

United Way of Southern Kentucky, Inc.

Financial Statements

December 31, 2010 and 2009

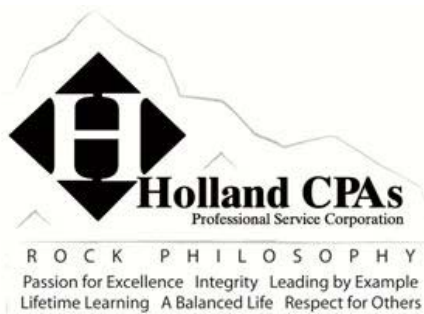


Holland CPAs
Professional Services Corporation

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Passion for Excellence Integrity Leading by Example
Lifetime Learning A Balanced Life Respect for Others

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Independent Auditors' Report

Board of Directors
United Way of Southern Kentucky, Inc.
Bowling Green, Kentucky

We have audited the accompanying statements of financial position of **United Way of Southern Kentucky, Inc.** (the "Organization") as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Way of Southern Kentucky, Inc.** as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Holland CPAs, PSC

Bowling Green, Kentucky
April 25, 2011

United Way of Southern Kentucky, Inc.
Statements of Financial Position
December 31, 2010 and 2009

	Assets							
	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and cash equivalents.....	\$ 167,820	\$ 319,999	\$ 0	\$ 487,819	\$ 60,185	\$ 359,379	\$ 0	\$ 419,564
Investments	1,469,311	0	9,000	1,478,311	1,305,941	0	9,000	1,314,941
2010–2011 contributions receivable, less allowance for uncollectible of \$155,118	0	1,204,329	0	1,204,329	0	0	0	0
2009–2010 contributions receivable, less allowance for uncollectible of \$124,212 and \$248,871 for 2010 and 2009, respectively	81,999	0	0	81,999	0	1,165,242	0	1,165,242
2008–2009 contributions receivable, less allowance for uncollectible of \$177,835	0	0	0	0	134,913	0	0	134,913
Prepaid expenses	5,202	0	0	5,202	5,040	0	0	5,040
Noncampaign receivable	1,746	0	0	1,746	3,035	0	0	3,035
Land, building and equipment, net.....	242,886	0	0	242,886	250,761	0	0	250,761
Other assets.....	11,382	0	0	11,382	1,560	0	0	1,560
Total Assets	\$ 1,980,346	\$ 1,524,328	\$ 9,000	\$ 3,513,674	\$ 1,761,435	\$ 1,524,621	\$ 9,000	\$ 3,295,056

Liabilities and Net Assets

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities								
Accounts payable	\$ 1,118	\$ 0	\$ 0	\$ 1,118	\$ 3,005	\$ 0	\$ 0	\$ 3,005
Accrued expenses	20,544	0	0	20,544	13,133	0	0	13,133
2009–2010 allocations payable	499,714	0	0	499,714	0	0	0	0
2008–2009 allocations payable	0	0	0	0	502,345	0	0	502,345
Designations payable, net of allowance for uncollectibles of \$16,814 and \$23,498 for 2010 and \$15,459 and \$38,194 for 2009, respectively	70,841	166,129	0	236,970	65,959	166,101	0	232,060
Total Liabilities	592,217	166,129	0	758,346	584,442	166,101	0	750,543
Net Assets								
Unrestricted:								
Operating	1,375,756	0	0	1,375,756	1,165,008	0	0	1,165,008
Endowment fund – Board designated	12,373	0	0	12,373	11,985	0	0	11,985
Temporarily restricted	0	1,358,199	0	1,358,199	0	1,358,520	0	1,358,520
Permanently restricted	0	0	9,000	9,000	0	0	9,000	9,000
Total Net Assets	1,388,129	1,358,199	9,000	2,755,328	1,176,993	1,358,520	9,000	2,544,513
Total Liabilities and Net Assets	\$ 1,980,346	\$ 1,524,328	\$ 9,000	\$ 3,513,674	\$ 1,761,435	\$ 1,524,621	\$ 9,000	\$ 3,295,056

