UNITED WAY OF NORTHEAST KENTUCKY, INC.

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Northeast Kentucky, Inc.
Ashland, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Northeast Kentucky, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

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 audit to obtain reasonable assurance about whether the financial statements are free from 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 the United Way of Northeast Kentucky, Inc. as of December 31, 2018 and 2017, 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.

Kelley Galloway Smith Goolsby, PSC
Ashland, Kentucky
May 30, 2019

UNITED WAY OF NORTHEAST KENTUCKY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash	$ 635,457	$ 429,157
Certificates of deposit	309,185	542,189
Accrued interest receivable	3,131	1,622
Pledges receivable, net of allowance for uncollectible pledges of $27,557 and $51,448	48,044	218,612
Total current assets	995,817	1,191,580
Endowment Fund	743,584	566,464
Property held for investment	4,100	4,100
Furniture and equipment, net	14,955	6,728
Total assets	$ 1,758,456	$ 1,768,872

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES:		
Accounts payable	$ 4,908	$ 742
Donor designations payable - other United Ways	-	11,015
Allocations payable	200,392	178,602
Accrued expenses	7,538	9,691
Total current liabilities	212,838	200,050
NET ASSETS:		
Without donor restrictions	1,155,438	959,299
With donor restrictions	390,180	609,523
Total net assets	1,545,618	1,568,822
Total liabilities and net assets	$ 1,758,456	$ 1,768,872

The accompanying notes to financial statements are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support, revenue and reclassifications -		
Contributions received - current period	$ 264,405	$ 92,847
Less: Donor designations	(29,497)	(5,726)
In-kind contributions	25,560	23,928
Grants	-	742
Investment and interest income	20,393	13,630
Unrealized (losses) gains on investments	(90,223)	48,147
Realized gains on sales of investments	45,117	19,200
Total support and revenue without donor restrictions	235,755	192,768
Net assets released from restrictions, satisfaction of time restrictions	551,523	543,249
Total revenue, gains and other support without donor restrictions	787,278	736,017
Expenses:		
Program services -		
Funds allocated to member agencies	456,555	386,388
Less: Donor designations to agencies	(71,224)	(111,433)
2-1-1 and BankOn	30,641	12,424
Supporting services -		
Management and general	137,918	177,648
Fundraising	37,249	90,307
Total expenses	591,139	555,334
Increase in net assets without donor restrictions	196,139	180,683
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions applicable to next allocation period	373,907	657,230
Less: Donor designations	(41,727)	(105,707)
Net assets released from donor restrictions	(551,523)	(543,249)
Increase (decrease) in net assets with donor restrictions	(219,343)	8,274
INCREASE (DECRESE) IN NET ASSETS	(23,204)	188,957
NET ASSETS AT BEGINNING OF YEAR	1,568,822	1,379,865
NET ASSETS AT END OF YEAR	$ 1,545,618	$ 1,568,822

The accompanying notes to financial statements are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			
		Supporting Services		Total
	Program Services	Management and General	Fundraising	Functional Expenses
4-H Boyd County	$ 763	$ -	$ -	$ 763
Ashland Alliance Backpack	607	-	-	607
Ashland Community Hospice	2,160	-	-	2,160
Ashland Community Kitchen	55,000	-	-	55,000
Big Brothers/Big Sisters	7,500	-	-	7,500
CAReS	30,000	-	-	30,000
Childwatch CASA	25,000	-	-	25,000
Dressing Room	16,500	-	-	16,500
Friends of the Children	1,000	-	-	1,000
Hillcrest-Bruce Ministries	3,000	-	-	3,000
Hope's Place	20,000	-	-	20,000
Safe Harbor	45,000	-	-	45,000
Salvation Army	32,000	-	-	32,000
Senior Center	15,000	-	-	15,000
Shelter of Hope	20,000	-	-	20,000
Westwood Boys Club	5,000	-	-	5,000
YWCA	13,500	-	-	13,500
Red Cross Northeast	6,000	-	-	6,000
4-H Greenup	370	-	-	370
Helping Hands	7,500	-	-	7,500
Partners In Pride	105	-	-	105
Pathways	507	-	-	507
Boy Scouts - Simon Kenton	600	-	-	600
River Cities Harvest	15,000	-	-	15,000
Sarah's Place	1,720	-	-	1,720
Two Hearts Pregnancy Care Center	4,000	-	-	4,000
Bethany House	130	-	-	130
4H Carter	1,500	-	-	1,500
Carter Schools - FRC & YSC	4,000	-	-	4,000
East Carter Adult Center	1,000	-	-	1,000
Carter County Community Ed	3,000	-	-	3,000
Grahn School Community Center	4,500	-	-	4,500
Project Merry Christmas	2,500	-	-	2,500
Shop With a Cop	65	-	-	65
Fallsburg Family Resource Center	4,000	-	-	4,000
Elliott FRCYSC	359	-	-	359
Elliott County Public Library	280	-	-	280
God's Food Bank	828	-	-	828
Meals on Wheels - OLBH	3,500	-	-	3,500
Meals on Wheels - Grayson	5,000	-	-	5,000

