

**UNITED WAY OF NORTHEAST
KENTUCKY, INC.**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
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 and for the year then ended December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of the United Way of Northeast Kentucky, Inc. as of and for the year then ended December 31, 2018 were audited by other auditors whose report dated May 30, 2019, expressed an unmodified opinion on those 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, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Ashland, Kentucky
November 18, 2020

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

CURRENT ASSETS:	2019	2018
Cash	\$ 817,782	\$ 635,457
Certificates of deposit	316,402	309,185
Accrued interest receivable	880	3,131
Pledges receivable, net of allowance for uncollectible pledges of \$10,950 and \$27,557	<u>50,255</u>	<u>48,044</u>
Total current assets	1,185,319	995,817
 Endowment Fund	 859,834	 743,584
Property held for investment	4,100	4,100
Furniture and equipment, net	11,061	14,955
Total assets	<u>\$ 2,060,314</u>	<u>\$ 1,758,456</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 2,825	\$ 4,908
Donor designations payable - other United Ways	15,226	-
Allocations payable	265,364	200,392
Accrued expenses	<u>11,286</u>	<u>7,538</u>
Total current liabilities	294,701	212,838
 NET ASSETS:		
Without donor restrictions	1,350,376	1,155,438
With donor restrictions	<u>415,237</u>	<u>390,180</u>
Total net assets	1,765,613	1,545,618
 Total liabilities and net assets	<u>\$ 2,060,314</u>	<u>\$ 1,758,456</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

**CHANGES IN NET ASSETS WITHOUT
DONOR RESTRICTIONS:**

	<u>2019</u>	<u>2018</u>
Support, revenue and reclassifications -		
Contributions received - current period	\$ 395,469	\$ 264,405
Less: Donor designations	(37,071)	(29,497)
In-kind contributions	25,800	25,560
Grants	25,000	-
Investment and interest income	28,938	20,393
Unrealized (losses) gains on investments	107,836	(90,223)
Realized gains on sales of investments	27,094	45,117
Total support and revenue without donor restrictions	<u>573,066</u>	<u>235,755</u>
Net assets released from restrictions, satisfaction of time restrictions	<u>332,180</u>	<u>551,523</u>
Total revenue, gains and other support without donor restrictions	<u>905,246</u>	<u>787,278</u>

Expenses:

Program services -		
Funds allocated to member agencies	578,704	456,555
Less: Donor designations to agencies	(102,979)	(71,224)
2-1-1 and BankOn	31,259	30,641
Supporting services -		
Management and general	177,868	137,918
Fundraising	25,457	37,249
Total expenses	<u>710,309</u>	<u>591,139</u>
Increase in net assets without donor restrictions	<u>194,937</u>	<u>196,139</u>

**CHANGES IN NET ASSETS
WITH DONOR RESTRICTIONS:**

Contributions applicable to next allocation period	423,145	373,907
Less: Donor designations	(65,907)	(41,727)
Net assets released from donor restrictions	<u>(332,180)</u>	<u>(551,523)</u>
Increase (decrease) in net assets with donor restrictions	<u>25,058</u>	<u>(219,343)</u>
INCREASE (DECREASE) IN NET ASSETS	219,995	(23,204)
NET ASSETS AT BEGINNING OF YEAR	<u>1,545,618</u>	<u>1,568,822</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,765,613</u>	<u>\$ 1,545,618</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		
	Program Services	Supporting Services	Total Functional Expenses
		Management and General	
		Fundraising	
	\$	\$	\$
4-H Boyd County	-	-	-
Ashland Alliance Backpack	108	-	108
Ashland Community Hospice	1,099	-	1,099
Ashland Community Kitchen	55,000	-	55,000
Big Brothers/Big Sisters	3,000	-	3,000
CAReS	55,000	-	55,000
Childwatch CASA	31,250	-	31,250
Dressing Room	10,500	-	10,500
Friends of the Children	196	-	196
Hillcrest-Bruce Ministries	18,000	-	18,000
Hope's Place	17,900	-	17,900
Safe Harbor	45,000	-	45,000
Salvation Army	22,000	-	22,000
Senior Center	12,000	-	12,000
Shelter of Hope	25,000	-	25,000
Westwood Boys Club	128	-	128
YWCA	20,000	-	20,000
Red Cross Northeast	-	-	-
Red Cross - Boyd County	15,000	-	15,000
4-H Greenup	-	-	-
Helping Hands	5,000	-	5,000
Partners In Pride	-	-	-
Pathways	-	-	-
Boy Scouts - Simon Kenton	600	-	600
River Cities Harvest	17,500	-	17,500
Sarah's Place	3,000	-	3,000
Two Hearts Pregnancy Care Center	5,613	-	5,613
Bethany House	-	-	-
4H Carter	1,500	-	1,500
Carter Schools - FRC & YSC	-	-	-
East Carter Adult Center	4,000	-	4,000
Carter County Community Ed	3,500	-	3,500
Grahn School Community Center	4,500	-	4,500
Project Merry Christmas	1,177	-	1,177
Shop With a Cop	-	-	-
Fallsburg Family Resource Center	4,000	-	4,000
Elliott FRCYSC	1,520	-	1,520
Elliott County Public Library	500	-	500
God's Food Bank	96	-	96
Meals on Wheels - OLBH	1,450	-	1,450
Meals on Wheels - Grayson	2,500	-	2,500

