

**United Way of  
Southern Kentucky, Inc.**

**Financial Statements**

**June 30, 2013**



United Way of Southern Kentucky, Inc.

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June 30, 2013

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## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of United Way of Southern Kentucky, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the eighteen month period 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.

### **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 June 30, 2013, and the changes in its net assets and its cash flows for the eighteen month period then ended in accordance with accounting principles generally accepted in the United States of America.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Bowling Green, Kentucky  
November 26, 2013

United Way of Southern Kentucky, Inc.  
Statement of Financial Position

**June 30, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 58,596	\$ 95,931	\$ 154,527
Investments	1,723,016	-	1,723,016
2013 / 2014 contributions receivable	-	124	124
2012 / 2013 contributions receivable, less allowance for uncollectibles of \$143,471	649,717	-	649,717
Other receivables	21,127	-	21,127
Prepaid expenses	6,084	-	6,084
Land, building and equipment, net	225,982	-	225,982
<b>Total Assets</b>	<b>\$ 2,684,522</b>	<b>\$ 96,055</b>	<b>\$ 2,780,577</b>
<b>Liabilities and Net Assets</b>			
Liabilities			
Accounts payable	\$ 9,144	\$ -	\$ 9,144
Accrued expenses	21,681	-	21,681
Allocations payable	1,098,088	-	1,098,088
Designations payable, net of allowance for uncollectibles of \$19,831	162,995	-	162,995
<b>Total liabilities</b>	<b>1,291,908</b>	<b>-</b>	<b>1,291,908</b>
Net Assets			
Unrestricted			
Operating	1,373,648	-	1,373,648
Endowment fund – Board designated	18,966	-	18,966
Temporarily restricted	-	96,055	96,055
<b>Total net assets</b>	<b>1,392,614</b>	<b>96,055</b>	<b>1,488,669</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,684,522</b>	<b>\$ 96,055</b>	<b>\$ 2,780,577</b>

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

United Way of Southern Kentucky, Inc.  
Statement of Activities

**For the Eighteen Month Period Ended June 30, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Revenue</b>			
Additional campaign results - 2011 / 2012	\$ 168,900	\$ -	\$ 168,900
Gross campaign results released from restrictions - 2011 / 2012	1,616,832	(1,616,832)	-
Total campaign results – 2011 / 2012	1,785,732	(1,616,832)	168,900
Less: donor designations – net of fees	(177,856)	177,856	-
Campaign revenue – 2011 / 2012	1,607,876	(1,438,976)	168,900
Allowance for uncollectible pledges	(130,876)	130,876	-
Net campaign revenue – 2011 / 2012	1,477,000	(1,308,100)	168,900
Gross campaign results - 2012 / 2013	\$ 1,696,528	\$ -	\$ 1,696,528
Invest in Success contributions	51,663	3,829	55,492
Leadership Circle contributions	5,550	-	5,550
Total campaign results – 2012 / 2013	1,753,741	3,829	1,757,570
Less: donor designations – net of fees	(183,075)	-	(183,075)
Campaign revenue – 2012 / 2013	1,570,666	3,829	1,574,495
Allowance for uncollectible pledges	(123,640)	-	(123,640)
Net campaign revenue – 2012 / 2013	1,447,026	3,829	1,450,855
Preliminary campaign results – 2013 / 2014	-	5,822	5,822
Campaign revenue – 2013 / 2014	-	5,822	5,822
Allowance for uncollectible pledges	-	-	-
Net campaign revenue – 2013 / 2014	-	5,822	5,822
Balloons, Tunes & BBQ revenue	140,365	-	140,365
Less: costs of Balloons, Tunes & BBQ	(123,495)	-	(123,495)
Other special events	37,155	-	37,155
Net revenue from special events	54,025	-	54,025

	Unrestricted	Temporarily Restricted	Total
Designations from other United Ways and other noncampaign revenues	15,916	-	15,916
Investment return designated for current operations	236,710	-	236,710
Marketing sponsorships	18,726	-	18,726
Miscellaneous income	1,430	-	1,430
Other revenue	272,782	-	272,782
<b>Total revenue</b>	<b>3,250,833</b>	<b>(1,298,449)</b>	<b>1,952,384</b>
<b>Expenses</b>			
Program services			
Fund distribution	2,226,967	-	2,226,967
Invest in Success	67,127	-	67,127
Volunteer program	7,017	-	7,017
Community capacity building	81,056	-	81,056
<b>Total program services</b>	<b>2,382,167</b>	<b>-</b>	<b>2,382,167</b>
Supporting services			
Management and general	450,341	-	450,341
Fund raising	198,390	-	198,390
Marketing	63,386	-	63,386
United Way of America dues	25,041	-	25,041
<b>Total supporting services</b>	<b>737,158</b>	<b>-</b>	<b>737,158</b>
<b>Total expenses</b>	<b>3,119,325</b>	<b>-</b>	<b>3,119,325</b>
<b>Change in Net Assets</b>	<b>131,508</b>	<b>(1,298,449)</b>	<b>(1,166,941)</b>
<b>Net Assets – Beginning of Period</b>	<b>1,261,106</b>	<b>1,394,504</b>	<b>2,655,610</b>
<b>Net Assets – End of Period</b>	<b>\$ 1,392,614</b>	<b>\$ 96,055</b>	<b>\$ 1,488,669</b>

