

UNITED WAY OF CENTRAL KENTUCKY, INC.

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2019

UNITED WAY OF CENTRAL KENTUCKY, INC.
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JONES & HURLEY CPAs, PLLC
certified public accountants

T. Michael Jones
Certified Public Accountant

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Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Central Kentucky, Inc.
Elizabethtown, Kentucky

We have audited the accompanying financial statements of United Way of Central Kentucky, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 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.

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 audit. We conducted our audit 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.

INDEPENDENT AUDITOR'S REPORT, Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Kentucky, Inc. as of March 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.

Emphasis of Matter

United Way of Central Kentucky, Inc. has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note B.

Jones & Hurley CPAs PLLC

Certified Public Accountants
September 27, 2019

UNITED WAY OF CENTRAL KENTUCKY, INC.
Statement of Financial Position
March 31, 2019

Assets

Current Assets	
Cash and cash equivalents	\$ 695,090
Pledges receivable, net	790,405
Other receivables	21,000
Prepaid expenses	<u>6,626</u>
 Total current assets	 1,513,121
 Capital assets, net	 3,036
Investments	<u>34,740</u>
 Total assets	 <u><u>\$ 1,550,897</u></u>

Liabilities and Net Assets

Liabilities

Current Liabilities	
Payroll taxes payable	\$ 8,697
Program related liabilities	46,947
Agency allocations payable	116,218
Designations payable	<u>28,644</u>
 Total current liabilities	 <u>200,506</u>
 Total liabilities	 <u>200,506</u>

Net Assets

Without donor restrictions	222,129
With donor restrictions	<u>1,128,262</u>
 Total net assets	 <u>1,350,391</u>
 Total liabilities and net assets	 <u><u>\$ 1,550,897</u></u>

UNITED WAY OF CENTRAL KENTUCKY, INC.
Statement of Activities
Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support, Revenue, and Reclassifications			
Campaign revenue	\$ 40,453	\$ 1,251,095	\$ 1,291,548
Less pledge loss	-	(123,495)	(123,495)
Net campaign revenue	40,453	1,127,600	1,168,053
Sponsorships	23,015	-	23,015
Interest income	10,032	-	10,032
Other income	2,077	-	2,077
Total support and revenue	75,577	1,127,600	1,203,177
Net assets released from restrictions	1,194,677	(1,194,677)	-
Total support, revenue, and reclassifications	1,270,254	(67,077)	1,203,177
Expenses			
Community investment grants	700,538	-	700,538
Program services	260,337	-	260,337
Fund-raising	156,384	-	156,384
Management and general	65,260	-	65,260
Total expenses	1,182,519	-	1,182,519
Change in net assets from operating activities	87,735	(67,077)	20,658
NON-OPERATING ACTIVITIES			
Investment return, net	597	-	597
Total non-operating activities	597	-	597
Change in Net Assets	88,332	(67,077)	21,255
Net assets, beginning	133,797	1,195,339	1,329,136
Net assets, ending	\$ 222,129	\$ 1,128,262	\$ 1,350,391

UNITED WAY OF CENTRAL KENTUCKY, INC.
Statement of Functional Expenses
Year Ended March 31, 2019

	Program Services	Supporting Services			Total Expenses
		Fund-raising	Management and General	Total	
Personnel					
Salaries	\$ 80,128	\$ 85,174	\$ 35,855	\$ 121,029	\$ 201,157
Payroll taxes	6,535	6,816	2,895	9,711	16,246
Health insurance	5,763	7,320	2,492	9,812	15,575
Retirement	539	946	191	1,137	1,676
Training	433	917	338	1,255	1,688
Travel	1,149	-	2,758	2,758	3,907
Liability insurance	862	1,094	373	1,467	2,329
Total personnel	95,409	102,267	44,902	147,169	242,578
Occupancy					
Rent	6,660	8,460	2,880	11,340	18,000
Facility maintenance	-	-	863	863	863
Property insurance	251	318	108	426	677
Telephone	907	1,152	392	1,544	2,451
Utilities	1,028	1,307	445	1,752	2,780
Total occupancy	8,846	11,237	4,688	15,925	24,771
Administration					
Audit	2,405	3,055	1,040	4,095	6,500
Bookkeeping	5,772	7,332	2,496	9,828	15,600
IT maintenance and supplies	1,237	2,011	972	2,983	4,220
Miscellaneous	753	150	265	415	1,168
Printing and office supplies	2,440	3,365	1,854	5,219	7,659
Website	339	430	146	576	915
Total administration	12,946	16,343	6,773	23,116	36,062
Other					
211 System	26,020	-	-	-	26,020
Campaign supplies and marketing	4,872	6,742	2,268	9,010	13,882
Civic engagement	682	1,098	291	1,389	2,071
Database	554	704	240	944	1,498
Depreciation	-	-	4,348	4,348	4,348
Dues	-	15,165	-	15,165	15,165
Food and beverage	1,342	262	545	807	2,149
Recognition	537	187	428	615	1,152
Special events	3,532	2,379	777	3,156	6,688
Sponsorship	7,979	-	-	-	7,979
Way to Work	97,618	-	-	-	97,618
Total other	143,136	26,537	8,897	35,434	178,570
Total Expenses	\$ 260,337	\$ 156,384	\$ 65,260	\$ 221,644	\$ 481,981