United Way of Southern Kentucky, Inc.
Statements of Activities
For the Years Ended December 31, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue								
Gross campaign results – current year	\$ 181,142	\$ 0	\$ 0	\$ 181,142	\$ 127,469	\$ 0	\$ 0	\$ 127,469
Gross campaign results in prior year – released from restrictions.....	1,731,659	(1,731,659)	0	0	1,781,451	(1,781,451)	0	0
Total Campaign Results – Current Year	1,912,801	(1,731,659)	0	181,142	1,908,920	(1,781,451)	0	127,469
Less: donor designations – net of fees	(203,909)	203,909	0	0	(203,436)	203,436	0	0
Campaign Revenue	1,708,892	(1,527,750)	0	181,142	1,705,484	(1,578,015)	0	127,469
Allowance for uncollectible pledges	(211,063)	211,063	0	0	(216,012)	216,012	0	0
Net Campaign Revenue – Current Year	1,497,829	(1,316,687)	0	181,142	1,489,472	(1,362,003)	0	127,469
Gross campaign results – next year	0	1,637,613	0	1,637,613	0	1,731,659	0	1,731,659
Less: donor designations – net of fees	0	(190,626)	0	(190,626)	0	(203,909)	0	(203,909)
Campaign Revenue – Next Year	0	1,446,987	0	1,446,987	0	1,527,750	0	1,527,750
Allowance for uncollectible pledges	0	(130,621)	0	(130,621)	0	(211,063)	0	(211,063)
Net Campaign Revenue – Next Year	0	1,316,366	0	1,316,366	0	1,316,687	0	1,316,687
Balloons, Tunes & BBQ revenue	111,439	0	0	111,439	128,696	0	0	128,696
Less: costs of Balloons, Tunes & BBQ	108,998	0	0	108,998	113,275	0	0	113,275
Other special events	17,744	0	0	17,744	35,992	0	0	35,992
Net Revenue From Special Events	20,185	0	0	20,185	51,413	0	0	51,413

Designations from other United Ways	15,870	0	0	15,870	13,690	0	0	13,690
Investment return designated for current operations	163,778	0	0	163,778	304,955	0	0	304,955
Miscellaneous income	1,560	0	0	1,560	1,560	0	0	1,560
Total Revenue	1,699,222	(321)	0	1,698,901	1,861,090	(45,316)	0	1,815,774
Expenses								
Program Services								
Fund distribution	987,840	0	0	987,840	969,135	0	0	969,135
Invest in success	17,690	0	0	17,690	24,462	0	0	24,462
Volunteer program	15,479	0	0	15,479	0	0	0	0
Community capacity building	59,898	0	0	59,898	113,281	0	0	113,281
Total Program Services	1,080,907	0	0	1,080,907	1,106,878	0	0	1,106,878
Supporting Services								
Management and general	201,971	0	0	201,971	208,395	0	0	208,395
Fund raising	160,716	0	0	160,716	166,348	0	0	166,348
Marketing	26,661	0	0	26,661	29,371	0	0	29,371
United Way Worldwide dues	17,831	0	0	17,831	19,421	0	0	19,421
Total Supporting Services	407,179	0	0	407,179	423,535	0	0	423,535
Total Expenses	1,488,086	0	0	1,488,086	1,530,413	0	0	1,530,413
Change in Net Assets	211,136	(321)	0	210,815	330,677	(45,316)	0	285,361
Net Assets, Beginning of Year	1,176,993	1,358,520	9,000	2,544,513	846,316	1,403,836	9,000	2,259,152
Net Assets, End of Year	\$ 1,388,129	\$ 1,358,199	\$ 9,000	\$ 2,755,328	\$ 1,176,993	\$ 1,358,520	\$ 9,000	\$ 2,544,513

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

United Way of Southern Kentucky, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 210,815	\$ 285,361
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,583	21,180
Loss on disposal of fixed asset	426	951
Realized and unrealized gain on investment securities	(129,987)	(255,817)
Contribution of stock.....	(8,156)	(4,995)
Decrease in contributions receivable, net	13,827	121,904
(Increase) decrease in prepaid expenses	(162)	288
(Increase) decrease in other current assets.....	(8,533)	5,930
Increase (decrease) in accounts payable	(1,887)	615
Increase in accrued expenses	7,411	3,076
Increase (decrease) in allocations/designations payable	2,279	(142,421)
Net Cash Provided By Operating Activities	<u>105,616</u>	<u>36,072</u>
Cash Flows From Investing Activities		
Purchase of fixed assets	(12,134)	(296)
Proceeds from redemption and sale of investment securities.....	140,773	339,178
Purchase of investment securities	(166,000)	(321,612)
Net Cash Provided By (Used In) Investing Activities	<u>(37,361)</u>	<u>17,270</u>
Net Increase in Cash and Cash Equivalents	68,255	53,342
Cash and Cash Equivalents – Beginning of Year.....	<u>419,564</u>	<u>366,222</u>
Cash and Cash Equivalents – End of Year	<u><u>\$ 487,819</u></u>	<u><u>\$ 419,564</u></u>

