

**UNITED WAY OF KENTUCKY, INC.**

**FINANCIAL STATEMENTS**

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

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of United Way of Kentucky, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 United Way of Kentucky, Inc. as of December 31, 2014 and 2013, 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.

*Deming, Malone, Lussary & Ostroff*

Louisville, Kentucky  
May 22, 2015

**UNITED WAY OF KENTUCKY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2014 and 2013

| Assets  | <u>2014</u>         | <u>2013</u>         |
|---|---------------------|---------------------|
| <b>Current Assets</b>                           |                     |                     |
| Cash and cash equivalents                       | \$ 556,125          | \$ 553,083          |
| Accounts receivable                             | 40,010              | 52,892              |
| Pledges receivable                              | <u>646,403</u>      | <u>657,492</u>      |
| <b>Total current assets</b>                     | <u>1,242,538</u>    | <u>1,263,467</u>    |
| <b>Property and Equipment</b>                   |                     |                     |
| Equipment                                       | 44,721              | 42,918              |
| Less accumulated depreciation                   | <u>20,945</u>       | <u>15,403</u>       |
|   | <u>23,776</u>       | <u>27,515</u>       |
| <b>Total assets</b>                             | <u>\$ 1,266,314</u> | <u>\$ 1,290,982</u> |
| <b>Liabilities and Net Assets</b>               |                     |                     |
| <b>Current Liabilities</b>                      |                     |                     |
| Current maturities of note payable              | \$ 4,089            | \$ 4,089            |
| Accounts payable                                | 14,732              | 26,999              |
| Agency payables                                 | <u>808,410</u>      | <u>856,764</u>      |
| <b>Total current liabilities</b>                | <u>827,231</u>      | <u>887,852</u>      |
| Long-Term Note Payable, less current maturities | <u>9,542</u>        | <u>13,631</u>       |
| <b>Total liabilities</b>                        | <u>836,773</u>      | <u>901,483</u>      |
| <b>Net Assets</b>                               |                     |                     |
| Undesignated                                    | 187,114             | 197,602             |
| Unrestricted investment in fixed assets         | <u>23,776</u>       | <u>27,515</u>       |
|   | 210,890             | 225,117             |
| Temporarily restricted                          | <u>218,651</u>      | <u>164,382</u>      |
| <b>Total net assets</b>                         | <u>429,541</u>      | <u>389,499</u>      |
| <b>Total liabilities and net assets</b>         | <u>\$ 1,266,314</u> | <u>\$ 1,290,982</u> |

See Notes to Financial Statements.

UNITED WAY OF KENTUCKY, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2014 and 2013