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			
		Supporting Services		Total
	Program Services	Management and General	Fundraising	Functional Expenses
Carter County Adult Education	1,000	-	-	1,000
Greenup County Meals on Wheels	5,000	-	-	5,000
KY Child Assault Program	222	-	-	222
Greenup County Habitat for Humanity	222	-	-	222
Ashland Child Development	500	-	-	500
Carter County Public Library	200	-	-	200
South Shore Meals on Wheels	1,500	-	-	1,500
Louisa Family Resource Center	2,000	-	-	2,000
Greenup County Community Educatio	1,000	-	-	1,000
Lawrence County Health Department	2,000	-	-	2,000
Clean Start	4,000	-	-	4,000
Highlands Museum	180	-	-	180
Girl Scouts	3,000	-	-	3,000
Elliott County Adult Education	1,000	-	-	1,000
Neighbors Helping Neighbors	10,000	-	-	10,000
Special Allocations	9,000	-	-	9,000
Designated to Other United Ways	13,572	-	-	13,572
Less: Donor designations to agencies	(71,224)	-	-	(71,224)
Salaries & Wages	40,121	68,178	21,806	130,105
Payroll taxes	3,544	6,022	1,926	11,492
Contracted professional services	-	7,500	-	7,500
Miscellaneous	-	22,056	-	22,056
Insurance	-	3,444	-	3,444
Supplies	-	4,622	3,641	8,263
Postage	-	1,403	-	1,403
Dues and subscriptions	-	9,805	-	9,805
Bad debts	-	(17,757)	-	(17,757)
Telephone	-	3,215	-	3,215
Meetings	-	1,665	-	1,665
Maintenance and repairs	-	932	-	932
Rent	-	25,560	-	25,560
Depreciation	-	1,273	-	1,273
2-1-1 expense	30,371	-	-	30,371
BankOn expense	270	-	-	270
Banquet/Kickoff	-	-	895	895
Campaign Events	-	-	8,981	8,981
Total functional expenses	$ 415,972	$ 137,918	$ 37,249	$ 591,139

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017			
		Supporting Services		Total
	Program Services	Management and General	Fundraising	Functional Expenses
4-H Boyd County	$ 597	$ -	$ -	$ 597
Ashland Alliance Backpack	303	-	-	303
Ashland Community Hospice	4,718	-	-	4,718
Ashland Community Kitchen	44,000	-	-	44,000
Big Brothers/Big Sisters	7,500	-	-	7,500
CAReS	21,000	-	-	21,000
Childwatch CASA	12,500	-	-	12,500
Dressing Room	15,000	-	-	15,000
Friends of the Children	300	-	-	300
Hillcrest-Bruce Ministries	2,000	-	-	2,000
Hope's Place	15,000	-	-	15,000
Safe Harbor	35,000	-	-	35,000
Salvation Army	30,000	-	-	30,000
Senior Center	15,000	-	-	15,000
Shelter of Hope	15,000	-	-	15,000
Westwood Boys Club	7,500	-	-	7,500
YWCA	280	-	-	280
Red Cross Northeast	20,000	-	-	20,000
4-H Greenup	1,250	-	-	1,250
Helping Hands	7,500	-	-	7,500
Partners In Pride	300	-	-	300
Pathways	450	-	-	450
Boy Scouts - Simon Kenton	755	-	-	755
River Cities Harvest	15,000	-	-	15,000
Sarah's Place	1,725	-	-	1,725
Two Hearts Pregnancy Care Center	3,900	-	-	3,900
Bethany House	130	-	-	130
4H Carter	1,500	-	-	1,500
Carter Schools - FRC & YSC	4,000	-	-	4,000
East Carter Adult Center	3,000	-	-	3,000
Carter County Community Ed	2,000	-	-	2,000
Grahn School Community Center	4,500	-	-	4,500
Project Merry Christmas	2,500	-	-	2,500
Shop With a Cop	380	-	-	380
Fallsburg Family Resource Center	3,000	-	-	3,000
Elliott FRCYSC	226	-	-	226
Elliott County Public Library	1,400	-	-	1,400
God's Food Bank	1,500	-	-	1,500
Meals on Wheels - OLBH	3,000	-	-	3,000
Meals on Wheels - Grayson	5,000	-	-	5,000