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

United Way of Southern Kentucky, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2010 and 2009

	2010				
	Program Services				
	Fund Distribution	Invest in Success	Volunteer Program	Community Capacity Building	Total
Expenses					
Allocations	\$ 1,114,366	\$ 0	\$ 0	\$ 3,000	\$ 1,117,366
Less donor designations – net of fees and shrinkage	(166,101)	0	0	0	(166,101)
	948,265	0	0	3,000	951,265
Salaries.....	25,634	11,458	9,526	35,123	81,741
Fringe benefits.....	7,606	3,400	2,826	10,421	24,253
	33,240	14,858	12,352	45,544	105,994
Payments to affiliates	475	212	176	651	1,514
Dues/subscriptions	0	0	0	0	0
Supplies.....	655	293	244	898	2,090
Utilities	1,293	578	480	1,771	4,122
Marketing materials and programs.....	0	0	741	2,719	3,460
Training.....	290	130	108	398	926
Insurance.....	539	241	200	739	1,719
Purchased services	0	0	0	0	0
Repairs and maintenance.....	642	287	238	879	2,046
Travel.....	778	348	322	1,020	2,468
Miscellaneous.....	262	117	97	359	835
Depreciation expense.....	1,401	626	521	1,920	4,468
	6,335	2,832	3,127	11,354	23,648
United Way Worldwide dues	0	0	0	0	0
Total Expenses	\$ 987,840	\$ 17,690	\$ 15,479	\$ 59,898	\$ 1,080,907

2010

Supporting Services					
Management and General	Fund Raising	Marketing	UWA Dues	Total	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,117,366
0	0	0	0	0	(166,101)
0	0	0	0	0	951,265
97,675	94,479	14,854	0	207,008	288,749
28,981	28,033	4,407	0	61,421	85,674
126,656	122,512	19,261	0	268,429	374,423
1,809	1,750	276	0	3,835	5,349
477	464	161	0	1,102	1,102
2,497	2,906	380	0	5,783	7,873
4,926	4,764	749	0	10,439	14,561
691	13,730	3,517	0	17,938	21,398
1,106	1,070	169	0	2,345	3,271
2,054	1,987	312	0	4,353	6,072
48,710	0	0	0	48,710	48,710
2,445	2,365	372	0	5,182	7,228
4,262	3,037	500	0	7,799	10,267
998	966	151	0	2,115	2,950
5,340	5,165	813	0	11,318	15,786
75,315	38,204	7,400	0	120,919	144,567
0	0	0	17,831	17,831	17,831
\$ 201,971	\$ 160,716	\$ 26,661	\$ 17,831	\$ 407,179	\$ 1,488,086

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

United Way of Southern Kentucky, Inc.
Statements of Functional Expenses (Continued)
For the Years Ended December 31, 2010 and 2009

	2009			
	Program Services			
	Fund Distribution	Invest in Success	Community Capacity Building	Total
Expenses				
Allocations	\$ 1,106,146	\$ 0	\$ 32,000	\$ 1,138,146
Less donor designations – net of fees and shrinkage	(166,028)	0	0	(166,028)
	940,118	0	32,000	972,118
Salaries.....	19,184	15,552	49,895	84,631
Fringe benefits.....	5,249	4,255	13,651	23,155
	24,433	19,807	63,546	107,786
Payments to affiliates	376	305	978	1,659
Dues/subscriptions	0	0	0	0
Supplies.....	450	622	1,250	2,322
Utilities	896	727	2,332	3,955
Marketing materials and programs.....	0	50	5,618	5,668
Training.....	240	195	625	1,060
Insurance.....	394	320	1,026	1,740
Purchased services	0	0	0	0
Repairs and maintenance.....	400	324	1,041	1,765
Travel.....	684	996	1,876	3,556
Miscellaneous.....	118	285	321	724
Depreciation expense.....	1,026	831	2,668	4,525
	4,584	4,655	17,735	26,974
United Way Worldwide dues	0	0	0	0
Total Expenses	\$ 969,135	\$ 24,462	\$ 113,281	\$ 1,106,878

