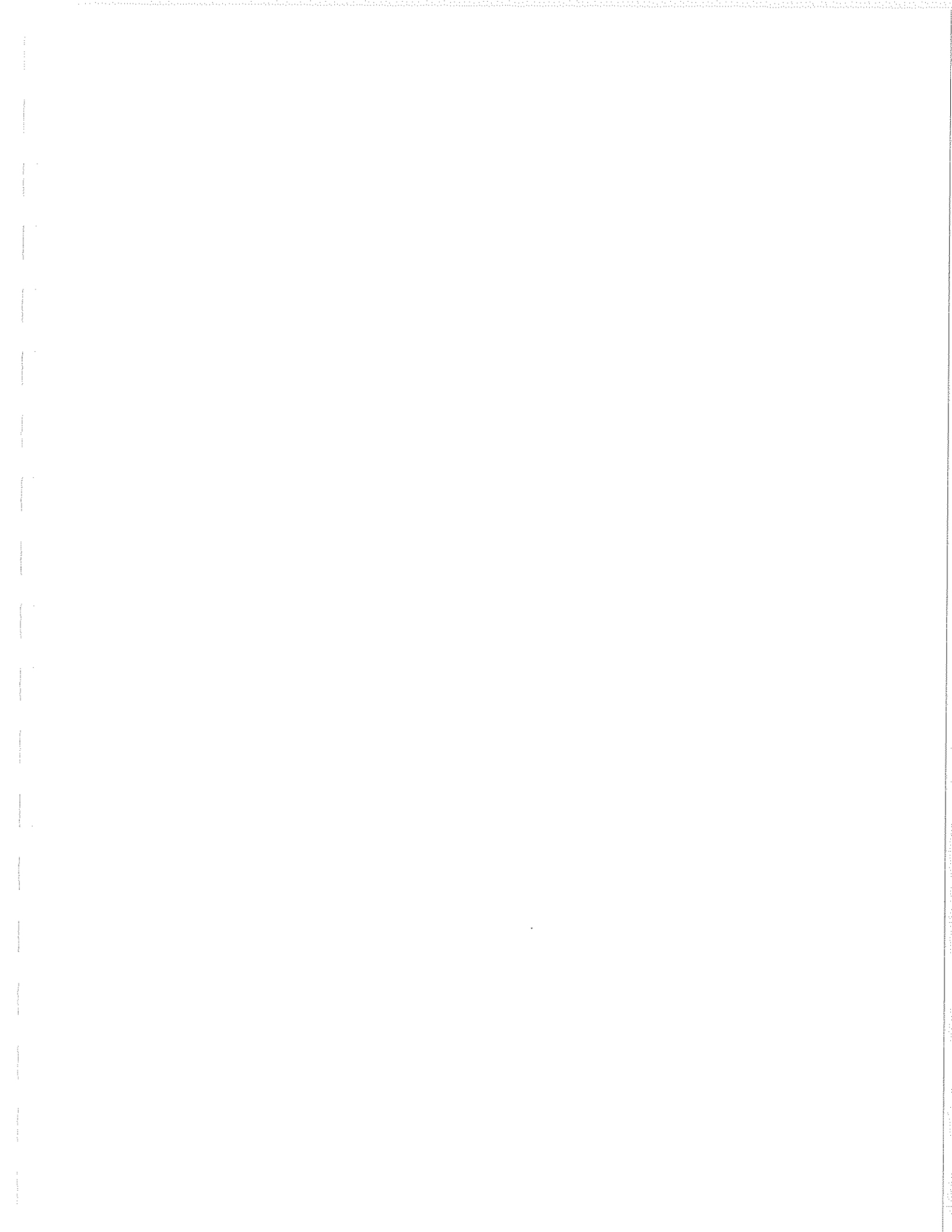
See Notes to Financial Statements.



