

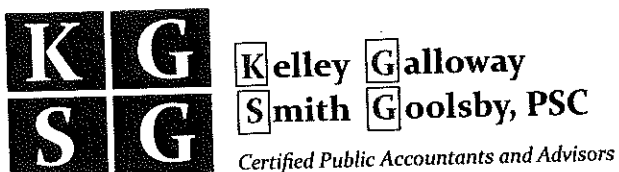
**UNITED WAY OF NORTHEAST
KENTUCKY, INC.**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41102
• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590
• Web www.ksgcpa.com Member of **Allinial** GLOBAL.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Northeast Kentucky, Inc.
Ashland, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Northeast Kentucky, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 the United Way of Northeast Kentucky, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kelley Galloway Smith Goolsby, PSC
Ashland, Kentucky
June 8, 2016

UNITED WAY OF NORTHEAST KENTUCKY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash	\$ 74,586	\$ 106,844
Certificates of deposit	405,293	403,872
Accrued interest receivable	468	468
Pledges receivable, net of allowance for uncollectible pledges of \$26,699 and \$37,958	263,087	174,200
Other receivables	-	2,970
Total current assets	<u>743,434</u>	<u>688,354</u>
Endowment Fund	446,049	450,815
Other investments	41,197	36,741
Property held for investment	4,100	4,100
Furniture and equipment, net	9,526	11,215
Total assets	<u>\$ 1,244,306</u>	<u>\$ 1,191,225</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ 5,241
Donor designations payable – other United Ways	8,034	95,163
Allocations payable	194,704	291,358
Accrued expenses	3,747	3,405
Total current liabilities	<u>206,485</u>	<u>395,167</u>
NET ASSETS:		
Unrestricted net assets –		
Operating	225,879	60,843
Board designated	388,049	392,815
Total unrestricted net assets	<u>613,928</u>	<u>453,658</u>
Temporarily restricted	365,893	284,400
Permanently restricted	58,000	58,000
Total net assets	<u>1,037,821</u>	<u>796,058</u>
Total liabilities and net assets	<u>\$ 1,244,306</u>	<u>\$ 1,191,225</u>

The accompanying notes to financial statements
are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS:		
Support, revenue and reclassifications -		
Contributions received - current period	\$ 374,922	\$ 261,115
In-kind contributions	22,300	23,737
Grants	75,000	-
Investment and interest income	8,273	8,517
Unrealized gains (losses) on investments	(14,772)	(404)
Realized gains on sales of investments	<u>6,561</u>	<u>15,574</u>
Total unrestricted support and revenue	472,284	308,539
 Net assets released from restrictions, satisfaction of time restrictions	 <u>284,400</u>	 <u>402,910</u>
Total unrestricted support, revenue and reclassifications	<u>756,684</u>	<u>711,449</u>
 Expenses:		
Program services -		
Funds allocated to member agencies	416,025	624,318
Supporting services -		
Management and general	143,602	160,943
Fundraising	<u>36,787</u>	<u>39,681</u>
Total expenses	<u>596,414</u>	<u>824,942</u>
 Increase (decrease) in unrestricted net assets	 <u>160,270</u>	 <u>(113,493)</u>
 TEMPORARILY RESTRICTED NET ASSETS:		
Contributions applicable to next allocation period	365,893	284,400
Net assets released from donor restrictions	<u>(284,400)</u>	<u>(402,910)</u>
Increase (decrease) in temporarily restricted net assets	<u>81,493</u>	<u>(118,510)</u>
 PERMANENTLY RESTRICTED NET ASSETS		
Contributions for endowment fund	<u>-</u>	<u>-</u>
 Increase in permanently restricted net assets	 <u>-</u>	 <u>-</u>
 INCREASE (DECREASE) IN NET ASSETS	 241,763	 (232,003)
 NET ASSETS AT BEGINNING OF YEAR	 <u>796,058</u>	 <u>1,028,061</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 1,037,821</u>	 <u>\$ 796,058</u>