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONCLUDED)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017			
		Supporting Services		Total
	Program Services	Management and General	Fundraising	Functional Expenses
Carter County Adult Education	4,500	-	-	4,500
Greenup County Meals on Wheels	5,000	-	-	5,000
KY Child Assault Program	25	-	-	25
Greenup County Habitat for Humanity	260	-	-	260
Ashland Child Development	130	-	-	130
Carter County Public Library	310	-	-	310
South Shore Meals on Wheels	2,500	-	-	2,500
Louisa Family Resource Center	52	-	-	52
Greenup County Community Educatio	1,000	-	-	1,000
Lawrence County Health Department	2,500	-	-	2,500
Lighthouse Christian Counseling	1,200	-	-	1,200
Clean Start	3,000	-	-	3,000
Girl Scouts	3,000	-	-	3,000
Special Allocations	17,155	-	-	17,155
Designated to Other United Ways	9,730	-	-	9,730
Less: Donor designations to agencies	(111,433)	-	-	(111,433)
Salaries & Wages	27,312	71,058	32,478	130,848
Payroll taxes	-	9,460	-	9,460
Contracted professional services	-	7,580	-	7,580
Miscellaneous	-	15,569	-	15,569
Insurance	-	3,786	-	3,786
Supplies	-	4,459	5,427	9,886
Postage	-	4,405	-	4,405
Dues and subscriptions	-	9,331	-	9,331
Bad debts	-	15,845	-	15,845
Telephone	-	2,880	-	2,880
Meetings	-	2,135	-	2,135
Maintenance and repairs	-	509	-	509
Rent	-	23,928	-	23,928
Depreciation	-	1,536	-	1,536
Loss on disposal of assets	-	5,167	-	5,167
2-1-1 expense	11,730	-	-	11,730
BankOn expense	694	-	-	694
Banquet/Kickoff	-	-	823	823
Campaign Events	-	-	51,579	51,579
Total functional expenses	$ 287,379	$ 177,648	$ 90,307	$ 555,334

UNITED WAY OF NORTHEAST KENTUCKY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (23,204)	$ 188,957
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities -		
Depreciation	1,273	1,536
Provision for doubtful accounts	(17,757)	15,845
Gains on sales of investments	(45,117)	(19,200)
Loss on disposal of furniture and equipment	-	5,167
Unrealized losses (gains) on investments	90,223	(48,147)
Increase (decrease) in operating assets -		
Pledges receivable	188,325	92,955
Interest receivable	(1,509)	(1,154)
Increase (decrease) in operating liabilities -		
Accounts payable	4,166	742
Pledges due other United Ways	(11,015)	(18,688)
Accrued expenses	(2,153)	4,173
Allocations payable	21,790	23,070
Net cash provided by operating activities	205,022	245,256
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(102,955)	(256,945)
Purchases of investments	(460,725)	(125,187)
Purchases of furniture and equipment	(9,500)	(5,594)
Proceeds from maturity of certificates of deposits	335,959	54,160
Proceeds from sales of investments	238,499	138,832
Net cash provided by (used for) investing activities	1,278	(194,734)
NET INCREASE IN CASH	206,300	50,522
CASH AT BEGINNING OF YEAR	429,157	378,635
CASH AT END OF YEAR	$ 635,457	$ 429,157

The accompanying notes to financial statements
are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Northeast Kentucky, Inc. (the "Organization") is a nonprofit organization. It was originally created in 1928 and chartered in the Commonwealth of Kentucky in 1936 as United Way of Boyd County, Inc. The Organization provides for an efficient and effective way to maximize the ability of contributors to support nonprofit agencies and programs that serve the Boyd, Greenup, Carter, Elliott and Lawrence County communities. The Board is comprised of various members of the community who volunteer their services and receive no compensation.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. According, the net assets of the Organization and changes therein are classified as follow:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2018 and 2017.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation by the Internal Revenue Service. The Commonwealth of Kentucky also recognizes this tax-exempt status.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes its tax returns prior to 2015 are no longer subject to examination by the IRS.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for uncollectible pledges receivable. Accordingly, actual results could differ from those estimates.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

Investments

Investments with readily determinable fair values are reflected at fair market value. Changes in fair market value are reported in the statements of activities. Investment return is presented net of investment fees.