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

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			
	Program Services	Supporting Services		Total Functional Expenses
		Management and General	Fundraising	
Carter County Adult Education	-	-	-	-
Greenup County Meals on Wheels	3,000	-	-	3,000
KY Child Assault Program	-	-	-	-
Greenup County Habitat for Humanity	-	-	-	-
Ashland Child Development	-	-	-	-
Carter County Public Library	-	-	-	-
South Shore Meals on Wheels	217	-	-	217
Louisa Family Resource Center	2,000	-	-	2,000
Greenup County Community Education	-	-	-	-
Lawrence County Health Department	2,500	-	-	2,500
Clean Start	-	-	-	-
Highlands Museum	-	-	-	-
Girl Scouts	3,000	-	-	3,000
Elliott County Adult Education	3,000	-	-	3,000
Neighbors Helping Neighbors	20,000	-	-	20,000
American Red Cross	20,000	-	-	20,000
KEDC Greenup County Adult Education	3,000	-	-	3,000
Carter County Skills U	1,000	-	-	1,000
Greenup FUMC	2,600	-	-	2,600
Special Allocations	38,435	-	-	38,435
Designated to Other United Ways	68,666	-	-	68,666
Less: Donor designations to agencies	(102,978)	-	-	(102,978)
Salaries & Wages	21,453	81,811	16,276	119,540
Payroll taxes	2,196	8,373	1,666	12,235
Contracted professional services	-	17,436	-	17,436
Miscellaneous	-	25,802	-	25,802
Insurance	-	3,102	-	3,102
Supplies	-	5,219	3,254	8,473
Postage	-	1,770	-	1,770
Dues and subscriptions	-	9,670	-	9,670
Bad debts	-	(10,366)	-	(10,366)
Telephone	-	2,618	-	2,618
Meetings	-	1,680	-	1,680
Maintenance and repairs	-	669	-	669
Rent	-	25,800	-	25,800
Depreciation	-	4,284	-	4,284
2-1-1 expense	30,055	-	-	30,055
BankOn expense	1,203	-	-	1,203
Banquet/Kickoff	-	-	28	28
Campaign Events	-	-	4,233	4,233
Total functional expenses	<u>\$ 506,984</u>	<u>\$ 177,868</u>	<u>\$ 25,457</u>	<u>\$ 710,309</u>

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

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2018			
		Supporting Services		Total
	Program	Management		Functional
	Services	and General	Fundraising	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

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

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONCLUDED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2018			
		Supporting Services		Total
	Program	Management	Fundraising	Functional
	Services	and General		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 Education	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
Nieghbors 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	-	4,622
Postage	-	1,403	-	1,403
Dues and subscriptions	-	9,805	3,641	13,446
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	<u>\$ 415,972</u>	<u>\$ 137,918</u>	<u>\$ 37,249</u>	<u>\$ 591,139</u>

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

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 219,995	\$ (23,204)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities -		
Depreciation	4,284	1,273
Provision for doubtful accounts	(16,606)	(17,757)
Gains on sales of investments	(27,094)	(45,117)
Loss on disposal of furniture and equipment	-	-
Unrealized losses (gains) on investments	(107,836)	90,223
(Increase) decrease in operating assets -		
Pledges receivable	14,395	188,325
Interest receivable	2,251	(1,509)
Increase (decrease) in operating liabilities -		
Accounts payable	(2,083)	4,166
Pledges due other United Ways	15,226	(11,015)
Accrued expenses	3,748	(2,153)
Allocations payable	64,971	21,790
Net cash provided by operating activities	<u>171,251</u>	<u>205,022</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(55,238)	(102,955)
Purchases of investments	(336,600)	(460,725)
Purchases of furniture and equipment	(390)	(9,500)
Proceeds from maturity of certificates of deposits	48,022	335,959
Proceeds from sales of investments	355,280	238,499
Net cash provided by (used for) investing activities	<u>11,074</u>	<u>1,278</u>
NET INCREASE IN CASH	182,325	206,300
CASH AT BEGINNING OF YEAR	<u>635,457</u>	<u>429,157</u>
CASH AT END OF YEAR	<u>\$ 817,782</u>	<u>\$ 635,457</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(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, 2019.

