

KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN

FINANCIAL STATEMENTS

Years Ended December 31, 2008 and 2007

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Notes to financial statements	3 - 7



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kentucky Employees Charitable Campaign
Louisville, Kentucky

We have audited the accompanying statements of financial position of Kentucky Employees Charitable Campaign (a not-for-profit organization) as of December 31, 2008 and 2007. 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 audits to obtain reasonable assurance about whether the statement of financial position is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audits of the statements of financial position provide a reasonable basis for our opinion.

In our opinion, the statements of financial position referred to above present fairly, in all material respects, the financial position of Kentucky Employees Charitable Campaign as of December 31, 2008 and 2007, in conformity with accounting principles generally accepted in the United States of America.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
May XX, 2009

KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations:

Kentucky Employees Charitable Campaign (KECC) was established in 1993 as the charitable campaign for Kentucky state government employees. Through KECC, state employees are able to make contributions to six participating charitable federations or to designate contributions to other 501(c)(3) charities. KECC serves as the conduit agency for receiving the contributions from the state employees and paying them out to the designated federations or other charitable organizations as designated by the employees. United Way of Kentucky, Inc. serves as the administrator for KECC.

Summary of significant accounting policies:

This summary of significant accounting policies of Kentucky Employees Charitable Campaign is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principals generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Effective January 1, 1995, KECC adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations." Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Effective January 1, 2000, KECC also adopted SFAS No. 136, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others." KECC receives contributions as an agent for other organizations, and as such, KECC records no contribution revenues because it has no discretion in determining the parties to be benefited.

NOTES TO FINANCIAL STATEMENTS

Amounts expended by KECC are not expenses of KECC, but are paid by KECC on behalf of the participating member federations and are reimbursed to KECC. Therefore, the only financial statement presented is the statement of financial position.

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.

Cash and cash equivalents:

Cash and cash equivalents include checking and investment management accounts. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Pledges receivable:

An annual fundraising campaign is conducted to raise support for allocations to the six member charitable federations and other 501(c)(3) organizations as may be designated by donors. Pledges for contributions are recorded as received and allowances are provided for amounts estimated to be uncollectible. The provision for uncollectible pledges is based on management's judgment. The determination includes such factors as prior collection history, applied as a percentage to gross campaign revenues. The estimated amount of uncollectible pledges was 8% for both of the years ended December 31, 2008 and 2007. Contributions that have been designated by the donor are reported in the financial statements as agency liabilities.

Expense reimbursements receivable:

By agreement of the participating charitable federations, the expenses of operating KECC are shared proportionately based on annual campaign revenues. These fees are reimbursed on a quarterly basis.

NOTES TO FINANCIAL STATEMENTS

Note 2. Pledges Receivable

Pledges are made by Kentucky state government employees in the fall of the campaign year and are collected through payroll deduction during the subsequent year, with final payments related to December payroll deductions received in January of the following year. Campaign pledges receivable at December 31, 2008 and 2007 related to the Fall 2008 and Fall 2007 campaigns, respectively, are as follows:

	<u>2008</u>	<u>2007</u>
2006 Campaign		\$ 746
2007 Campaign		1,252,286
2008 Campaign	<u>\$1,165,070</u>	<u> </u>
 Total gross pledges receivable	 1,165,070	 1,253,032
 Less: allowance for uncollectible pledges	 <u>(92,986)</u>	 <u>(99,057)</u>
 Total net pledges receivable	 <u>\$1,072,084</u>	 <u>\$1,153,975</u>

Note 3. Expense Reimbursements

Expense reimbursements paid by the participating charitable federations for the years ended December 31, 2008 and 2007 were comprised of the following:

	2008		2007	
	Receivable	Expense	Receivable	Expense
Salaries	\$17,007	\$68,029	\$23,261	\$68,093
Travel	618	2,793	1,494	2,877
Office costs	1,523	7,114	2,038	6,422
Audit	1,063	3,950	1,560	4,000
Computer programs	(375)		(604)	54
Contract services	(2,775)	1,350	(1,162)	2,788
Brochure	4,714	17,464	3,754	16,264
Xerox	75	1,575	1,493	2,020
Supplies	(285)	690	(344)	644
Postage	(400)	125	740	1,036

NOTES TO FINANCIAL STATEMENTS

	2008		2007	
	Receivable	Expense	Receivable	Expense
Poster	\$ 188	\$ 788	\$ 238	\$ 798
Promotional	344	1,244	1,128	1,786
Video	765	3,765	668	3,960
Website maintenance	50	200	51	150
Envelopes	279	654	182	511
Events expense	550	3,550	376	2,549
Total	<u>\$23,341</u>	<u>\$113,291</u>	<u>\$34,873</u>	<u>\$113,952</u>

Note 4. Agency Payables

Agency payables consist of payments due to the six member federations based upon donor designations and administrative fees due to United Way of Kentucky. The following is a detail of amounts due to the member federations by campaign year:

	Balance Due on 2007 Campaign	2008 Campaign	Allowance for Uncollectible Pledges	Balance Due on 2008 Campaign	Agency Payables at 12/31/08
United Way of KY	\$108,485	\$ 617,653	\$(40,914)	\$ 576,739	\$ 685,224
Christian Appalachian Project	35,423	198,172	(13,130)	185,042	220,465
Community Health Charities	35,902	192,507	(12,748)	179,759	215,661
Easter Seals Kentucky	14,543	73,143	(4,844)	68,299	82,842
Prevent Child Abuse KY	29,457	163,542	(10,833)	152,709	182,166
WHAS Crusade for Children	26,250	158,698	(10,517)	148,181	174,431
Totals	<u>\$250,060</u>	<u>\$1,403,715</u>	<u>\$(92,986)</u>	<u>\$1,310,729</u>	<u>\$1,560,789</u>

	Balance Due on 2006 Campaign	2007 Campaign	Allowance for Uncollectible Pledges	Balance Due on 2007 Campaign	Agency Payables at 12/31/07
United Way of KY	\$106,482	\$ 658,557	\$(43,327)	\$ 615,230	\$ 721,712
Christian Appalachian Project	32,221	212,723	(13,997)	198,726	230,947
Community Health Charities	35,256	212,630	(13,987)	198,643	233,899
Easter Seals Kentucky	15,255	86,974	(5,725)	81,249	96,504
Prevent Child Abuse KY	28,181	175,547	(11,550)	163,997	192,178
WHAS Crusade for Children	25,133	159,130	(10,471)	148,659	173,792
Totals	<u>\$242,528</u>	<u>\$1,505,561</u>	<u>\$(99,057)</u>	<u>\$1,406,504</u>	<u>\$1,649,032</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Concentration of Credit Risk

The Organization maintains a government cash management fund with NatCity Investments. This fund is not insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2008, the amount of uninsured cash in this fund was approximately \$281,326. In addition, the Organization also maintains a variable rate note with NatCity Investments. As of December 31, 2008, the value of this note was \$200,000.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of the investment securities will occur in the near term and that such changes could materially affect the financial condition of the Organization. Though the market value of investments is subject to fluctuation on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.