|  | 2014              |   |                        | 2013              |                   |   |                        |       |
|--|-------------------|---|------------------------|-------------------|-------------------|---|------------------------|-------|
|  | Undesignated      | Unrestricted Investment in Fixed Assets | Temporarily Restricted | Total             | Undesignated      | Unrestricted Investment in Fixed Assets | Temporarily Restricted | Total |
| <b>Revenues, Gains and Other Support</b>           |                   |   |                        |                   |                   |   |                        |       |
| Membership dues from Kentucky United Way agencies  | \$ 142,688        |   | \$ 199,000             | \$ 142,688        | \$ 139,842        | \$ 239,500                              | \$ 139,842             |       |
| Grant revenues                                     |                   |   |                        | 199,000           |                   | 10,000                                  | 239,500                |       |
| Contributions                                      | 18,899            |   |                        | 18,899            | 14,673            |   | 24,673                 |       |
| Administrative fees                                | 60,936            |   |                        | 60,936            | 65,323            |   | 65,323                 |       |
| KECC reimbursement                                 | 81,200            |   |                        | 81,200            | 80,868            |   | 80,868                 |       |
| Other reimbursement                                | 12,767            |   |                        | 12,767            | 18,368            |   | 18,368                 |       |
| Interest income                                    | 677               |   |                        | 677               | 802               |   | 802                    |       |
| Miscellaneous income                               | 37,381            |   |                        | 37,381            | 33,362            |   | 33,362                 |       |
| <b>Total revenues, gains and other support</b>     | <u>354,548</u>    |   | <u>199,000</u>         | <u>553,548</u>    | <u>353,238</u>    | <u>249,500</u>                          | <u>602,738</u>         |       |
| Net assets released from restrictions              | <u>144,731</u>    |   | <u>(144,731)</u>       |                   | <u>138,099</u>    | <u>(138,099)</u>                        |                        |       |
| <b>Total revenues, gains and other support</b>     | <u>499,279</u>    |   | <u>54,269</u>          | <u>553,548</u>    | <u>491,337</u>    | <u>111,401</u>                          | <u>602,738</u>         |       |
| <b>Expenses</b>                                    |                   |   |                        |                   |                   |   |                        |       |
| Brand awareness                                    | 19,600            | \$ 388                                  |                        | 19,988            | 24,475            | \$ 349                                  | 24,824                 |       |
| Training and networking                            | 50,535            | 999                                     |                        | 51,534            | 44,747            | 639                                     | 45,386                 |       |
| Leveraging resources                               | 22,844            | 452                                     |                        | 23,296            | 33,734            | 481                                     | 34,215                 |       |
| Statewide initiatives                              | 210,752           | 1,306                                   |                        | 212,058           | 222,776           | 1,350                                   | 224,126                |       |
| Board development                                  | 15,245            | 301                                     |                        | 15,546            | 8,769             | 125                                     | 8,894                  |       |
| Public policy                                      | 16,557            | 328                                     |                        | 16,885            |                   |   |                        |       |
| KECC   | 137,330           | 2,534                                   |                        | 139,864           | 138,052           | 1,635                                   | 139,687                |       |
| <b>Total program services</b>                      | <u>472,863</u>    | <u>6,308</u>                            |                        | <u>479,171</u>    | <u>472,553</u>    | <u>4,579</u>                            | <u>477,132</u>         |       |
| General and administrative                         | 33,806            | 529                                     |                        | 34,335            | 34,023            | 405                                     | 34,428                 |       |
| <b>Total expenses</b>                              | <u>506,669</u>    | <u>6,837</u>                            |                        | <u>513,506</u>    | <u>506,576</u>    | <u>4,984</u>                            | <u>511,560</u>         |       |
| <b>Net (decrease) increase in total net assets</b> | <u>(7,390)</u>    | <u>(6,837)</u>                          | <u>54,269</u>          | <u>40,042</u>     | <u>(15,239)</u>   | <u>111,401</u>                          | <u>91,178</u>          |       |
| Net assets, beginning of year                      | 197,602           | 27,515                                  | 164,382                | 389,499           | 244,330           | 1,010                                   | 298,321                |       |
| Transfer   | <u>(3,098)</u>    | <u>3,098</u>                            |                        |                   | <u>(31,489)</u>   | <u>31,489</u>                           |                        |       |
| <b>Net assets, end of year</b>                     | <u>\$ 187,114</u> | <u>\$ 23,776</u>                        | <u>\$ 218,651</u>      | <u>\$ 429,541</u> | <u>\$ 197,602</u> | <u>\$ 27,515</u>                        | <u>\$ 389,499</u>      |       |

See Notes to Financial Statements.

UNITED WAY OF KENTUCKY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2014 and 2013