UNITED WAY OF CENTRAL KENTUCKY, INC.
Statement of Cash Flows
March 31, 2019

Cash Flows from Operating Activities	
Change in net assets from operating activities	\$ 20,658
Adjustments to reconcile change in net assets from operating activities to net cash provided by operating activities:	
Depreciation	4,348
Campaign revenue deposited to investments	(10,000)
Changes in assets and liabilities	
Decrease in grant receivable	4,967
Decrease in pledges receivable	53,971
Decrease in pledge loss allowance	(19,766)
Increase in other receivables	(150)
Increase in prepaid expenses	(2,966)
Increase in payroll taxes payable	1,198
Decrease in other payroll related liabilities	(1,345)
Decrease in other current liabilities	(62)
Increase in program related liabilities	46,947
Decrease in agency allocations payable	(14,828)
Decrease in designations payable	(12,342)
	<hr/>
Net cash provided by operating activities	<hr/> 70,630
Net increase in cash and cash equivalents	70,630
Cash and cash equivalents, beginning	<hr/> 624,460
Cash and cash equivalents, ending	<hr/> <hr/> \$ 695,090
Supplemental Disclosures of Cash Flows Information	
Cash paid during the year for	
Interest	\$ -
Income taxes	\$ -

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

NOTE A. ORGANIZATION AND NATURE OF ACTIVITIES

United Way of Central Kentucky, Inc. (UWCK) is a nonprofit organization that brings together the resources of volunteer talent, funds, advocacy, expertise and local businesses and industry with the goal of creating stronger communities and improving lives. UWCK provides funding to programs through interagency partnerships and direct initiatives that help children enter school ready to learn, keep youth on track to succeed in life and empower families to achieve financial stability while continuing to improve health and meet basic needs. UWCK is funded primarily through contributions from local businesses and individuals raised during a volunteer-led annual campaign.

The accounting and reporting framework and the more significant accounting principles and practices of United Way of Central Kentucky, Inc. are discussed in Note B. The remainder of the Notes is organized to provide explanations, including required disclosures, of UWCK's financial activities for the fiscal year ended March 31, 2019.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements of UWCK are prepared in accordance with accounting principles generally accepted in the United States of America as relates to voluntary health and welfare organizations.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting - United Way of Central Kentucky, Inc. maintains its accounting records using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized and recorded when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Campaign revenues are recognized in the year for which they are due, while grants are recognized when grantor eligibility requirements are met.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, UWCK considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Investments – Investments are valued at fair values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment return is presented net of investment fees.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

Allowance for Uncollectible Pledges - The allowance for uncollectible pledges (pledge loss allowance) is estimated as a percentage of pledges outstanding at fiscal year end and is primarily based on historical collection experience. All pledges are expected to be collected within one year.

Capital Assets - United Way of Central Kentucky, Inc.'s office furniture and equipment are stated at historical cost. Gifts of long-lived assets, such as land, buildings or equipment, are valued at their estimated fair market value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets may be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. UWCK has not adopted a formal capitalization policy. Depreciation on capital assets is recorded on a straight-line basis over the assets' estimated useful lives as follows:

Office furniture and equipment	5-10 years
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When capital assets are disposed, the cost and the applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reported in the statement of activities.