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 \$153,370 in cash equivalents as of December 31, 2019.

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, 2019, 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 2016 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:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and Effort
Payroll taxes	Time and Effort

Subsequent Events

Subsequent events have been evaluated through November 18, 2020, 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, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Subject to the passage of time:		
Contributions for future years	\$ 357,237	\$ 332,180
Not subject to appropriation or expenditure:		
Corpus held in perpetuity	58,000	58,000
Total net assets with donor restrictions	<u>\$ 415,237</u>	<u>\$ 390,180</u>

The restrictions on net assets subject to the passage of time at December 31, 2019 and 2018, respectively, relate to the 2019 and 2018 fund raising campaigns, net of donor designations. The 2019 and 2018 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 \$332,180 and \$551,523 were released from donor restrictions in 2019 and 2018, 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Without donor restrictions:		
Designated by the Board for:		
Quasi-endowment	\$ 801,834	\$ 685,584
Undesignated	548,542	469,854
Net assets	<u>\$ 1,350,376</u>	<u>\$ 1,155,438</u>

(4) LIQUIDITY

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 817,782	\$ 635,457
Certificates of Deposit	316,402	309,185
Accrued interest receivable	880	3,131
Pledges receivable, net	50,255	48,044
	<u>\$ 1,185,319</u>	<u>\$ 995,817</u>

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, 2019 and 2018, respectively:

		2019	2018
2017/2018	Campaign:		
	Without donor restrictions	\$ -	\$ 34,420
	Designated - other United Ways	-	-
	Designated - agencies	-	-
		<u>-</u>	<u>34,420</u>
2018/2019	Campaign:		
	Without donor restrictions	11,434	33,053
	Designated - other United Ways	-	950
	Designated - agencies	-	7,178
		<u>11,434</u>	<u>41,181</u>
2019/2020	Campaign:		
	Without donor restrictions	49,771	-
	Designated - other United Ways	-	-
	Designated - agencies	-	-
		<u>49,771</u>	<u>-</u>
	Less allowance for uncollectibles	<u>(10,950)</u>	<u>(27,557)</u>
	Amounts due in less than one year	<u>\$ 50,255</u>	<u>\$ 48,044</u>

(6) CASH

Unrestricted cash consists of the following as of December 31, 2019 and 2018:

Type	2019 Interest Rates	2019	2018 Interest Rates	2018
Checking accounts	0.00% to 1.00%	<u>\$ 817,782</u>	0.00% to 1.00%	<u>\$ 635,457</u>

(7) CERTIFICATES OF DEPOSIT

Unrestricted certificates of deposit not considered cash equivalents consist of the following as of December 31, 2019 and 2018:

<u>2019</u>	<u>Interest</u>	
<u>Maturity</u>	<u>Rate</u>	
January 28, 2020	1.55%	\$ 58,540
February 7, 2020	1.80	101,517
October 7, 2020	1.00	101,107
July 15, 2021	2.28	55,238
		<u>\$ 316,402</u>

<u>2018</u>	<u>Interest</u>	
<u>Maturity</u>	<u>Rate</u>	
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
		<u>\$ 309,185</u>

(8) INVESTMENTS

Investments consist of the following:

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (loss)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (loss)</u>
Unrestricted:						
Money market	\$ 37,359	\$ 37,359	\$ -	\$ 73,679	\$ 73,679	\$ -
Mutual funds-equity securities	471,838	581,514	109,676	439,917	448,438	8,521
Mutual funds-fixed income	236,356	240,961	4,605	223,542	221,467	(2,075)
	<u>\$745,553</u>	<u>\$ 859,834</u>	<u>\$114,281</u>	<u>\$ 737,138</u>	<u>\$ 743,584</u>	<u>\$ 6,446</u>

For the years ended December 31, 2019 and 2018, investment return (excluding unrestricted certificates of deposit) consists of the following:

	<u>2019</u>	<u>2018</u>
Investment income, net of expenses	\$ 11,063	\$ 8,359
Realized gains	27,094	45,117
Unrealized gains (losses) on investment securities	107,836	(90,223)
	<u>\$ 145,993</u>	<u>\$ (36,747)</u>

(9) FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Furniture and Equipment	5-10 years	\$ 33,218	\$ 32,829
Less-accumulated depreciation		(22,157)	(17,874)
		<u>\$ 11,061</u>	<u>\$ 14,955</u>

(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, 2019 represent in transit items.