The accompanying notes to financial statements
are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			Total Functional Expenses
	Program Services	Supporting Services		
		Management and General	Fundraising	
4-H Boyd County	\$ 1,000	\$ -	\$ -	\$ 1,000
Ashland Community Hospice	2,730	-	-	2,730
Ashland Community Kitchen	45,000	-	-	45,000
Big Brothers/Big Sisters	9,000	-	-	9,000
CAReS	18,000	-	-	18,000
Childwatch CASA	15,000	-	-	15,000
Dressing Room	25,000	-	-	25,000
Friends of the Children	3,000	-	-	3,000
Hillcrest-Bruce Ministries	4,000	-	-	4,000
Hope's Place	11,000	-	-	11,000
Safe Harbor	40,000	-	-	40,000
Salvation Army	33,000	-	-	33,000
Senior Center	18,000	-	-	18,000
Shelter of Hope	15,000	-	-	15,000
Westwood Boys Club	10,000	-	-	10,000
YMCA	155	-	-	155
Red Cross Northeast	20,000	-	-	20,000
Boy Scouts	1,000	-	-	1,000
4-H Greenup	1,000	-	-	1,000
Helping Hands	6,500	-	-	6,500
Partners In Pride	1,500	-	-	1,500
Pathways	3	-	-	3
Boy Scouts - Simon Kenton	1,000	-	-	1,000
River Cities Harvest	14,000	-	-	14,000
Rose Society	1,000	-	-	1,000
Sarah's Place	4,000	-	-	4,000
Two Hearts Pregnancy Care Center	3,500	-	-	3,500
Bethany House	62	-	-	62
4-H Carter	1,000	-	-	1,000
Carter Schools - FRC & YSC	3,500	-	-	3,500
East Carter Adult Center	2,000	-	-	2,000
Carter Christian Academy	536	-	-	536
Girl Scouts - CC	2,000	-	-	2,000
Carter County Community Ed	2,000	-	-	2,000
Grahn School Community Center	2,260	-	-	2,260
Project Merry Christmas	2,500	-	-	2,500
Shop With a Cop	346	-	-	346
Fallsburg Family Resource Center	400	-	-	400
Elliott County Public Library	290	-	-	290
God's Food Bank	466	-	-	466
Meals on Wheels - OLBH	5,085	-	-	5,085
Young Professional Backpack	1,000	-	-	1,000
Meals on Wheels - Grayson	2,000	-	-	2,000

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			Total Functional Expenses
	Program Services	Supporting Services		
		Management and General	Fundraising	
Carter County Adult Education	2,400	-	-	2,400
Greenup County Meals on Wheels	4,000	-	-	4,000
NE KY Care Center	7,500	-	-	7,500
KY Child Assault Program	2,000	-	-	2,000
Greenup County Habitat for Humanity	30	-	-	30
Ashland Child Development	130	-	-	130
Carter County Public Library	1,500	-	-	1,500
South Shore Meals on Wheels	2,500	-	-	2,500
Louisa Family Resource Center	5,000	-	-	5,000
Blaine FRYSC	400	-	-	400
Ashland FRC - Bornlearning	3,000	-	-	3,000
Clean Start	3,750	-	-	3,750
Special Allocations	24,744	-	-	24,744
Designated to Other Agencies	10,496	-	-	10,496
Salaries & Wages	19,742	34,531	29,342	83,615
Payroll taxes	-	8,127	-	8,127
Contracted professional services	-	17,992	-	17,992
Miscellaneous	-	5,355	-	5,355
Insurance	-	3,335	-	3,335
Supplies	-	4,914	1,403	6,317
Postage	-	2,090	-	2,090
Dues and subscriptions	-	9,166	-	9,166
Bad debts	-	29,561	-	29,561
Telephone	-	2,283	-	2,283
Meetings	-	1,764	-	1,764
Maintenance and repairs	-	494	-	494
Rent	-	22,300	-	22,300
Depreciation	-	1,690	-	1,690
Banquet/Kickoff	-	-	2,390	2,390
Campaign Events	-	-	3,652	3,652
Total functional expenses	\$ 416,025	\$ 143,602	\$ 36,787	\$ 596,414