Net Assets - Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of UWCK and changes therein are classified and reported as follows:

- **Net assets without donor restrictions** – are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UWCK. The UWCK Board of Directors may designate assets without restrictions for specific operational purposes from time to time. See Note H for additional information.
- **Net assets with donor restrictions** – are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWCK or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds to be maintained in perpetuity. See Note L for additional information.

Contributions - Contributions received, including unconditional promises to give, are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, net assets with donor restrictions are reclassified as 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 within the same year as received are reported as contributions without donor restrictions in the statement of activities.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

Pledges for contributions are recorded as assets and revenue with donor restrictions when the pledges are received. Community investment grants to partners are recognized as expenses in the period such grants are made. These grants are generally paid on a monthly installment basis throughout the year.

Pledges for which the donor stipulates the agency, program or county to receive the donation are recorded as assets (pledges receivable) and liabilities (designations payable) when the pledges are received. They are included in campaign results, but are not considered revenue of UWCK.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to UWCK’s ongoing services and interest earned on cash and cash equivalents. Non-operating activities are limited to return on investments.

Contributed Services and Supplies - Services and supplies have been provided by various individuals, businesses, and organizations to benefit UWCK and other community agencies on behalf of UWCK. UWCK records the value of contributed services and supplies when there is an objective basis available to measure their value. In accordance with FASB ASC 958-605-50-1, contributed services are recognized if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized. Contributed supplies are reflected as contributions at their estimated fair market values at date of receipt.

Functional Allocation of Expenses - The costs of providing the various programs of UWCK have been summarized on a functional basis in the statement of activities, which includes all expenses incurred for the fiscal year. Certain costs have been allocated among the programs and supporting services benefitted. These allocated costs have been incurred to operate programs as well as raise funds and manage the organization. In order to reflect the full scope of operating costs related to providing these programs and services, UWCK has conservatively estimated that certain percentages of line item costs such as audit, bookkeeping, database, insurance, rent, telephone, utilities and website are related to program services as well as fund-raising and management and general. Such expenses are allocated 37% to program services, 47% to fund-raising and 16% to management and general. Personnel costs, such as salary and payroll taxes, are allocated based on the employees’ job description. Other costs are charged directly to the function benefitted. See Note O for additional information.

Income Taxes – UWCK is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. Additionally, UWCK has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code. When applicable, UWCK recognizes uncertain income tax positions using the “more-likely-than-not” approach as defined in the Accounting Standards Codification (ASC). No liability for uncertain tax positions has been reflected in the accompanying financial statements. UWCK’s 2015 through 2018 tax years remain open and subject to examination.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

New Pronouncement – On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 – *Presentation of Financial Statements of Not-for-Profit Entities*. UWCK adopted the provisions of this new standard during the year ended March 31, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added to include liquidity and the availability of resources and disclosures related to functional allocation of expenses were expanded. Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

Subsequent Events - Management has evaluated subsequent events through September 27, 2019 which is the date the financial statements are available to be issued.

NOTE C. CONCENTRATIONS OF CREDIT RISK

Cash – Custodial risk for deposits is the risk that in the event of a bank failure, UWCK would not be able to recover its deposits. As of March 31, 2019, UWCK had accounts at two financial institutions with a book balance of \$695,040 and a bank balance of \$684,956. Of the bank balances, \$242,751 was covered by Federal Deposit Insurance Corporation (FDIC) and \$442,205 was secured by pledged securities.

Receivables - UWCK's pledges receivable are subject to the risk of not being collected. UWCK has no collateral policy for pledges receivable, but performs ongoing evaluations of pledge accounts to determine their collectability and has established a pledge loss allowance.

NOTE D. LIQUIDITY AND AVAILABILITY

UWCK has \$701,716 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash and cash equivalents of \$695,090 and prepaid expenses of \$6,626. Pledges receivable and other receivables are subject to donor imposed restrictions that make them unavailable for general expenditures within one year of the balance sheet date. These pledges receivable are subject to purpose restrictions but are expected to be collected within one year.