	Cash
Insured or collateralized, commercial banks	\$ 733,327
Uninsured, uncollateralized	53,706
	<u>\$ 787,033</u>

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 69.0% and 54.0% of total contributions for 2019 and 2018, 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, 2019 and 2018 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>2019</u>		
Money market	\$ 37,359	\$ 37,359
Mutual funds-equity securities	581,514	581,514
Mutual funds-fixed income	240,961	240,961
Total investments	<u>\$ 859,834</u>	<u>\$ 859,834</u>
<u>2018</u>		
Money market	\$ 73,679	\$ 73,679
Mutual funds-equity securities	448,438	448,438
Mutual funds-fixed income	221,467	221,467
Total investments	<u>\$ 743,584</u>	<u>\$ 743,584</u>

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 2018 financial statements to conform with the 2019 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, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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 gains	(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
Contributions	-	-	-
Transfer	(29,743)	-	(29,743)
Realized gains	24,981	2,113	27,094
Unrealized gains	99,425	8,411	107,836
Advisor fees	(4,930)	(417)	(5,347)
Dividends and interest	15,130	1,280	16,410
Reclassifications	11,387	(11,387)	-
Balance, December 31, 2019 (at fair value)	<u>\$ 801,834</u>	<u>\$ 58,000</u>	<u>\$ 859,834</u>

(16) SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosures through the date of the independent auditor's report.

As a result of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net position. Other financial impact could occur though such potential is unknown at this time.

Griffith, De Laney Hillman & Lett

CERTIFIED PUBLIC ACCOUNTANTS

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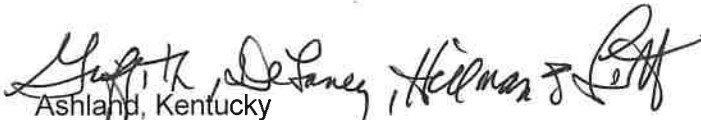
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INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

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 year ended December 31, 2019 and have issued our report thereon dated November 18, 2020, 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.


Ashland, Kentucky
November 18, 2020

UNITED WAY OF NORTHEAST KENTUCKY, INC.

SCHEDULES OF EXPENSES AND RELATED PERCENTAGES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

PROGRAM SERVICES:	2019		2018	
	Percent	Amount	Percent	Amount
4H Boyd County	0.0%	\$ -	0.2%	\$ 763
Ashland Alliance Backpack	0.0%	108	0.1%	607
Ashland Community Hospice	0.2%	1,099	0.5%	2,160
Ashland Community Kitchen	10.8%	55,000	13.2%	55,000
Big Brothers/Big Sisters	0.6%	3,000	1.8%	7,500
CARes	10.8%	55,000	7.2%	30,000
Childwatch CASA	6.2%	31,250	6.0%	25,000
Dressing Room	2.1%	10,500	4.0%	16,500
Friends of the Children	0.0%	196	0.2%	1,000
Hillcrest-Bruce Ministries	3.6%	18,000	0.7%	3,000
Hope's Place	3.5%	17,900	4.8%	20,000
Safe Harbor	8.9%	45,000	10.8%	45,000
Salvation Army	4.3%	22,000	7.7%	32,000
Sarah's Place	0.6%	3,000	0.4%	1,720
Senior Center	2.4%	12,000	3.6%	15,000
Shelter of Hope	4.9%	25,000	4.8%	20,000
Westwood Boys Club	0.0%	128	1.2%	5,000
YWCA	3.9%	20,000	3.2%	13,500
Red Cross Northeast	0.0%	-	1.4%	6,000
Red Cross - Boyd County	3.0%	15,000	0.0%	-
4-H Greenup	0.0%	-	0.1%	370
Helping Hands	1.0%	5,000	1.8%	7,500
Partners in Pride	0.0%	-	0.0%	105
Pathways	0.0%	-	0.1%	507
Boy Scouts - Simon Kenton	0.1%	600	0.1%	600
River Cities Harvest	3.5%	17,500	3.6%	15,000
Two Hearts Pregnancy Center	1.1%	5,613	1.0%	4,000
Special Allocations	7.6%	38,435	2.2%	9,000
Bethany House	0.0%	-	0.0%	130
4H Carter	0.3%	1,500	0.4%	1,500
Carter Schools - FRC & YSC	0.0%	-	1.0%	4,000
East Carter Adult Center	0.8%	4,000	0.2%	1,000
Carter County Community Ed	0.7%	3,500	0.7%	3,000
Grahn School Community Center	0.9%	4,500	1.1%	4,500
Project Merry Christmas	0.2%	1,177	0.6%	2,500
Shop with a Cop	0.0%	-	0.0%	65
Fallsburg Family Resource Center	0.8%	4,000	1.0%	4,000
Elliott FRCYSC	0.3%	1,520	0.1%	359
Elliott County Public Library	0.1%	500	0.1%	280
God's Food Bank	0.0%	96	0.2%	828
Meals on Wheels - OLBH	0.3%	1,450	0.8%	3,500
Meals on Wheels - Grayson	0.5%	2,500	1.2%	5,000
Carter County Adult Education	0.0%	-	0.2%	1,000
Greenup County Meals on Wheels	0.6%	3,000	1.2%	5,000
Greenup County Habitat for Humanity	0.0%	-	0.1%	222
Ashland Child Development	0.0%	-	0.1%	500