2014

|  | Program Services |                         |                      |                       |                   |                  | Support Services  |                   | Total Expenses   |                            |
|--|------------------|-------------------------|----------------------|-----------------------|-------------------|------------------|-------------------|-------------------|------------------|----------------------------|
|  | Brand Awareness  | Training and Networking | Leveraging Resources | Statewide Initiatives | Board Development | Public Policy    | KECC              | Program Services  |                  | General and Administrative |
| Salaries and benefits                      | \$ 10,661        | \$ 27,488               | \$ 12,428            | \$ 35,911             | \$ 8,292          | \$ 9,006         | \$ 69,698         | \$ 173,484        | \$ 14,534        | \$ 188,018                 |
| Payroll taxes                              | 789              | 2,033                   | 919                  | 2,656                 | 613               | 666              | 5,155             | 12,831            | 1,076            | 13,907                     |
| Retirement plan                            | 881              | 2,273                   | 1,027                | 2,969                 | 685               | 745              | 5,762             | 14,342            | 1,202            | 15,544                     |
| <b>Total salaries and related expenses</b> | <b>12,331</b>    | <b>31,794</b>           | <b>14,374</b>        | <b>41,536</b>         | <b>9,590</b>      | <b>10,417</b>    | <b>80,615</b>     | <b>200,657</b>    | <b>16,812</b>    | <b>217,469</b>             |
| Grant funded initiatives                   |                  |                         |                      | 144,731               |                   |                  |                   | 144,731           |                  | 144,731                    |
| Supplies                                   | 933              | 2,405                   | 1,087                | 3,142                 | 726               | 788              |                   | 9,081             | 1,271            | 10,352                     |
| Advertising                                | 43               | 112                     | 51                   | 146                   | 34                | 36               |                   | 422               | 60               | 482                        |
| Copying and printing                       | 42               | 109                     | 49                   | 142                   | 33                | 35               |                   | 410               | 58               | 468                        |
| Telephone                                  | 690              | 1,779                   | 804                  | 2,325                 | 537               | 583              |                   | 6,718             | 942              | 7,660                      |
| State meetings and training                | 1,578            | 4,069                   | 1,839                | 5,315                 | 1,228             | 1,333            |                   | 15,362            | 2,152            | 17,514                     |
| Travel                                     | 695              | 1,791                   | 809                  | 2,340                 | 540               | 587              |                   | 6,762             | 947              | 7,709                      |
| Staff development                          | 198              | 510                     | 230                  | 666                   | 154               | 167              |                   | 1,925             | 270              | 2,195                      |
| Occupancy                                  | 1,189            | 3,066                   | 1,386                | 4,006                 | 925               | 1,005            |                   | 11,577            | 1,623            | 13,200                     |
| Professional fees                          |                  |                         |                      |                       |                   |                  |                   |                   | 7,075            | 7,075                      |
| Insurance                                  | 209              | 538                     | 243                  | 703                   | 162               | 177              | 1,365             | 3,397             | 286              | 3,683                      |
| Depreciation                               | 388              | 999                     | 452                  | 1,306                 | 301               | 328              | 2,534             | 6,308             | 529              | 6,837                      |
| Vehicle                                    | 674              | 1,739                   | 786                  | 2,272                 | 525               | 569              |                   | 6,565             | 921              | 7,486                      |
| KECC campaign expense                      |                  |                         |                      |                       |                   |                  | 55,350            | 55,350            |                  | 55,350                     |
| Payroll services                           | 109              | 281                     | 127                  | 367                   | 85                | 92               |                   | 1,061             | 148              | 1,209                      |
| Postage                                    | 24               | 61                      | 28                   | 80                    | 18                | 20               |                   | 231               | 31               | 262                        |
| Dues and publications                      | 52               | 133                     | 60                   | 174                   | 40                | 44               |                   | 503               | 71               | 574                        |
| Miscellaneous                              | 833              | 2,148                   | 971                  | 2,807                 | 648               | 704              |                   | 8,111             | 1,139            | 9,250                      |
| <b>Total expenses</b>                      | <b>\$ 19,988</b> | <b>\$ 51,534</b>        | <b>\$ 23,296</b>     | <b>\$ 212,058</b>     | <b>\$ 15,546</b>  | <b>\$ 16,885</b> | <b>\$ 139,864</b> | <b>\$ 479,171</b> | <b>\$ 34,335</b> | <b>\$ 513,506</b>          |