Donor-Imposed Restrictions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash or other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analyses of specific promises made.

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated included the following:

Expense	Method of Allocation
Salaries	Time and Effort
Payroll taxes	Time and Effort

Subsequent Events

Subsequent events have been evaluated through May 30, 2019, which is the date the financial statements were available to be issued.

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The provisions of ASU 2016-14 change the nonprofit financial statement model to provide more useful information to donors, grantors and other users and are effective for annual reporting periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Management has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers.*

The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

The amendments in ASU 2016-02 are effective for fiscal years beginning after December 15, 2019. Early application is permitted. Management is currently evaluating the impact of ASU 2016-02 on its financial statements.

In April 2016, the FASB issued ASU No.2016-10, *Revenue from Contracts with Customers Topic 606): Identifying Performance Obligations and Licensing.* The amendments clarify the following two aspects of Topic 606: *(a)* identifying performance obligations; and *(b)* the licensing implementation guidance. The amendments do not change the core principle of the guidance in Topic 606. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. The amendments are effective for annual reporting periods beginning after

December 15, 2018. Early application for public entities is permitted only as of annual reporting periods beginning after December 15, 2016. Management does not expect this ASU to have a material impact on its financial statements.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients.* The amendments do not change the core revenue recognition principle in Topic 606. The amendments provide clarifying guidance in certain narrow areas and add some practical expedients. These amendments are effective at the same date that Topic 606 is effective. Topic 606 is effective for annual reporting periods beginning after December 15, 2018. Application is permitted earlier only as of an annual reporting period beginning after December 15, 2016. Management does not expect this ASU to have a material impact on its financial statements.

(2) NET ASSETS – WITH DONOR RESTRICTIONS

Donor restricted net assets consist for the following purposes as of December 31, 2018 and 2017.

	2018	2017
Subject to the passage of time:		
Contributions for future years	$ 332,180	$ 551,523
Not subject to appropriation or expenditure:		
Corpus held in perpetuity	58,000	58,000
Total net assets with donor restrictions	$ 390,180	$ 609,523

The restrictions on net assets subject to the passage of time at December 31, 2018 and 2017, respectively, relate to the 2018 and 2017 fund raising campaigns, net of donor designations. The 2018 and 2017 campaign revenue represents a time restriction, since these funds are to be utilized to support the Organization's programs in future periods.

Restricted net assets of $551,523 and $543,249 were released from donor restrictions in 2018 and 2017, respectively, by satisfying the established time restrictions.

(3) BOARD DESIGNATED NET ASSETS

The board designated net assets are comprised of the following at December 31, 2018 and 2017:

	2018	2017
Without donor restrictions:		
Designated by the Board for:		
Quasi-endowment	$ 685,584	$ 508,464
Undesignated	469,854	450,835
Net assets	$ 1,155,438	$ 959,299

(4) LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2018	2017
Cash	$ 635,457	$ 429,157
Certificates of Deposit	309,185	542,189
Accrued interest receivable	3,131	1,622
Pledges receivable, net	48,044	218,612
	$ 995,817	$ 1,191,580

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the financial position date and amounts set aside for long-term investing in endowments.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments to help manage unanticipated liquidity needs.

Additionally, the Organization has a quasi-endowment of $685,584. Although the Organization does not intend to spend from its quasi endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

(5) PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of December 31, 2018 and 2017, respectively:

		2018	2017
2016/2017	Campaign:		
	Without donor restrictions	$ -	$ 21,234
	Designated - other United Ways	-	-
	Designated - agencies	-	-
		-	21,234
2017/2018	Campaign:		
	Without donor restrictions	34,420	174,771
	Designated - other United Ways	-	28,955
	Designated - agencies	-	45,100
		34,420	248,826
2018/2019	Campaign:		
	Without donor restrictions	33,053	-
	Designated - other United Ways	950	-
	Designated - agencies	7,178	-
		41,181	-
	Less allowance for uncollectibles	(27,557)	(51,448)
	Amounts due in less than one year	$ 48,044	$ 218,612