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2014			
	Program Services	Supporting Services		Total Functional Expenses
		Management and General	Fundraising	
4-H Boyd County	\$ 182	\$ -	\$ -	\$ 182
Ashland Community Hospice	1,846	-	-	1,846
Ashland Community Kitchen	55,000	-	-	55,000
Big Brothers/Big Sisters	12,000	-	-	12,000
CAReS	25,000	-	-	25,000
Childwatch CASA	20,000	-	-	20,000
Dressing Room	35,000	-	-	35,000
Friends of the Children	5,500	-	-	5,500
Hillcrest-Bruce Ministries	12,000	-	-	12,000
Hope's Place	16,000	-	-	16,000
Safe Harbor	50,000	-	-	50,000
Salvation Army	50,000	-	-	50,000
Senior Center	25,000	-	-	25,000
Westwood Boys Club	16,000	-	-	16,000
YMCA	25,000	-	-	25,000
Red Cross Northeast	40,000	-	-	40,000
4-H Greenup	3,000	-	-	3,000
Helping Hands	24,000	-	-	24,000
Partners In Pride	3,000	-	-	3,000
Pathways	15,000	-	-	15,000
Boy Scouts - Simon Kenton	5,400	-	-	5,400
River Cities Harvest	16,000	-	-	16,000
Rose Society	1,500	-	-	1,500
Sarah's Place	4,800	-	-	4,800
Two Hearts Pregnancy Care Center	5,000	-	-	5,000
Bethany House	2,500	-	-	2,500
4H Carter	1,000	-	-	1,000
Carter Schools - FRC & YSC	3,000	-	-	3,000
East Carter Adult Center	1,500	-	-	1,500
Girl Scouts - CC	19,400	-	-	19,400
Grahn School Community Center	3,000	-	-	3,000
NEKADC	1,500	-	-	1,500
Project Merry Christmas	2,000	-	-	2,000
Shop With a Cop	300	-	-	300
Fallsburg Family Resource Center	750	-	-	750
God's Food Bank	2,500	-	-	2,500
Shelter of Hope	21,000	-	-	21,000

UNITED WAY OF NORTHEAST KENTUCKY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONCLUDED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2014			Total Functional Expenses
	Program Services	Supporting Services		
		Management and General	Fundraising	
Louisa - Ft. Gay Min. Assoc.	2,500	-	-	2,500
Meals on Wheels - OLBH	4,782	-	-	4,782
Young Professional Backpack	2,000	-	-	2,000
Meals on Wheels - Grayson	1,100	-	-	1,100
Elliott County Public Library	1,800	-	-	1,800
First Book	1,500	-	-	1,500
Carter County Adult Education	1,500	-	-	1,500
Greenup County Meals on Wheels	5,200	-	-	5,200
NE KY Care Center	10,000	-	-	10,000
KY Child Assault Program	2,500	-	-	2,500
Greenup County Habitat for Humanity	3,000	-	-	3,000
Ashland Child Development	5,000	-	-	5,000
Carter County Public Library	2,000	-	-	2,000
South Shore Meals on Wheels	3,000	-	-	3,000
Louisa Family Resource Center	1,500	-	-	1,500
Blaine FRYSC	750	-	-	750
Ashland FRC - Bornlearning	3,000	-	-	3,000
Clean Start	5,000	-	-	5,000
Raceland Schools Bornlearning	3,000	-	-	3,000
Special Allocations	4,595	-	-	4,595
Designated to Other Agencies	16,414	-	-	16,414
Salaries & Wages	19,499	33,838	29,025	82,362
Payroll taxes	-	8,446	-	8,446
Contracted professional services	-	16,987	-	16,987
Miscellaneous	-	12,946	-	12,946
Insurance	-	3,011	-	3,011
Supplies	-	7,044	-	7,044
Postage	-	2,503	-	2,503
Dues and subscriptions	-	10,619	-	10,619
Bad debts	-	30,515	-	30,515
Telephone	-	3,623	-	3,623
Meetings	-	5,495	-	5,495
Maintenance and repairs	-	489	-	489
Rent	-	23,737	-	23,737
Depreciation	-	1,690	-	1,690
Brochures	-	-	1,346	1,346
Banquet/Kickoff	-	-	3,410	3,410
Campaign Events	-	-	5,900	5,900
Total functional expenses	<u>\$ 624,318</u>	<u>\$ 160,943</u>	<u>\$ 39,681</u>	<u>\$ 824,942</u>