2009

	Program Services					Support Services		Total Expenses
	Brand Awareness	Training and Networking	Leveraging Resources	Statewide Initiatives	Board Development	KECC	General and Administrative	
Salaries and benefits	\$ 12,640	\$ 38,379	\$ 8,867	\$ 20,492	\$ 4,405	\$ 72,487	\$ 34,242	\$ 191,512
Payroll taxes	895	2,717	628	1,451	312	5,132	2,425	13,560
Retirement plan	1,158	3,515	812	1,877	403	6,640	3,137	17,542
Total salaries and related expenses	14,693	44,611	10,307	23,820	5,120	84,259	39,804	222,614
Awards	1	3	1	1			2	8
Grants funded initiatives				33,310				33,310
Supplies	193	585	135	313	67		522	1,815
Copying and printing	368	1,116	258	597	128		996	3,463
Telephone	705	2,140	495	1,144	246		1,911	6,641
State meetings and training	1,147	3,480	805	1,861	401		3,107	10,801
Travel	281	852	197	456	98		761	2,645
Staff development	82	250	58	134	29		222	775
Occupancy	1,209	3,668	848	1,962	422		3,276	11,385
Professional fees	542	1,645	380	879	189		1,469	5,104
Insurance	189	574	133	306	66	1,083	509	2,860
Depreciation	33	100	23	54	12	189	89	500
Vehicle	705	2,140	495	1,144	246		1,911	6,641
KECC campaign expense						49,029		49,029
Payroll services	69	209	48	112	24		187	649
Postage	86	260	60	139	30		232	807
Dues and publications	40	123	28	66	14		110	381
Miscellaneous	160	485	112	259	56		434	1,506
Total expenses	\$ 20,503	\$ 62,241	\$ 14,383	\$ 66,557	\$ 7,148	\$ 134,560	\$ 55,542	\$ 360,934

See Notes to Financial Statements.



	<u>2010</u>	<u>2009</u>
RECONCILIATION OF NET INCREASE (DECREASE) IN TOTAL NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Net increase (decrease) in total net assets	\$ <u>32,959</u>	\$ <u>(25,124)</u>
Adjustments to reconcile net increase (decrease) in total net assets to net cash used in operating activities:		
Depreciation	894	500
Loss on disposal of property and equipment		708
In-kind donation of property and equipment		(1,295)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(25,000)	
Accounts receivable	(33,608)	36,794
Pledges receivable	73,227	10,345
Accrued interest receivable	(304)	1,159
Prepaid expenses		2,723
Increase (decrease) in:		
Accounts payable	1,493	(10,364)
Agency payables	(150,786)	(25,534)
Deferred revenues	<u>(1,500)</u>	<u>(1,710)</u>
Total adjustments	<u>(135,584)</u>	<u>13,326</u>
Net cash used in operating activities	<u>\$ (102,625)</u>	<u>\$ (11,798)</u>

UNITED WAY OF KENTUCKY, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations:

United Way of Kentucky, Inc., (the "Organization"), was established as a separate agency effective January 1, 1984, exclusively for charitable and educational purposes under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit organization. The specific and primary purpose of the Organization is to mobilize the strengths of collective United Way network to achieve lasting change in communities across the commonwealth. United Way of Kentucky provides training and technical assistance, creates networking opportunities for member local United Ways and advocates on behalf of the United Way communities. Contributions to the organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

Summary of significant accounting policies:

This summary of significant accounting policies of United Way of Kentucky, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

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.

NOTES TO FINANCIAL STATEMENTS

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

Cash and cash equivalents include checking and money market accounts. For purposes of the statement of cash flows, the Organization considers undesignated cash and investments with original maturities of three months or less, to be cash and cash equivalents.

Accounts Receivable:

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and equipment:

Property and equipment are stated at cost, or in the case of donated property and equipment, at fair value at the time received. The Organization's policy is to capitalize all expenditures greater than \$250. Maintenance and repairs are charged to expense as incurred. Upon the disposition of tangible assets, a gain or loss is recorded on the statement of activities and the respective asset cost and accumulated depreciation are eliminated from the statement of financial position. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets.

NOTES TO FINANCIAL STATEMENTS

Dues revenue:

Members' dues are recognized as income over the period to which the dues relate. Dues are charged to member local United Way organizations at the rate of .3% of the total annual campaign receipts of the respective chapter.

Donations other than cash:

Donations other than cash are recorded at their fair market value as of the date of donation. Donated services must meet the specific expertise requirements and would normally have been purchased before they are recorded. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as temporarily 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.