(6) CASH

Unrestricted cash consists of the following as of December 31, 2018 and 2017:

Type	2018 Interest Rates	2018	2017 Interest Rates	2017
Checking accounts	0.00% to 1.00%	$ 635,457	0.00% to 1.00%	$ 429,157

(7) CERTIFICATES OF DEPOSIT

Unrestricted certificates of deposit not considered cash equivalents consist of the following as of December 31, 2018 and 2017:

2018 Maturity	Interest Rate		
January 28, 2019	1.55%	$	52,695
February 7, 2019	1.80		100,675
October 7, 2019	2.03		100,592
January 28, 2020	1.00		55,223
		$	309,185

2017 Maturity	Interest Rate		
August 7, 2018	1.16%	$	99,135
October 5, 2018	1.00		135,534
April 12, 2018	0.90		100,425
August 9, 2018	1.00		100,000
December 28, 2018	1.39		54,400
January 28, 2019	1.55		52,695
		$	542,189

(8) INVESTMENTS

Investments consist of the following:

	December 31, 2018			December 31, 2017		
Unrestricted:	Cost	Fair Value	Unrealized Gain (loss)	Cost	Fair Value	Unrealized Gain (loss)
Money market	$ 73,679	$ 73,679	$ -	$ 18,725	$ 18,725	$ -
Mutual funds-equity securities	439,917	448,438	8,521	295,245	392,438	97,193
Mutual funds-fixed income	223,542	221,467	(2,075)	155,825	155,301	(524)
	$ 737,138	$ 743,584	$ 6,446	$ 469,795	$ 566,464	$ 96,669

For the years ended December 31, 2018 and 2017, investment return (excluding unrestricted certificates of deposit) consists of the following:

	2018	2017
Investment income, net of expenses	$ 8,359	$ 4,990
Realized gains	45,117	19,200
Unrealized gains (losses) on investment securities	(90,223)	48,147
	$ (36,747)	$ 72,337

(9) FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	Life	2018	2017
Furniture and Equipment	5-10 years	$ 32,829	$ 23,329
Less-accumulated depreciation		(17,874)	(16,601)
		$ 14,955	$ 6,728

(10) CONTRIBUTED SERVICES

A significant amount of time, for which no value has been assigned or recognized, was contributed by volunteers assisting the Organization during its annual campaign.

(11) PROPERTY HELD FOR INVESTMENT

The Organization owns a donated time-share located in Daytona Beach, Florida, the estimated value of which was $4,100 at the time donated.

(12) CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Organization to credit risk include unrestricted and restricted cash and certificates of deposit with financial institutions. The difference between cash bank balances as set forth below and book balances as shown on the statement of financial position at December 31, 2018 represent in transit items.

	Cash
Insured or collateralized, commercial banks	$ 956,079
Uninsured, uncollateralized	-
	$ 956,079

Investments are exposed to various risks such as market and credit. Due to the level of uncertainty related to the changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The Organization primarily receives contributions/pledges from Boyd, Greenup, Carter, Elliott and Lawrence Counties and surrounding areas. Employment in this area is highly concentrated in the petroleum, governmental and health care industries. Therefore, many contributors' ability to honor their pledges is dependent upon these economic sectors.

The Organization received contributions from one employer that accounted for approximately 54.0% and 64.3% of total contributions for 2018 and 2017, respectively. The loss of this significant employer could have a material adverse effect on the financial condition of the Organization.

(13) FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurement and Disclosures* topic of FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The recent fair value valuation guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

The Organization groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market.

Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instruments' categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair values of assets measured on a recurring basis at December 31, 2018 and 2017 are as follows:

Description	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
2018		
Money market	$ 73,679	$ 73,679
Mutual funds-equity securities	448,438	448,438
Mutual funds-fixed income	221,467	221,467
Total investments	$ 743,584	$ 743,584
2017		
Money market	$ 18,725	$ 18,725
Mutual funds-equity securities	392,438	392,438
Mutual funds-fixed income	155,301	155,301
Total investments	$ 566,464	$ 566,464

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

(14) RECLASSIFICATIONS

Certain reclassifications have been made to the 2017 financial statements to conform with the 2018 presentation.

(15) ENDOWMENT FUNDS

The Organization's endowment consists of two funds held with an institutional investment company. The endowment includes both donor-restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions and funds designated by the Board of Trustees to function as an endowment.