2013

|  | Program Services        |                      |                       |                   |          | Support Services |                            | Total Expenses |
|--|-------------------------|----------------------|-----------------------|-------------------|----------|------------------|----------------------------|----------------|
|  | Training and Networking | Leveraging Resources | Statewide Initiatives | Board Development | KECC     | Program Services | General and Administrative |                |
| Salaries and benefits                      | \$ 14,206               | \$ 25,997            | \$ 19,584             | \$ 54,977         | \$ 5,094 | \$ 66,565        | \$ 186,423                 | \$ 202,941     |
| Payroll taxes                              | 1,007                   | 1,842                | 1,388                 | 3,896             | 361      | 4,717            | 13,211                     | 14,380         |
| Retirement plan                            | 1,311                   | 2,399                | 1,807                 | 5,073             | 470      | 6,142            | 17,202                     | 18,725         |
| <b>Total salaries and related expenses</b> | 16,524                  | 30,238               | 22,779                | 63,946            | 5,925    | 77,424           | 216,836                    | 236,046        |
| Grant funded initiatives                   | 1,180                   | 2,153                | 1,626                 | 4,561             | 422      | 128,099          | 128,099                    | 128,099        |
| Supplies                                   | 30                      | 54                   | 41                    | 115               | 11       | 251              | 9,942                      | 11,316         |
| Copying and printing                       | 626                     | 1,143                | 863                   | 2,421             | 224      | 5,277            | 285                        | 285            |
| Telephone                                  | 1,787                   | 3,261                | 2,463                 | 6,908             | 639      | 15,058           | 729                        | 6,006          |
| State meetings and training                | 715                     | 1,304                | 985                   | 2,762             | 256      | 6,022            | 830                        | 17,137         |
| Travel                                     | 403                     | 736                  | 555                   | 1,558             | 144      | 3,396            | 469                        | 3,865          |
| Staff development                          | 1,282                   | 2,339                | 1,766                 | 4,955             | 458      | 10,800           | 1,492                      | 12,292         |
| Occupancy                                  | 254                     | 465                  | 350                   | 983               | 91       | 1,190            | 5,565                      | 5,565          |
| Professional fees                          | 349                     | 639                  | 481                   | 1,350             | 125      | 3,333            | 295                        | 3,628          |
| Insurance                                  | 447                     | 816                  | 616                   | 1,728             | 160      | 4,579            | 405                        | 4,984          |
| Depreciation                               | 94                      | 171                  | 129                   | 362               | 34       | 3,767            | 520                        | 4,287          |
| Vehicle                                    | 8                       | 14                   | 11                    | 30                | 3        | 59,438           | 109                        | 59,438         |
| KECC campaign expense                      | 87                      | 158                  | 119                   | 335               | 31       | 790              | 9                          | 899            |
| Payroll services                           | 1,038                   | 1,895                | 1,431                 | 4,013             | 371      | 66               | 100                        | 75             |
| Postage                                    |                         |                      |                       |                   |          | 730              |                            | 830            |
| Dues and publications                      |                         |                      |                       |                   |          | 8,748            |                            | 9,956          |
| Miscellaneous                              |                         |                      |                       |                   |          |                  |                            |                |
| <b>Total expenses</b>                      | \$ 24,824               | \$ 45,386            | \$ 34,215             | \$ 224,126        | \$ 8,894 | \$ 139,687       | \$ 477,132                 | \$ 511,560     |

See Notes to Financial Statements.



UNITED WAY OF KENTUCKY, INC.

STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2014 and 2013

|   | <u>2014</u>       | <u>2013</u>       |
|---|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>         |                   |                   |
| Cash received from membership dues                  | \$ 126,460        | \$ 135,415        |
| Cash received from contributions and grants         | 217,899           | 264,173           |
| Cash received from administrative fees              | 62,745            | 65,233            |
| Cash received from other activities                 | 44,490            | 30,296            |
| Cash received from expense reimbursements           | 114,184           | 99,607            |
| Cash paid to suppliers and employees                | (518,936)         | (495,526)         |
| Cash received on behalf of designated beneficiaries | 585,611           | 631,024           |
| Cash paid to designated beneficiaries               | (622,876)         | (584,512)         |
| Interest received                                   | <u>652</u>        | <u>859</u>        |
| <b>Net cash provided by operating activities</b>    | <u>10,229</u>     | <u>146,569</u>    |
| <b>Cash Flows from Investing Activities</b>         |                   |                   |
| Expenditures for property and equipment             | <u>(3,098)</u>    | <u>(11,043)</u>   |
| <b>Net cash used in investing activities</b>        | <u>(3,098)</u>    | <u>(11,043)</u>   |
| <b>Cash Flows from Financing Activities</b>         |                   |                   |
| Payments on note payable                            | <u>(4,089)</u>    | <u>(2,726)</u>    |
| <b>Net cash used in financing activities</b>        | <u>(4,089)</u>    | <u>(2,726)</u>    |
| <b>Net increase in cash</b>                         | 3,042             | 132,800           |
| Cash at beginning of year                           | <u>553,083</u>    | <u>420,283</u>    |
| Cash at end of year                                 | <u>\$ 556,125</u> | <u>\$ 553,083</u> |

