

**KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2012 and 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Kentucky Employees Charitable Campaign  
Louisville, Kentucky

We have audited the accompanying financial statements of Kentucky Employees Charitable Campaign (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Employees Charitable Campaign as of December 31, 2012 and 2011, in accordance with accounting principles generally accepted in the United States of America.

*Deming, Malone, Leisay & Ostroff*

Louisville, Kentucky  
July 18, 2013

**KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2012 and 2011

<b>ASSETS</b>	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 397,076	\$ 382,911
Expense reimbursement receivable	<u>34,088</u>	<u>16,436</u>
	431,164	399,347
Pledges receivable, gross	1,034,501	951,387
Less: allowance for uncollectible pledges	<u>(82,718)</u>	<u>(75,896)</u>
Pledges receivable, net	<u>951,783</u>	<u>875,491</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,382,947</u></u>	<u><u>\$ 1,274,838</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 42,400	\$ 11,670
Interest payable to United Way of Kentucky, Inc.	65	143
Agency liabilities:		
United Way of Kentucky, Inc.	599,304	547,449
Christian Appalachian Project	207,376	199,193
Community Health Charities	202,641	189,401
Easter Seals Kentucky	53,420	54,382
Prevent Child Abuse Kentucky	137,679	138,504
WHAS Crusade for Children	<u>140,062</u>	<u>134,096</u>
<b>TOTAL LIABILITIES</b>	1,382,947	1,274,838
<b>NET ASSETS</b>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,382,947</u></u>	<u><u>\$ 1,274,838</u></u>

See Notes to Financial Statements.

# KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN

## NOTES TO FINANCIAL STATEMENTS

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

#### Nature of operations:

Kentucky Employees Charitable Campaign (KECC) was established in 1993 as the charitable campaign for Kentucky state government employees. Through KECC, state employees are able to make contributions to six participating charitable federations or to designate contributions to other 501(c)(3) charities. KECC serves as the conduit agency for receiving the contributions from the state employees and paying them out to the designated federations or other charitable organizations as designated by the employees. United Way of Kentucky, Inc. serves as the administrator for KECC.

#### Summary of significant accounting policies:

This summary of significant accounting policies of Kentucky Employees Charitable Campaign 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 principals 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 in accordance with accounting principles generally accepted in the United States of America.

Effective January 1, 2000, KECC adopted FASB ASC 958, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others." KECC receives contributions as an agent for other organizations, and as such, KECC records no contribution revenues because it has no discretion in determining the parties to be benefited.

Amounts expended by KECC are not expenses of KECC, but are paid by KECC on behalf of the participating member federations and are reimbursed to KECC. Therefore, the only financial statement presented is the statement of financial position.

## 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and cash equivalents:

Cash and cash equivalents include checking and investment management accounts. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

### Pledges receivable:

An annual fundraising campaign is conducted to raise support for allocations to the six member charitable federations and other 501(c)(3) organizations as may be designated by donors. Pledges for contributions are recorded as received and allowances are provided for amounts estimated to be uncollectible. The provision for uncollectible pledges is based on management's judgment. The determination includes such factors as prior collection history, applied as a percentage to gross campaign revenues. The estimated amount of uncollectible pledges was 8% for both of the years ended December 31, 2012 and 2011. Contributions that have been designated by the donor are reported in the financial statements as agency liabilities.

### Expense reimbursements receivable:

By agreement of the participating charitable federations, the expenses of operating KECC are shared proportionately based on annual campaign revenues. These fees are reimbursed on a quarterly basis.