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions. The Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required by law.

Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

One endowment has donor imposed restrictions that do not expire, and the other is Board designated. These funds are invested with Peoples Financial Advisors, a division of Peoples Bank, N.A. These funds are co-mingled among the various investment alternatives offered by Peoples Financial Advisors, with the Board directing that 60-75% be invested in stocks, 20-43% in bonds and 2-10% in money market funds.

Both Endowment Funds require the principal balances to be maintained in perpetuity, with earnings to be expended as determined by the Board.

A summary of the Endowment funds activity for the year ended December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2016 (at fair value)	$ 412,540	$ 58,000	$ 470,540
Contributions	37,090	5,215	42,305
Transfer	(18,718)	-	(18,718)
Realized gains	16,833	2,367	19,200
Unrealized gains	42,199	5,948	48,147
Advisor fees	(3,038)	(427)	(3,465)
Dividends and interest	7,413	1,042	8,455
Reclassifications	14,145	(14,145)	-
Balance, December 31, 2017 (at fair value)	508,464	58,000	566,464
Contributions	213,581	24,363	237,944
Transfer	(22,568)	-	(22,568)
Realized gains	40,497	4,620	45,117
Unrealized losses	(80,985)	(9,238)	(90,223)
Advisor fees	(3,666)	(418)	(4,084)
Dividends and interest	9,814	1,120	10,934
Reclassifications	20,447	(20,447)	-
Balance, December 31, 2018 (at fair value)	$ 685,584	$ 58,000	$ 743,584

KGSG
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INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

The Board of Directors
United Way of Northeast Kentucky, Inc.
Ashland, Kentucky

We have audited the financial statements of United Way of Northeast Kentucky, Inc. as of and for the years ended December 31, 2018 and 2017 and have issued our report thereon dated May 30, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following supplemental information on pages 20 through 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kelley Galloway Smith Goolsby, PSC
Ashland, Kentucky
May 30, 2019

UNITED WAY OF NORTHEAST KENTUCKY, INC.

SCHEDULES OF EXPENSES AND RELATED PERCENTAGES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		2017	
PROGRAM SERVICES:	Percent	Amount	Percent	Amount
4H Boyd County	0.2%	$ 763	0.2%	$ 597
Ashland Alliance Backpack	0.2%	607	0.1%	303
Ashland Community Hospice	50.0%	2,160	1.6%	4,718
Ashland Community Kitchen	13.2%	55,000	15.3%	44,000
Big Brothers/Big Sisters	1.8%	7,500	2.6%	7,500
CAReS	7.2%	30,000	7.3%	21,000
Childwatch CASA	6.0%	25,000	4.4%	12,500
Dressing Room	4.0%	16,500	5.2%	15,000
Friends of the Children	0.2%	1,000	0.1%	300
Hillcrest-Bruce Ministries	0.7%	3,000	0.7%	2,000
Hope's Place	4.8%	20,000	5.2%	15,000
Safe Harbor	10.8%	45,000	12.2%	35,000
Salvation Army	7.7%	32,000	10.4%	30,000
Sarah's Place	0.4%	1,720	0.6%	1,725
Senior Center	3.6%	15,000	5.2%	15,000
Shelter of Hope	4.8%	20,000	5.2%	15,000
Westwood Boys Club	1.2%	5,000	2.6%	7,500
YWCA	3.3%	13,500	0.1%	280
Red Cross Northeast	1.4%	6,000	7.0%	20,000
4-H Greenup	0.1%	370	0.4%	1,250
Helping Hands	1.8%	7,500	2.6%	7,500
Partners in Pride	0.0%	105	0.1%	300
Pathways	0.1%	507	0.2%	450
Boy Scouts - Simon Kenton	0.1%	600	0.3%	755
River Cities Harvest	3.6%	15,000	5.2%	15,000
Two Hearts Pregnancy Center	1.0%	4,000	1.4%	3,900
Special Allocations	2.2%	9,000	6.0%	17,155
Bethany House	0.0%	130	0.1%	130
4H Carter	0.4%	1,500	0.5%	1,500
Carter Schools - FRC & YSC	1.0%	4,000	1.4%	4,000
East Carter Adult Center	0.2%	1,000	1.0%	3,000
Carter County Community Ed	0.7%	3,000	0.7%	2,000
Grahn School Community Center	1.1%	4,500	1.6%	4,500
Project Merry Christmas	0.6%	2,500	0.9%	2,500
Shop with a Cop	0.0%	65	0.1%	380
Fallsburg Family Resource Center	1.0%	4,000	1.0%	3,000
Elliott FRCYSC	0.1%	359	0.1%	226
Elliott County Public Library	0.1%	280	0.5%	1,400
God's Food Bank	0.2%	828	0.5%	1,500
Meals on Wheels - OLBH	0.8%	3,500	1.0%	3,000
Meals on Wheels - Grayson	1.2%	5,000	1.7%	5,000
Carter County Adult Education	0.2%	1,000	1.6%	4,500
Greenup County Meals on Wheels	1.2%	5,000	1.7%	5,000
Greenup County Habitat for Humanity	0.1%	222	0.1%	260
Ashland Child Development	0.1%	500	0.1%	130