2009

Supporting Services						
Management and General	Fund Raising	Marketing	UWA Dues	Total		Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,138,146	
0	0	0	0	0	(166,028)	
0	0	0	0	0	972,118	
101,449	95,508	17,233	0	214,190	298,821	
27,757	26,131	4,715	0	58,603	81,758	
129,206	121,639	21,948	0	272,793	380,579	
1,987	1,872	338	0	4,197	5,856	
516	492	181	0	1,189	1,189	
5,276	3,132	320	0	8,728	11,050	
4,741	4,463	805	0	10,009	13,964	
2,222	20,090	3,205	0	25,517	31,185	
1,271	1,197	216	0	2,684	3,744	
2,086	1,962	354	0	4,402	6,142	
48,740	0	0	0	48,740	48,740	
2,117	1,992	360	0	4,469	6,234	
4,186	3,817	616	0	8,619	12,175	
624	586	107	0	1,317	2,041	
5,423	5,106	921	0	11,450	15,975	
79,189	44,709	7,423	0	131,321	158,295	
0	0	0	19,421	19,421	19,421	
\$ 208,395	\$ 166,348	\$ 29,371	\$ 19,421	\$ 423,535	\$ 1,530,413	

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

United Way of Southern Kentucky, Inc.
Notes To Financial Statements
December 31, 2010 and 2009

Note 1: Nature of Activities and Significant Accounting Policies

• **Nature of Activities**

The *United Way of Southern Kentucky, Inc.* (the "Organization") is a non-profit organization incorporated in the State of Kentucky in 1956 and governed by a volunteer Board of Directors. The Organization is a multi-county enterprise serving Allen, Barren, Logan, Simpson and Warren Counties. The mission of the Organization is "to be the leader in bringing together the resources to build a stronger, more caring community." Over the years, the Organization has evolved from that of a federated fund raiser or umbrella organization to one which identifies and addresses critical community problems. Shrinking financial resources and increased demand for human services have precipitated that change. Through a community-wide campaign, a local citizens' review process and a program of community education, the Organization acts as a catalyst to help the community identify and resolve health and human care problems.

• **Basis of Presentation**

The accompanying financial statements of the Organization are presented on the accrual basis of accounting.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donated assets are reported at fair market value as of the date of the gift.

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 1: Nature of Activities and Significant Accounting Policies *(Continued)*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

Contributions receivable are expected to be collected within a one year period. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of contributions.

● **Cash and Cash Equivalents**

Cash and cash equivalents include bank deposits and highly liquid debt instruments with original maturities of three months or less. The carrying amount reported in the statement of financial position approximates fair value.

● **Investment Securities**

Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are valued at their 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.

● **Land, Buildings and Equipment**

Land, buildings and equipment in excess of \$500 with a useful life of one year or more are capitalized and recorded at cost. Depreciation is computed by the straight-line method at rates based on the estimated useful lives. The estimated useful lives range from three to forty years.

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 1: Nature of Activities and Significant Accounting Policies *(Continued)*

• **Allocations and Grants Payable**

Allocations and grants are recorded as expense during the year of approval.

• **Donor Designations**

Donor-designated contributions are not revenue when pledged or received or expensed when allocated. Donor designations are considered agent transactions in which the Organization is the agent through which donors make contributions to specific donees.

• **Contributed Services and Materials**

The Organization receives services donated by volunteers, as well as some materials and equipment. The donation of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Management records contributed services when meeting the criteria for recognition, and materials and equipment as contributions at their estimated fair values at the date of the donation.

During the years ended December 31, 2010 and 2009, for the annual campaign, the value of contributed services meeting the requirements for recognition in the financial statements was not significant and has not been recorded.

