

**KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2014 and 2013**

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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 statements of financial position as of December 31, 2014 and 2013, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Employees Charitable Campaign as of December 31, 2014 and 2013, in accordance with accounting principles generally accepted in the United States of America.

*Deming, Malone, Linsay & Petroff*

Louisville, Kentucky  
May 22, 2015

**KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2014 and 2013

<b>Assets</b>	<u>2014</u>	<u>2013</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 409,305	\$ 454,200
Expense reimbursement receivable	32,749	38,655
	<u>442,054</u>	<u>492,855</u>
Pledges receivable, gross	979,540	932,214
Less: allowance for uncollectible pledges	<u>(77,978)</u>	<u>(74,438)</u>
Pledges receivable, net	<u>901,562</u>	<u>857,776</u>
<b>Total assets</b>	<u><u>\$ 1,343,616</u></u>	<u><u>\$ 1,350,631</u></u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 9,812	\$ 37,886
Interest payable to United Way of Kentucky, Inc.	33	8
Agency liabilities:		
United Way of Kentucky, Inc.	526,065	554,619
Christian Appalachian Project	191,154	191,923
Community Health Charities	181,592	189,041
Easter Seals Kentucky	56,435	54,952
Prevent Child Abuse Kentucky	123,727	133,852
WHAS Crusade for Children	104,266	127,295
March of Dimes	49,807	61,055
Kosair Chairities	<u>100,725</u>	<u>          </u>
<b>Total liabilities</b>	1,343,616	1,350,631
<b>Net Assets</b>	<u>          </u>	<u>          </u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,343,616</u></u>	<u><u>\$ 1,350,631</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 participating charitable federations or to designate contributions to other 501(c)(3) charities. For the years ended December 31, 2014 and 2013, there were eight and seven charitable federation members, respectively. 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 charitable 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 eight 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, 2014 and 2013. 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 May 22, 2015, 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 deductions 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, 2014 and 2013 related to the Fall 2014 and Fall 2013 campaigns, respectively, are as follows:

	<u>2014</u>	<u>2013</u>
2013 Campaign		\$932,214
2014 Campaign	<u>\$979,540</u>	<u>          </u>
Total pledges receivable, gross	979,540	932,214
Less: allowance for uncollectible pledges	<u>(77,978)</u>	<u>(74,438)</u>
Total pledges receivable, net	<u>\$901,562</u>	<u>\$857,776</u>



## NOTES TO FINANCIAL STATEMENTS

### Note 3. Expense Reimbursements

Expense reimbursements paid by the participating charitable federations for the years ended December 31, 2014 and 2013 were comprised of the following:

	2014		2013	
	Receivable	Expense	Receivable	Expense
Salaries	\$18,500	\$ 74,000	\$18,415	\$ 73,660
Travel	95	6,395	972	8,397
Office costs	1,800	7,200	1,802	7,208
Audit	1,388	5,550	1,350	5,400
Contract services	1,327	6,209	782	6,923
Brochure	3,908	16,658	2,447	14,447
Xerox	365	2,090	473	2,348
Supplies	236	911	752	1,315
Miscellaneous	(814)	124	3,083	3,458
Postage	290	440	59	209
Poster	119	512	(64)	686
Pledge cards	1,273	8,023	3,640	10,765
Promotional	(114)	636	(424)	326
Video	549	2,198	450	2,138
Training	1,569	7,044	3,968	6,263
Website maintenance	59	209	44	194
Envelopes	117	342	120	682
Bank fees	576	1,851		
Events expense	1,506	4,656	786	4,161
Total	<u>\$32,749</u>	<u>\$145,048</u>	<u>\$38,655</u>	<u>\$148,580</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Agency Payables

Agency payables consist of payments due to the participating charitable 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 2013 <u>Campaign</u>	2014 <u>Campaign</u>	Allowance for Uncollectible Pledges	Balance Due on 2014 <u>Campaign</u>	Agency Payables at 12/31/14
United Way of KY	\$ 78,315	\$ 478,334	\$(30,584)	\$ 447,750	\$ 526,065
Christian Appalachian Project	30,399	172,060	(11,305)	160,755	191,154
Community Health Charities	30,734	161,339	(10,481)	150,858	181,592
Easter Seals Kentucky	8,980	50,803	(3,348)	47,455	56,435
Prevent Child Abuse KY	21,803	108,983	(7,059)	101,924	123,727
WHAS Crusade for Children	19,432	90,600	(5,766)	84,834	104,266
March of Dimes	9,506	42,868	(2,567)	40,301	49,807
Kosair Chairities	<u>          </u>	<u>107,593</u>	<u>(6,868)</u>	<u>100,725</u>	<u>100,725</u>
Totals	<u>\$199,169</u>	<u>\$1,212,580</u>	<u>\$(77,978)</u>	<u>\$1,134,602</u>	<u>\$1,333,771</u>

	Balance Due on 2012 <u>Campaign</u>	2013 <u>Campaign</u>	Allowance for Uncollectible Pledges	Balance Due on 2013 <u>Campaign</u>	Agency Payables at 12/31/13
United Way of KY	\$ 93,422	\$ 492,596	\$(31,399)	\$ 461,197	\$ 554,619
Christian Appalachian Project	35,763	166,987	(10,827)	156,160	191,923
Community Health Charities	33,598	166,390	(10,947)	155,443	189,041
Easter Seals Kentucky	9,288	48,862	(3,198)	45,664	54,952
Prevent Child Abuse KY	23,428	118,190	(7,766)	110,424	133,852
WHAS Crusade for Children	25,062	109,155	(6,922)	102,233	127,295
March of Dimes	<u>          </u>	<u>64,434</u>	<u>(3,379)</u>	<u>61,055</u>	<u>61,055</u>
Totals	<u>\$220,561</u>	<u>\$1,166,614</u>	<u>\$(74,438)</u>	<u>\$1,092,176</u>	<u>\$1,312,737</u>

### 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, 2014, the Organization's uninsured cash balances total approximately \$159,000.