Advertising costs:

Advertising costs are expensed as incurred. No advertising costs were incurred for the year ended December 31, 2010 and 2009.

Compensated absences:

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Income taxes:

The Organization is exempt from federal, state and local income taxes as a not-for-profit corporation as described under Internal Revenue Code Section 501(c)(3). The Organization files an informational tax return in the U.S. federal jurisdiction and with the Kentucky Office of the Attorney General. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

NOTES TO FINANCIAL STATEMENTS

On January 1, 2009, the Organization adopted new guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions in an organization's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. The adoption of this guidance did not have an effect on the Organization's financial position and results of operations.

As of December 31, 2010 and 2009, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended. Tax years still open under federal and state statute of limitations remain subject to review and change.

Subsequent events:

Subsequent events have been evaluated through May 16, 2011, which is the date the financial statements were available to be issued.

Note 2. Accounts Receivable

Accounts Receivable consist of the following:

	<u>2010</u>	<u>2009</u>
Administrative fees – KECC	\$13,104	
Administrative fees – Enterprise	1,121	
KECC reimbursable expenses	20,558	
Membership dues	707	\$ 396
Other	<u>609</u>	<u>1,791</u>
	<u>\$36,099</u>	<u>\$2,187</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Pledges Receivable

Pledges receivable are comprised of amounts due to the Organization from the Kentucky Employees Charitable Campaign, Enterprise Rent-a-Car employee campaign and Kellogg Employees Charitable Campaign, net of estimated uncollectible pledges of \$40,218 and \$45,821 at December 31, 2010 and 2009, respectively. These campaigns are conducted annually to raise support for allocations to local United Way chapters throughout Kentucky and other 501(c)(3) organizations as may be designated by the donors. The Organization serves as the pass-through agent for processing these contributions and sending them on to the designated organizations. These contributions which have been designated by the donors are reported in the financial statements as agency liabilities until such time as the Organization issues payments to the designated organizations.

	<u>2010</u>	<u>2009</u>
Kentucky Employees Charitable Campaign:		
2008		\$ 115,947
2009	\$104,338	572,838
2010	<u>468,936</u>	
	573,274	<u>688,785</u>
Enterprise Rent-A-Car Campaign	45,037	27,500
Kellogg Employees Charitable Campaign	<u>24,747</u>	
	<u>\$643,058</u>	<u>\$716,285</u>

Note 4. Agency Payables

Agency payables represent amounts due to other charitable organizations as the result of the Enterprise and KECC campaigns. These amounts consist of the following:

	<u>2010</u>	<u>2009</u>
Enterprise campaign payables		
2008		\$ 8,660
2009	\$ 1,675	63,652
2010	68,652	
KECC campaign payables		
2008		4,982
2009	126,328	216,633
2010	468,936	572,838
Kellogg campaign payables		
2010	<u>50,388</u>	
	<u>\$715,979</u>	<u>\$866,765</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Changes in Temporarily Restricted Net Assets

Changes in the temporarily restricted net assets are as follows:

<u>Program</u>	<u>Balance</u> <u>12/31/09</u>	<u>Grants</u>	<u>Released</u>	<u>Balance</u> <u>12/31/10</u>
Ready by 21	_____	\$50,000	\$(5,849)	\$44,151
	_____	\$50,000	\$(5,849)	\$44,151

Note 6. Concentration of Credit Risk

The Organization maintains cash balances at a single financial institution located in Kentucky. Amounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. As of December 31, 2010, the Organization's uninsured cash balances total approximately \$170,000.

Note 7. Retirement Plan

The Organization has a SEP-IRA program that covers substantially all employees meeting age and service requirements. The Organization contribution is 10% of the employee's gross salary. During the years ended December 31, 2010 and 2009, total contributions were approximately \$18,300 and \$17,500, respectively.

Note 8. Operating Leases

The Organization leases office equipment, an automobile and office space under operating leases on a month-to-month basis and on terms exceeding one year. Minimum annual rentals under long-term operating leases are as follows:

Year ending December 31, 2011	\$ 3,740
2012	3,245
2013	541

Total lease expense for the years ended December 31, 2010 and 2009, was \$16,804 and \$17,777, respectively.