See independent auditor's report.

UNITED WAY OF NORTHEAST KENTUCKY, INC.

SCHEDULES OF EXPENSES AND RELATED PERCENTAGES (CONCLUDED)

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018	
	Percent	Amount	Percent	Amount
Carter County Public Library	0.0%	\$ -	0.0%	\$ 200
KY Child Assault Program	0.0%	-	0.1%	222
South Shore Meals on Wheels	0.0%	217	0.4%	1,500
Louisa Family Resource Center	0.4%	2,000	0.5%	2,000
Greenup County Community Education	0.0%	-	0.2%	1,000
Clean Start	0.0%	-	1.0%	4,000
Highlands Museum	0.0%	-	0.0%	180
Girls Scouts	0.6%	3,000	0.7%	3,000
Elliott County Adult Education	0.6%	3,000	0.2%	1,000
Neighbors Helping Neighbors	3.9%	20,000	2.4%	10,000
American Red Cross	3.9%	20,000	0.0%	-
KEDC Greenup County Adult Education	0.6%	3,000	0.0%	-
Carter County Skills U	0.2%	1,000	0.0%	-
Greenup FUMC	0.5%	2,600	0.0%	-
Lawrence County Health Department	0.5%	2,500	0.5%	2,000
Designated to Other Agencies	13.5%	68,666	3.3%	13,572
Less: Donor designations to agencies	-20.3%	(102,978)	-17.1%	(71,224)
Salaries & wages	4.2%	21,453	9.6%	40,121
Payroll taxes	0.4%	2,196	0.9%	3,544
2-1-1 expense	5.9%	30,055	7.3%	30,371
BankOn expense	0.2%	1,203	0.1%	270
Total Program Services	100.0%	\$ 506,984	100.0%	\$ 415,972

SUPPORTING SERVICES:

Management and General:

Salaries and wages	40.2%	\$ 81,811	38.9%	\$ 68,178
Payroll taxes	4.1%	8,373	3.4%	6,022
Contracted professional services	8.6%	17,436	4.3%	7,500
Miscellaneous	12.7%	25,802	12.6%	22,056
Insurance	1.5%	3,102	2.0%	3,444
Supplies	2.6%	5,219	2.6%	4,622
Postage	0.9%	1,770	0.8%	1,403
Dues and subscriptions	4.8%	9,670	5.6%	9,805
Bad debts	-5.1%	(10,366)	-10.1%	(17,757)
Telephone	1.3%	2,618	1.8%	3,215
Meetings	0.8%	1,680	1.0%	1,665
Maintenance and repairs	0.3%	669	0.5%	932
Rent	12.7%	25,800	14.6%	25,560
Depreciation	2.1%	4,284	0.7%	1,273
	87.5%	177,868	78.7%	137,918

Fundraising

	12.5%	25,457	21.3%	37,249
Total Supporting Services	100.0%	\$ 203,325	100.0%	\$ 175,167

See independent auditor's report.