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

United Way of Southern Kentucky, Inc.  
Statement of Functional Expenses

For the Eighteen Month Period Ended June 30, 2013

	Program Services				Total
	Fund Distribution	Invest in Success	Volunteer Program	Community Capacity Building	
<b>Expenses</b>					
Allocations	\$ 2,336,464	\$ -	\$ -	\$ 10,440	\$ 2,346,904
Less donor designations – net of fees and shrinkage	(162,995)	-	-	-	(162,995)
	2,173,469	-	-	10,440	2,183,909
Salaries	33,334	31,417	3,726	41,919	110,396
Fringe benefits	9,368	8,829	1,047	11,780	31,024
	42,702	40,246	4,773	53,699	141,420
Payments to affiliates	539	508	60	678	1,785
Dues/subscriptions	-	-	-	-	-
Supplies	1,191	16,926	133	1,498	19,748
Utilities	1,567	1,477	175	1,970	5,189
Marketing materials and programs	215	2,395	745	3,841	7,196
Training	872	160	203	1,066	2,301
Insurance	672	633	75	845	2,225
Purchased services	-	-	-	-	-
Repairs and maintenance	1,177	1,109	132	1,479	3,897
Travel	1,755	967	369	2,019	5,110
Miscellaneous	1,414	1,393	196	1,768	4,771
Depreciation expense	1,394	1,313	156	1,753	4,616
	10,796	26,881	2,244	16,917	56,838
United Way Worldwide dues	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 2,226,967</b>	<b>\$ 67,127</b>	<b>\$ 7,017</b>	<b>\$ 81,056</b>	<b>\$ 2,382,167</b>



<b>Supporting Services</b>					
<b>Management and General</b>	<b>Fund Raising</b>	<b>Marketing</b>	<b>UWW Dues</b>	<b>Total</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,346,904
-	-	-	-	-	(162,995)
-	-	-	-	-	2,183,909
228,529	104,285	21,360	-	354,174	464,570
64,222	29,307	6,003	-	99,532	130,556
292,751	133,592	27,363	-	453,706	595,126
3,695	1,686	345	-	5,726	7,511
1,814	965	398	-	3,177	3,177
8,167	4,570	763	-	13,500	33,248
10,742	4,902	1,004	-	16,648	21,837
4,012	31,007	28,781	-	63,800	70,996
5,287	2,477	602	-	8,366	10,667
4,607	2,102	431	-	7,140	9,365
82,118	-	-	-	82,118	82,118
8,066	3,681	754	-	12,501	16,398
10,080	4,713	1,131	-	15,924	21,034
9,448	4,335	921	-	14,704	19,475
9,554	4,360	893	-	14,807	19,423
157,590	64,798	36,023	-	258,411	315,249
-	-	-	25,041	25,041	25,041
<b>\$ 450,341</b>	<b>\$ 198,390</b>	<b>\$ 63,386</b>	<b>\$ 25,041</b>	<b>\$ 737,158</b>	<b>\$ 3,119,325</b>

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

United Way of Southern Kentucky, Inc.  
Statement of Cash Flows

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**For the Eighteen Month Period Ended June 30, 2013**

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**Cash Flows From Operating Activities**

Change in net assets	\$ (1,166,941)
Adjustments to reconcile change in net assets to net operating activities:	
Depreciation	19,804
Realized and unrealized gain on investment securities	(187,473)
Contribution of stock	(13,492)
Decrease in contributions receivable, net	577,636
Decrease in prepaid expenses	2,117
Increase in other receivables	(4,977)
Increase in accounts payable	126
Increase in accrued expenses	2,329
Increase in allocations/designations payable	531,706
Net Cash Used In Operating Activities	(239,165)

**Cash Flows From Investing Activities**

Purchase of fixed assets	(10,001)
Proceeds from redemption and sale of investment securities	731,159
Purchase of investment securities	(768,143)
Net Cash Used In Investing Activities	(46,985)

**Net Decrease in Cash and Cash Equivalents** (286,150)

**Cash and Cash Equivalents – Beginning of Period** 440,677

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**Cash and Cash Equivalents – End of Period** \$ **154,527**

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

**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, Warren, Butler, Edmonson, Hart, Metcalfe and Monroe 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. Consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when paid. On November 22, 2012, the Organization elected to change their financial and tax reporting year end from December 31 to June 30 to better align the Organization's reporting period with the annual fundraising campaign. The Organization's last audit was for the year ended December 31, 2011; therefore, the accompanying financial statements are for an eighteen month period ended June 30, 2013.