UWCK has a goal to maintain financial assets, specifically cash and cash equivalents, on hand to meet 10% of the annual normal operating expenses. Operating expenses, as reported in the Statement of Activities, total \$1,182,519 for fiscal year ended March 31, 2019. Of this total, \$700,538 is attributed to community investment grants and \$97,618 is attributed to Way To Work program. Management monitors cash flows closely through monthly reviews and quarterly Board meetings. UWCK has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

In addition, as part of its liquidity management, UWCK invests cash in excess of daily requirements in short-term investments. See Notes I and J for additional information on UWCK's operating reserve fund and endowment fund.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

NOTE E. PLEDGES RECEIVABLE

Pledges receivable are expected to be collected within one year and are presented, at March 31, 2019, net of pledge loss allowance as follows:

Pledges receivable	\$ 913,900
Less pledge loss allowance	<u>(123,495)</u>
Pledges receivable, net	<u><u>\$ 790,405</u></u>

NOTE F. CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable assets				
Office furniture and equipment	<u>\$ 31,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,556</u>
Total at historical cost	<u>31,556</u>	<u>-</u>	<u>-</u>	<u>31,556</u>
Less accumulated depreciation				
Office furniture and equipment	<u>(24,172)</u>	<u>(4,348)</u>	<u>-</u>	<u>(28,520)</u>
Total accumulated depreciation	<u>(24,172)</u>	<u>(4,348)</u>	<u>-</u>	<u>(28,520)</u>
Capital assets, net	<u><u>\$ 7,384</u></u>	<u><u>\$ (4,348)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,036</u></u>

NOTE G. COMPENSATED ABSENCES

Employees of UWCK are entitled to paid vacation and sick days, depending on job classification, length of service and other factors. UWCK's policy is to recognize the costs of compensated absences when paid to employees. The amount of accrued compensated absences not recognized in the accompanying financial statements is not considered to be material.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

NOTE H. NET ASSETS WITHOUT DONOR RESTRICTIONS

At March 31, 2019, UWCK's net assets without donor restrictions consist of the following:

Operating	\$ 115,494
Operating reserve - Board designated	71,895
Endowment fund - Board designated	<u>34,740</u>
Net assets without donor restrictions	<u><u>\$ 222,129</u></u>

NOTE I. OPERATING RESERVE FUND

The Board has established an operating reserve fund primarily to enable UWCK to manage cash flow interruptions due to unexpected losses greater than the annual pledge loss allowance and to ensure consistency of payments to funded partners. Additionally, the operating reserve will allow UWCK to meet unfunded and unexpected organization needs.

The operating reserve was established with an initial deposit of \$35,000 from UWCK's net assets without donor restrictions and is intended to include donor contributions or additional transfers of net assets without donor restrictions, as approved by the Board. During the fiscal year ended March 31, 2017, an additional deposit of \$35,000 was approved by the Board and subsequently transferred to the operating reserve account, bringing the principal amount of the operating reserve to \$70,000. The operating reserve goal is to attain and maintain a balance that is the equivalent of 10% of the annual operating budget, initially determined by the Board to be \$100,000, within three years.

NOTE J. ENDOWMENT FUND

UWCK has an Endowment Fund Agreement (Agreement) with the Central Kentucky Community Foundation, Inc. (CKCF) to establish the "United Way of Central Kentucky Fund". The objective of the endowment fund is to provide sustainable funding for UWCK's initiatives and to generally support UWCK, particularly during periods of economic weakness.

The endowment fund was established with an initial investment of \$18,395 from UWCK's net assets without donor restrictions and is intended to include any other properties that later may be transferred to CKCF for inclusion in the endowment fund from either donor contributions or additional transfers of net assets without donor restrictions, as approved by the Board. The assets are held by CKCF, in its corporate capacity, and all investment decisions and services are provided by CKCF. The Board has chosen to withhold making distributions from the endowment fund until the endowment portfolio has attained a meaningful level, initially determined by the Board to be \$250,000, before regular distributions begin to be made to support UWCK's spending. Until this level is met, earnings will be continually reinvested to grow the endowment fund. The fair market value of the endowment fund at March 31, 2019 is \$34,740.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

For the year ended March 31, 2019, UWCK has the following Board designated endowment related activities:

Investment return			
Interest and dividends	\$	472	
Fees		(413)	
Change in FMV		538	
Total investment return		597	
Contributions to endowment		10,000	
Change in endowment fund	\$	10,597	

NOTE K. FAIR VALUE MEASUREMENTS

UWCK follows FASB ASC 820 Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820 defines fair value as 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. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 - quoted prices for identical assets or liabilities in active markets that the entity has the ability to access at the measurement date.
- Level 2 – significant other observable inputs other than Level 1 prices such as 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.
- Level 3 – significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

Following is a description of the valuation method used for instruments measured at fair value on a recurring basis. For this disclosure, UWCK only has investment securities that meet this requirement.

