

KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN

FINANCIAL STATEMENTS

Years Ended December 31, 2010 and 2009

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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, 2010 and 2009. 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, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
May 16, 2011

KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 454,719	\$ 452,006
Pledges receivable, less allowance for uncollectible pledges of \$78,285 for 2010 and \$96,871 for 2009	906,928	1,118,074
Expense reimbursement receivable	<u>13,522</u>	<u>14,125</u>
TOTAL ASSETS	<u>\$ 1,375,169</u>	<u>\$ 1,584,205</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 34,033	\$ 621
Interest payable to United Way of Kentucky, Inc.	304	496
Agency liabilities:		
United Way of Kentucky, Inc.	573,274	688,785
Christian Appalachian Project	206,504	223,981
Community Health Charities	204,723	230,063
Easter Seals Kentucky	59,074	77,758
Prevent Child Abuse Kentucky	157,200	193,075
WHAS Crusade for Children	<u>140,057</u>	<u>169,426</u>
TOTAL LIABILITIES	1,375,169	1,584,205
 NET ASSETS	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,375,169</u>	<u>\$ 1,584,205</u>

See Notes to Financial Statements.

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, 2000, KECC adopted FASB ASC 958, "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.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2010 and 2009. 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.

Subsequent events:

Subsequent events have been evaluated through May 16, 2011, which is the date that the financial statements were available to be issued.

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, 2010 and 2009 related to the Fall 2010 and Fall 2009 campaigns, respectively, are as follows:

	<u>2010</u>	<u>2009</u>
2008 Campaign		\$ 3,697
2009 Campaign	\$ 4,419	1,211,248
2010 Campaign	<u>980,794</u>	<u> </u>
 Total gross pledges receivable	 985,213	 1,214,945
 Less: allowance for uncollectible pledges	 <u>(78,285)</u>	 <u>(96,871)</u>
 Total net pledges receivable	 <u>\$906,928</u>	 <u>\$1,118,074</u>

Note 3. Expense Reimbursements

Expense reimbursements paid by the participating charitable federations for the years ended December 31, 2010 and 2009 were comprised of the following:

	2010		2009	
	Receivable	Expense	Receivable	Expense
Salaries	\$10,301	\$72,826	\$8,550	\$61,071
Travel	(175)	2,317	890	3,839
Office costs	1,065	8,203	785	7,380
Audit	686	4,850	651	4,650
Computer programs			(420)	
Contract services	(165)	1,959	(907)	2,505
Brochure	2,316	17,218	3,938	19,783
Xerox	(194)	1,907	673	2,702
Supplies	119	773	(124)	601
Postage	(37)	235	92	390

NOTES TO FINANCIAL STATEMENTS

	2010		2009	
	Receivable	Expense	Receivable	Expense
Poster			\$ 544	\$ 1,572
Promotional	\$ (245)	\$ 317	(119)	688
Video	(283)	2,500	(116)	2,793
Website maintenance	176	686	95	320
Envelopes	45	455	(42)	413
Events expense	<u>(87)</u>	<u>3,221</u>	<u>(365)</u>	<u>2,723</u>
Total	<u>\$13,522</u>	<u>\$117,467</u>	<u>\$14,125</u>	<u>\$111,430</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 2009 Campaign	2010 Campaign	Allowance for Uncollectible Pledges	Balance Due on 2010 Campaign	Agency Payables at 12/31/10
United Way of KY	\$104,338	\$ 502,857	\$(33,921)	\$ 468,936	\$ 573,274
Christian Appalachian Project	38,795	179,835	(12,126)	167,709	206,504
Community Health Charities	40,141	176,482	(11,900)	164,582	204,723
Easter Seals Kentucky	12,998	49,403	(3,327)	46,076	59,074
Prevent Child Abuse KY	33,400	132,748	(8,948)	123,800	157,200
WHAS Crusade for Children	<u>28,531</u>	<u>119,589</u>	<u>(8,063)</u>	<u>111,526</u>	<u>140,057</u>
Totals	<u>\$258,203</u>	<u>\$1,160,914</u>	<u>\$(78,285)</u>	<u>\$1,082,629</u>	<u>\$1,340,832</u>

	Balance Due on 2008 Campaign	2009 Campaign	Allowance for Uncollectible Pledges	Balance Due on 2009 Campaign	Agency Payables at 12/31/09
United Way of KY	\$115,947	\$ 614,909	\$(42,071)	\$ 572,838	\$ 688,785
Christian Appalachian Project	37,330	200,358	(13,707)	186,651	223,981
Community Health Charities	36,290	208,004	(14,231)	193,773	230,063
Easter Seals Kentucky	13,687	68,779	(4,708)	64,071	77,758
Prevent Child Abuse KY	31,203	173,758	(11,886)	161,872	193,075
WHAS Crusade for Children	<u>29,565</u>	<u>150,129</u>	<u>(10,268)</u>	<u>139,861</u>	<u>169,426</u>
Totals	<u>\$264,022</u>	<u>\$1,415,937</u>	<u>\$(96,871)</u>	<u>\$1,319,066</u>	<u>\$1,583,088</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Concentration of Credit Risk

The Organization maintains cash balances at a single financial institution located in Kentucky. Amounts are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000. At December 31, 2010, the Organization's uninsured cash balances total approximately \$194,000.