See Notes to Financial Statements.

|  | <u>2014</u>             | <u>2013</u>              |
|--|-------------------------|--------------------------|
| <b>Reconciliation of Net Increase in Total Net Assets<br/>to Net Cash Provided by Operating Activities</b> |                         |                          |
| <b>Net increase in total net assets</b>  | <b>\$ 40,042</b>        | <b>\$ 91,178</b>         |
| Adjustments to reconcile net increase in total net<br>assets to net cash provided by operating activities: |                         |                          |
| Depreciation   | 6,837                   | 4,984                    |
| Changes in assets and liabilities:   |                         |                          |
| (Increase) decrease in:  |                         |                          |
| Accounts receivable  | 12,907                  | (7,212)                  |
| Pledges receivable   | 11,089                  | 61,117                   |
| Accrued interest receivable  | (25)                    | 57                       |
| Increase (decrease) in:  |                         |                          |
| Accounts payable   | (12,267)                | 11,050                   |
| Agency payables  | <u>(48,354)</u>         | <u>(14,605)</u>          |
| Total adjustments  | <u>(29,813)</u>         | <u>55,391</u>            |
| <b>Net cash provided by operating activities</b>   | <b><u>\$ 10,229</u></b> | <b><u>\$ 146,569</u></b> |
| <b>Supplemental Schedule of Non-Cash Investing and<br/>Financing Activities</b>                            |                         |                          |
| Note payable obligation for vehicle purchase   |                         | <u>\$ 20,446</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 the collective United Way network to achieve lasting change in communities across the commonwealth. United Way of Kentucky, Inc. 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.

**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.

## NOTES TO FINANCIAL STATEMENTS

### **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. 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.

### **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.

## NOTES TO FINANCIAL STATEMENTS

### Advertising costs:

Advertising costs are expensed as incurred. For the year ended December 31, 2014 advertising costs of \$482 were incurred. There were no advertising costs incurred for the year ended December 31, 2013.

### 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.

As of December 31, 2014 and 2013, 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 ending on or after December 31, 2011, remain subject to IRS review and change. Tax years still open under state statute of limitations remain subject to review and change.

### Subsequent events:

Subsequent events have been evaluated through May 22, 2015, which is the date the financial statements were available to be issued.

### Newly issued standard not yet effective:

The Financial Accounting Standards Board has issued accounting standard No. 2014-09, Revenue from Contracts with Customers, concerning the accounting for revenue recognition. The standard is effective for years beginning after December 15, 2017. The Company is evaluating the impact that adoption of the standard will have on future financial position and results of operations.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Accounts Receivable

Accounts receivable consist of the following:

|                            | <u>2014</u>     | <u>2013</u>     |
|----------------------------|-----------------|-----------------|
| Administrative fees – KECC | \$ 9,812        | \$11,621        |
| KECC reimbursable expenses |                 | 20,217          |
| KECC mileage reimbursement |                 | 5,953           |
| Membership dues            | 21,518          | 5,290           |
| Other                      | <u>8,680</u>    | <u>9,811</u>    |
|                            | <u>\$40,010</u> | <u>\$52,892</u> |

### Note 3. Pledges Receivable

Pledges receivable are comprised of amounts due to the Organization from the Kentucky Employees Charitable Campaign and Enterprise Rent-a-Car Employee Campaign, net of estimated uncollectible pledges of \$36,461 and \$37,236 at December 31, 2014 and 2013, 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>2014</u>      | <u>2013</u>      |
|---|------------------|------------------|
| Kentucky Employees Charitable Campaign: |                  |                  |
| 2012                                    |                  | \$ 93,422        |
| 2013                                    | \$ 78,315        | 461,197          |
| 2014                                    | <u>447,750</u>   |                  |
|   | 526,065          | 554,619          |
| Enterprise Rent-A-Car Employee Campaign | <u>120,338</u>   | <u>102,873</u>   |
|   | <u>\$646,403</u> | <u>\$657,492</u> |