### Subsequent events:

Subsequent events have been evaluated through July 18, 2013, which is the date that the financial statements were available to be issued.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Pledges Receivable

Pledges are made by Kentucky state government employees in the fall of the campaign year and are collected through payroll deduction during the subsequent year, with final payments related to December payroll deductions received in January of the following year. Campaign pledges receivable at December 31, 2012 and 2011 related to the Fall 2012 and Fall 2011 campaigns, respectively, are as follows:

	<u>2012</u>	<u>2011</u>
2010 Campaign		\$ 1,542
2011 Campaign		949,845
2012 Campaign	<u>\$1,034,501</u>	<u>          </u>
Total gross pledges receivable	1,034,501	951,387
Less: allowance for uncollectible pledges	<u>(82,718)</u>	<u>(75,896)</u>
Total net pledges receivable	<u>\$ 951,783</u>	<u>\$875,491</u>

### Note 3. Expense Reimbursements

Expense reimbursements paid by the participating charitable federations for the years ended December 31, 2012 and 2011 were comprised of the following:

	2012		2011	
	Receivable	Expense	Receivable	Expense
Salaries	\$18,175	\$72,700	\$10,642	\$75,244
Travel	4,057	8,181	(67)	2,507
Office costs	2,728	6,716	930	6,572
Audit	1,300	5,200	798	5,160
Contract services	660	2,910	214	2,628
Brochure	1,578	15,078	1,704	16,138
Xerox	1,192	2,917	15	2,277
Supplies	264	827	70	499
Miscellaneous	733	808	21	1,643
Postage	(102)	160	116	280



## NOTES TO FINANCIAL STATEMENTS

	2012		2011	
	Receivable	Expense	Receivable	Expense
Poster			\$ 454	\$ 1,066
Pledge cards	\$ 2,570	\$ 8,945		
Promotional	(556)	194	496	1,627
Video	499	2,186	757	1,900
Website maintenance	156	156	88	156
Envelopes	115	490	(162)	464
Events expense	719	3,344	360	3,261
Total	<u>\$34,088</u>	<u>\$130,812</u>	<u>\$16,436</u>	<u>\$121,422</u>

### Note 4. Agency Payables

Agency payables consist of payments due to the six member federations based upon donor designations and administrative fees due to United Way of Kentucky. The following is a detail of amounts due to the member federations by campaign year:

	Balance Due on 2011 Campaign	2012 Campaign	Allowance for Uncollectible Pledges	Balance Due on 2012 Campaign	Agency Payables at 12/31/12
United Way of KY	\$ 80,562	\$ 555,932	\$(37,190)	\$ 518,742	\$ 599,304
Christian Appalachian Project	29,085	191,104	(12,813)	178,291	207,376
Community Health Charities	29,325	185,773	(12,457)	173,316	202,641
Easter Seals Kentucky	8,259	48,404	(3,243)	45,161	53,420
Prevent Child Abuse KY	21,044	125,014	(8,379)	116,635	137,679
WHAS Crusade for Children	19,661	129,037	(8,636)	120,401	140,062
Totals	<u>\$187,936</u>	<u>\$1,235,264</u>	<u>\$(82,718)</u>	<u>\$1,152,546</u>	<u>\$1,340,482</u>

	Balance Due on 2010 Campaign	2011 Campaign	Allowance for Uncollectible Pledges	Balance Due on 2011 Campaign	Agency Payables at 12/31/11
United Way of KY	\$ 80,978	\$ 499,850	\$(33,379)	\$ 466,471	\$ 547,449
Christian Appalachian Project	33,451	177,597	(11,855)	165,742	199,193
Community Health Charities	32,784	167,819	(11,202)	156,617	189,401
Easter Seals Kentucky	8,866	48,772	(3,256)	45,516	54,382
Prevent Child Abuse KY	24,424	122,239	(8,159)	114,080	138,504
WHAS Crusade for Children	21,595	120,546	(8,045)	112,501	134,096
Totals	<u>\$202,098</u>	<u>\$1,136,823</u>	<u>\$(75,896)</u>	<u>\$1,060,927</u>	<u>\$1,263,025</u>

## NOTES TO FINANCIAL STATEMENTS

**Note 5. 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 up to a maximum of \$250,000. At December 31, 2012, the Organization's uninsured cash balances total approximately \$147,000.