• **Functional Expenses**

The Organization will apply expenses to functional areas based on the best information possible. Most expenses will be allocated according to the functional time sheet. Other direct expenses will be allocated to the appropriate function. The Organization uses the following categories for reporting functional expenses:

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 1: Nature of Activities and Significant Accounting Policies *(Continued)*

Program Services

- ▶ **Fund Distribution** — Includes recruitment and training of volunteers to evaluate and make recommendations as to the level of funding specific nonprofit organizations receive, as well as consulting with boards of directors and staffs of community charities during the distribution of funds process. Evaluates programs to determine how the Organization's donor dollars will be invested; monitors programs to ensure accountability and measures results and outcomes; includes actual funding to non-profit organizations based on the policies and procedures mentioned above.
- ▶ **Invest in Success** — Program designed to minimize barriers that prevent children from reaching their greatest potential with focus on engaging the community around early childhood education, concentration on building skills young children need to enter school ready to succeed. Specifically, the program will collect and distribute age-appropriate books for children, as well as operate a summer reading program designed to help children maintain skills that have been attained throughout the school year.
- ▶ **Volunteer Program** — Includes programming, which links individuals in each community with volunteer opportunities and coordinates activities and events to bring volunteer resources to community agencies and programs.
- ▶ **Community Capacity Building** — Includes research aimed at identification and resolution of community problems that impact the quality of life in the community; provides information and education to the public regarding the community's most critical human needs; analyzes and reviews human services agencies and programs to ensure they are meeting the most critical community needs. Also includes funds for community capacity building activities either directly, or through partnership with other funders, to strengthen the community's ability to address service needs in the areas of substance abuse and early childhood education. Other activities include food drives and day of caring activities.

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 1: Nature of Activities and Significant Accounting Policies *(Continued)*

Supporting Services

- ▶ **Management and General** — Includes oversight board meetings, business management, executive direction and planning, personnel and office management, accounting and bookkeeping, general record keeping and file maintenance, budgeting, financing, soliciting revenue from exchange transactions and all management and administration except for direct conduct of program services or fund raising activities.
- ▶ **Fund Raising** — Includes publicizing and conducting fund raising campaigns, maintaining donor mailing lists, conducting special fund raising events, preparing and distributing fund raising manuals, instructions and other materials, and conducting other activities involved with soliciting contributions from individuals, foundations, governments and others. Also includes the recruitment, training and development of volunteers to solicit donations from corporations and individuals to fund operating and allocation expenses.
- ▶ **Marketing** — Includes general distribution of public information about United Way of Southern Kentucky and raises awareness of United Way's mission.
- ▶ **UWW Dues** — Includes the dues charged by the national office of the United Way Worldwide.

● **Federal Income Taxes**

The Organization qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

● **Uncertain Tax Positions**

The Organization follows accounting requirements associated with uncertainty in income taxes using the provisions of ASC 740, Income Taxes. The guidance prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 1: Nature of Activities and Significant Accounting Policies *(Continued)*

recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2010, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

● **Concentrations of Credit Risk**

The Organization has concentrations of credit risk in contributions receivable. The collection of outstanding contributions is heavily dependent upon the economic stability of local industries.

● **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

▶ *Allowance for Uncollectible Contributions Receivable*

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for uncollectible contributions receivable.

● **Subsequent Events**

The Organization has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through April 25, 2011, which was the date the financial statements were approved by the governing body of the Organization.

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 2: Investment Securities

At December 31, 2010 and 2009, investments are stated at fair value as follows:

	2010		
	Amortized Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash management funds	\$ 117,672	\$ 117,672	\$ 0
Mutual funds – equities.....	572,270	700,517	128,247
Mutual funds – bonds	618,216	647,099	28,883
Common stock.....	3,071	3,346	275
Preferred stock	9,621	9,677	56
	\$ 1,320,850	\$ 1,478,311	\$ 157,461
	2009		
	Amortized Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash management funds	\$ 110,747	\$ 110,747	\$ 0
Mutual funds – equities.....	503,459	523,138	19,679
Mutual funds – bonds	657,220	666,832	9,612
Common stock.....	4,671	4,657	(14)
Preferred stock	9,568	9,567	(1)
	\$ 1,285,665	\$ 1,314,941	\$ 29,276

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 2: Investment Securities (Continued)