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Agency Payables

Agency payables represent amounts due to other charitable organizations as the result of the KECC and Enterprise campaigns, as well as the Southeast Regional Conference of United Ways (Conference). The Organization is serving as the fiscal agent for the Conference, and provides regular financial statements and maintains the bank accounts for the Conference. These amounts consist of the following:

|                                       | <u>2014</u>      | <u>2013</u>      |
|---------------------------------------|------------------|------------------|
| KECC campaign payables                |                  |                  |
| 2012                                  |                  | \$209,881        |
| 2013                                  | \$173,678        | 461,197          |
| 2014                                  | 447,750          |                  |
| Enterprise campaign payables          |                  |                  |
| 2012                                  |                  | 24,499           |
| 2013                                  | 33,503           | 103,606          |
| 2014                                  | 120,895          |                  |
| Southeast Regional Conference payable | <u>32,584</u>    | <u>57,581</u>    |
|                                       | <u>\$808,410</u> | <u>\$856,764</u> |

### Note 5. Changes in Temporarily Restricted Net Assets

Changes in temporarily restricted net assets are as follows:

| <u>Programs</u>  | <u>Balance</u><br><u>12/31/12</u> | <u>Contributions</u><br><u>/Grants</u> | <u>Released</u>    | <u>Balance</u><br><u>12/31/13</u> | <u>Contributions</u><br><u>/Grants</u> | <u>Released</u>    | <u>Balance</u><br><u>12/31/14</u> |
|------------------|-----------------------------------|--|--------------------|-----------------------------------|--|--------------------|-----------------------------------|
| Vehicle purchase |                                   | \$ 10,000                              | \$ (10,000)        |                                   |  |                    |                                   |
| Born Learning    | <u>\$52,981</u>                   | <u>239,500</u>                         | <u>(128,099)</u>   | <u>\$164,382</u>                  | <u>\$199,000</u>                       | <u>\$(144,731)</u> | <u>\$218,651</u>                  |
| Total            | <u>\$52,981</u>                   | <u>\$249,500</u>                       | <u>\$(138,099)</u> | <u>\$164,382</u>                  | <u>\$199,000</u>                       | <u>\$(144,731)</u> | <u>\$218,651</u>                  |

## NOTES TO FINANCIAL STATEMENTS

**Note 6. Note Payable**

Note payable consisted of the following at December 31, 2014:

|   |                 |
|---|-----------------|
| Note payable to Toyota Financial Services,<br>with sixty monthly payments of \$341, at zero<br>percent interest and collateralized by a vehicle<br>with a net book value of \$19,790. Matures April 2018. | \$13,631        |
| Less current maturities   | <u>4,089</u>    |
|   | <u>\$ 9,542</u> |

The future annual note payments are as follows:

|                               |                 |
|-------------------------------|-----------------|
| Year ending December 31, 2015 | \$ 4,089        |
| 2016                          | 4,089           |
| 2017                          | 4,089           |
| 2018                          | <u>1,364</u>    |
|                               | <u>\$13,631</u> |

**Note 7. 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, 2014, the Organization's uninsured cash balances total approximately \$309,000.

**Note 8. Retirement Plan**

The Organization has a SEP-IRA program that covers substantially all employees meeting age and service requirements. The Organization's contribution is 10% of the employee's gross salary. During the years ended December 31, 2014 and 2013, total contributions were approximately \$15,500 and \$18,700, respectively.



## NOTES TO FINANCIAL STATEMENTS

### Note 9. Operating Leases

The Organization leases office equipment 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, 2015 | \$1,485 |
|-------------------------------|---------|

Total lease expense for the years ended December 31, 2014 and 2013, was \$15,180 and \$14,813, respectively.