• ***Contributions***

Contributions received are recorded as unrestricted, restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

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.

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

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.

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.

● ***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.

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

▶ *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.

● ***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.

● ***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.

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

• ***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 eighteen month period ended June 30, 2013, 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:

**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.

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

- ▶ **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.

**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.

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

• ***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 recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2013, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. With a few exceptions, the Organization is no longer subject to tax reporting examinations by the federal authorities for the years ended December 31, 2009 and prior.

• ***Subsequent Events***

The Organization has evaluated any recognized or unrecognized subsequent events for consideration in the accompanying financial statements through November 26, 2013, which was the date the financial statements were made available.



**Note 2: Investment Securities**

At June 30, 2013, investments are stated at fair value as follows:

	Amortized Cost	Fair Value	Net Unrealized Appreciation
Cash management funds	\$ 117,754	\$ 117,754	\$ -
Mutual funds – equities	712,961	939,339	226,378
Mutual funds – bonds	658,856	664,849	5,993
Common stocks	958	1,074	116
	<b>\$ 1,490,529</b>	<b>\$ 1,723,016</b>	<b>\$ 232,487</b>

**For the Eighteen Month Period Ended June 30, 2013**

Investment return is summarized as follows:

Dividend / Interest income	\$ 48,339
Net realized/unrealized gains (losses)	188,371

<b>Investment Return Designated for Current Operations</b>	<b>\$ 236,710</b>
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**Note 3: Land, Buildings and Equipment**

At June 30, 2013, the costs and related accumulated depreciation of land, buildings and equipment consists of the following:

<b>June 30,</b>	<b>2013</b>
Land	\$ 26,000
Buildings and improvements	312,628
Equipment	126,797
	465,425
Less: accumulated depreciation	(239,443)
	<b>\$ 225,982</b>

**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 the eighteen month period ended June 30, 2013, the Organization contributed \$39,958 to the plan.

**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 the eighteen month period ended June 30, 2013, the Organization made payments to these affiliated agencies of \$1,521,335.

**Note 6: Net Assets Released From Temporary and Permanent 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.

<u>For the Eighteen Month Period Ended June 30,</u>	<u>2013</u>
<u>Time and purpose restrictions satisfied</u>	<u>\$ 1,308,100</u>
<b>Total Restrictions Released</b>	<b>\$ 1,308,100</b>

**Note 7: Endowment Fund**

The Organization has an Endowment Fund Agreement ("Agreement") with the Community Foundation of South Central Kentucky, 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.

**Note 7: Endowment Fund** *(Continued)*

The Endowment Fund 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 Endowment Fund 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 Endowment Fund will be applied to any service, program or other need of the Organization, the application and expense of which will be at the sole discretion of the Organization's Board. As of June 30, 2013, the Organization is pursuing other funding sources to increase the endowment fund. The fair market value of the endowment fund at June 30, 2013 was \$18,966.

In the year 2013, the Organization had the following Board designated endowment related activities:

<b>For the Eighteen Month Period Ending June 30,</b>	<b>2013</b>
Investment return:	
Investment income	\$ 1,253
Net appreciation	1,862
Total investment return	3,115
Contributions to endowment	3,100
Amounts appropriated for expenses	-
<b>Total Change in Endowment Funds</b>	<b>\$ 6,215</b>

**Note 8: Fair Value Measurements**

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.

**Note 8: Fair Value Measurements** *(Continued)*

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.
- ▶ 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.

**Note 8: Fair Value Measurements** *(Continued)*

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 follow in the table below.

<b>Fair Value Measurements at June 30, 2013 Using</b>				
Description	Fair Value June 30	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash management funds	\$ 117,754	\$ 117,754	-	-
Mutual funds – equities	939,339	939,339	-	-
Mutual funds – bonds	664,849	664,849	-	-
Common stocks	1,074	1,074	-	-
<b>Investments</b>	<b>\$ 1,723,016</b>	<b>\$ 1,723,016</b>	<b>\$ -</b>	<b>\$ -</b>