Investment Securities – Valued primarily by independent third party pricing services under the market valuation approach that include, but not limited to, the following inputs:

- Marketable equity securities and mutual funds are priced utilizing real-time data feeds from active market exchanges for identical securities.
- Government-sponsored agency debt securities, obligations of states and political subdivisions, corporate bonds, and other similar investment securities are priced with available market information through processes using benchmark yields, matrix pricing, prepayment speeds, cash flows, live trading data, and market spreads sourced from new issues, dealer quotes, and trade prices, among other sources.

Investment securities are UWCK’s only statement of financial position item that meets the disclosure requirements for instruments measured at fair value on a recurring basis.

As of March 31, 2019, fair value measurements consisted of investments with a fair market value of \$34,740 measured at fair value using quoted prices in active markets for identical assets (Level 1). There were no Level 2 or Level 3 inputs.

NOTE L. NET ASSETS WITH DONOR RESTRICTIONS

During the fiscal year, net assets of \$1,194,677 were released from restrictions and reclassified as without restrictions. At March 31, 2019, net assets with donor restrictions were available for the following purposes:

Community investment grants and subsequent year operating activities	\$ 1,052,322	
Way to Work program	75,940	
Net assets with donor restrictions	\$ 1,128,262	

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

NOTE M. CAMPAIGN REVENUE

For the fiscal year ended March 31, 2019, campaign revenue reported in the statement of activities consists of the following:

Gross campaign results - current year	\$ 1,279,739
Less donor designations	<u>(28,644)</u>
Reported campaign revenue - current year	1,251,095
Less pledge loss allowance	<u>(123,495)</u>
Net campaign revenue - current year	<u>\$ 1,127,600</u>
Additional campaign revenue - prior year	<u>\$ 40,453</u>

NOTE N. CONTRIBUTED SERVICES AND SUPPLIES

A substantial number of unpaid volunteers contribute significant time and resources towards UWCK's activities. Such activities include the Community Investment Process (grant funding) and activities benefitting community agencies, as well as the annual fund-raising campaign. Media coverage is also donated on behalf of UWCK. During the fiscal year ended March 31, 2019, UWCK received an estimated \$111,724 of volunteer services, media coverage and in kind donations for projects benefitting community agencies that did not meet the criteria for recognition under FASB ASC 958-605-50-1 and, thus, have not been reflected in the accompanying financial statements.

NOTE O. ALLOCATION OF COSTS

For the fiscal year ended March 31, 2019, UWCK incurred functional expenses of \$481,981 for allocations for payroll, supplies, informational materials and activities that included fund-raising appeals. The functional expenses were allocated \$260,337 to program services, \$156,384 to fund-raising and \$65,260 to management and general. None of these costs were incurred by joint activities involving a fund-raising element.

UNITED WAY OF CENTRAL KENTUCKY, INC.
Notes to Financial Statements
March 31, 2019

NOTE P. DESCRIPTION OF LEASING ARRANGEMENTS

In December 2014, United Way of Central Kentucky, Inc. entered into a five-year cancelable operating lease for office space at \$1,500 per month. Rental expense for the fiscal year ended March 31, 2019 totaled \$18,000.

During the fiscal year ended March 31, 2019, United Way of Central Kentucky, Inc. entered into a twelve-month cancelable operating lease for office space, janitorial supplies and services, and utilities for the Way To Work program. Rent for office space is \$1,411 per month; janitorial supplies and services are \$353 per month and utilities are at 7% of actual monthly utilities. Rental expense for eleven months of the fiscal year ended March 31, 2019 totaled \$20,351. These expenses are included in the Way To Work program expenses.

NOTE Q. RISK MANAGEMENT

United Way of Central Kentucky, Inc. is exposed to various risks and losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. UWCK purchases commercial insurance to mitigate the risk of loss to which UWCK is exposed in normal operations.