	2010	2009
Investment return is summarized as follows:		
Interest income	\$ 211	\$ 1,411
Dividend income	33,580	47,727
Net realized/unrealized gains	129,987	255,817
Investment Return Designated for Current Operations	\$ 163,778	\$ 304,955

Note 3: Land, Buildings and Equipment

At December 31, 2010 and 2009, the costs and related accumulated depreciation of land, buildings and equipment consists of the following:

	2010	2009
Land.....	\$ 26,000	\$ 26,000
Buildings and improvements	305,064	305,064
Equipment	117,630	148,420
	448,694	479,484
Less: accumulated depreciation.....	(205,808)	(228,723)
	\$ 242,886	\$ 250,761

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 4: Pension Plan

The Organization has established a defined contribution pension plan for the benefit of its employees. The plan is non-contributory and is administered by Mutual of America. Under the plan, 7% of the employee's salary is contributed to an account for each individual employee and accrued for their benefit. An employee must have one year of service with any **United Way** organization before they can participate in the plan and three years of **United Way** service to become fully vested under the plan. During 2010 and 2009, the Organization contributed \$27,056 and \$24,485 to the plan, respectively.

Note 5: United Way Member Agencies

The Organization has entered into agreements with United Way Agencies in Southern Kentucky to provide funding to these approved agencies. During 2010 and 2009, the Organization made payments to these affiliated agencies of \$909,321 and \$899,670, respectively.

Note 6: Net Assets Released From Temporary Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

	2010	2009
Time restrictions expired	\$ (1,316,687)	\$ (1,362,003)
Total Restrictions Released	\$ (1,316,687)	\$ (1,362,003)

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 7: Endowment Fund

The Organization has an Endowment Fund Agreement (“Agreement”) with the Bowling Green-Warren Community Foundation, Inc (“Foundation”) to establish the “United Way Endowment Fund.” The objective of the endowment fund is to provide support for various services and programs of the Organization to be administered through the Board of Directors.

The Organization was established with an initial transfer of \$10,000 from the Organization’s unrestricted net assets and is intended to include any other properties that later may be transferred to the Foundation for inclusion in the Organization from either donor contributions or additional transfers of unrestricted net assets, as approved by the Board. The assets are held by the Foundation, acting in a fiduciary capacity, and all investment decisions and services are provided by the Foundation. Income and principal from the Organization will be applied to any service, program or other need of the Organization, the application and expenditure of which will be at the sole discretion of the Organization’s Board. As of December 31, 2010 and 2009, the Organization is pursuing other funding sources to increase the endowment fund. The fair market value of the endowment fund at December 31, 2010 and 2009 was \$12,373 and 11,985, respectively.

In the year 2010 and 2009, the Organization had the following Board designated endowment related activities:

	2010	2010
Investment return:		
Investment income	\$ 495	\$ (101)
Net depreciation	(107)	(29)
Total Investment Return	388	(130)
Contributions to endowment	0	0
Amounts appropriated for expenditure.....	0	0
Total Change in Endowment Funds	\$ 388	\$ (130)

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 8: Fair Value Disclosures

The Organization 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 applies whenever other standards require or permit assets or liabilities to be measured at fair value, but does not require any new 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.

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

United Way of Southern Kentucky, Inc.
Notes to Financial Statements (Continued)
December 31, 2010 and 2009

Note 8: Fair Value Disclosures *(Continued)*

- ▶ 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 others sources.

Investment securities are the Organization's only statement of financial position item that meets the disclosure requirements for instruments measured at fair value on a recurring basis. Disclosures are as follows in the table below.

Description	Fair Value Measurements at December 31, 2010 and 2009 Using			
	Fair Value December 31	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2010 Investment securities.....	\$ 1,478,311	\$ 0	\$ 0	\$ 9,000
Cash management funds	0	117,672	0	0
Mutual funds – equities	0	700,517	0	0
Mutual funds – bonds	0	647,099	0	0
Common stock	0	3,346	0	0
Preferred stock	0	677	0	0
2009 Investment securities.....	\$ 1,314,941	\$ 0	\$ 0	\$ 9,000
Cash management funds	0	110,747	0	0
Mutual funds – equities	0	523,138	0	0
Mutual funds – bonds	0	666,832	0	0
Common stock	0	4,657	0	0
Preferred stock	0	567	0	0