UNITED WAY OF NORTHEAST KENTUCKY, INC.

SCHEDULES OF EXPENSES AND RELATED PERCENTAGES (CONCLUDED)

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		2017	
	Percent	Amount	Percent	Amount
Carter County Public Library	0.1%	200	0.1%	310
KY Child Assault Program	0.1%	222	0.0%	25
South Shore Meals on Wheels	0.4%	1,500	0.9%	2,500
Louisa Family Resource Center	0.5%	2,000	0.0%	52
Greenup County Community Education	0.2%	1,000	0.4%	1,000
Clean Start	1.0%	4,000	1.0%	3,000
Highlands Museum	0.0%	180	0.0%	-
Girls Scouts	0.7%	3,000	1.0%	3,000
Elliott County Adult Education	0.2%	1,000	0.0%	-
Neighbors Helping Neighbors	2.4%	10,000	0.0%	-
Lighthouse Christian Counseling	0.0%	-	0.4%	1,200
LC Youth Service Center	0.0%	-	0.0%	-
Lawrence County Health Department	0.5%	2,000	0.9%	2,500
Designated to Other Agencies	3.3%	13,572	3.4%	9,730
Less: Donor designations to agencies	-17.1%	(71,224)	-38.8%	(111,433)
Salaries & wages	9.7%	40,121	9.5%	27,312
Payroll taxes	0.9%	3,544	0.0%	-
2-1-1 expense	7.3%	30,371	4.1%	11,730
BankOn expense	0.1%	270	0.2%	694
Total Program Services	100.0%	$ 415,972	100.0%	$ 287,379
SUPPORTING SERVICES:				
Management and General:				
Salaries and wages	38.9%	$ 68,178	26.5%	$ 71,058
Payroll taxes	3.4%	6,022	3.5%	9,460
Contracted professional services	4.3%	7,500	2.8%	7,580
Miscellaneous	12.6%	22,056	5.8%	15,569
Insurance	2.0%	3,444	1.4%	3,786
Supplies	2.6%	4,622	1.7%	4,459
Postage	0.8%	1,403	1.7%	4,405
Dues and subscriptions	5.6%	9,805	3.5%	9,331
Bad debts	-10.1%	(17,757)	5.9%	15,845
Telephone	1.8%	3,215	1.1%	2,880
Meetings	1.0%	1,665	0.8%	2,135
Maintenance and repairs	0.5%	932	0.2%	509
Rent	14.6%	25,560	8.9%	23,928
Loss on disposal of assets	0.0%	-	1.9%	5,167
Depreciation	0.7%	1,273	0.6%	1,536
	78.7%	137,918	66.3%	177,648
Fundraising	21.3%	37,249	33.7%	90,307
Total Supporting Services	100.0%	$ 175,167	100.0%	$ 267,955

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To the Board of Directors
United Way of Northeast Kentucky, Inc.
Ashland, Kentucky

We have audited the financial statements of United Way of Northeast Kentucky, Inc. . (a nonprofit organization) for the year ended December 31, 2018 and will issue our report thereon dated May 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way of Northeast Kentucky, Inc. are described in Note (1) to the financial statements. As described in Note 1 to the financial statements, the Organization changed accounting policies related to financial statement presentation by adopting ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* for the year ending December 31, 2018.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the allowance for uncollectible pledges is based on historical experience. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure is the fair value of investment securities as described in Note 13 to the financial statements.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 30, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of United Way of Northeast Kentucky, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
May 30, 2019

UNITED WAY OF NORTHEAST KENTUCKY, INC.

PASSED AUDIT ADJUSTMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

There were no passed audit adjustments.