The accompanying notes to financial statements
are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 241,763	\$ (232,003)
Adjustments to reconcile change in net assets to net cash used for operating activities -		
Depreciation	1,690	1,690
Provision for doubtful accounts	29,561	30,515
Gains on sales of investments	(6,561)	(15,574)
Unrealized gains (losses) on investments	14,772	404
Increase (decrease) in operating assets -		
Pledges receivable	(118,448)	67,973
Accrued interest receivable	-	(38)
Other receivables	2,970	(2,285)
Increase (decrease) in operating liabilities -		
Accounts payable	(5,241)	2,842
Pledges due other United Ways	(87,129)	16,414
Accrued expenses	342	902
Allocations payable	(96,654)	(12,177)
Net cash used for operating activities	(22,935)	(141,337)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	(1,421)	(1,098)
Purchases of investments	(46,602)	(99,715)
Sales of investments	38,700	90,461
Net cash used for investing activities	(9,323)	(10,352)
NET DECREASE IN CASH	(32,258)	(151,689)
CASH AT BEGINNING OF YEAR	106,844	258,533
CASH AT END OF YEAR	\$ 74,586	\$ 106,844

The accompanying notes to financial statements
are an integral part of these statements.

UNITED WAY OF NORTHEAST KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Northeast Kentucky, Inc. (the "Organization") is a nonprofit organization. It was originally created in 1928 and chartered in the Commonwealth of Kentucky in 1936 as United Way of Boyd County, Inc. The Organization provides for an efficient and effective way to maximize the ability of contributors to support nonprofit agencies and programs that serve the Boyd, Greenup, Carter, Elliott and Lawrence County communities. The Board is comprised of various members of the community who volunteer their services and receive no compensation.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2015 and 2014.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation by the Internal Revenue Service. The Commonwealth of Kentucky also recognizes this tax-exempt status.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes its tax returns prior to 2012 are no longer subject to examination by the IRS.

Use of Estimates

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

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

Investments

Investments with readily determinable fair values are reflected at fair market value. Changes in fair market value are reported in the statements of activities.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes of the Organization are reported as temporarily-restricted or permanently-restricted support that increases those net asset classes.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analyses of specific promises made.

Subsequent Events

Subsequent events have been evaluated through June 8, 2016, which is the date the financial statements were available to be issued.

(2) NET ASSETS

All of the temporary restrictions on net assets at December 31, 2015 and 2014, respectively, relate to the 2015 and 2014 fund raising campaigns, net of donor designations. The 2015 and 2014 campaign revenue represents a time restriction, since these funds are to be utilized to support the Organization's programs in future periods.

Temporarily restricted net assets of \$284,400 and \$402,910, were released from donor restrictions in 2015 and 2014, respectively, by satisfying the established time restrictions.

(3) PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of December 31, 2015 and 2014, respectively:

		<u>2015</u>	<u>2014</u>
2013/2014	Campaign:		
	Undesignated	\$ -	\$ 52,419
	Designated - other United Ways	-	-
	Designated - agencies	-	-
		<u>-</u>	<u>52,419</u>
2014/2015	Campaign:		
	Undesignated	27,650	128,177
	Designated - other United Ways	-	1,116
	Designated - agencies	-	30,446
		<u>27,650</u>	<u>159,739</u>

2015/2016	Campaign:		
	Undesignated	237,010	-
	Designated - other United Ways	2,030	-
	Designated - agencies	23,096	-
		<u>262,136</u>	<u>-</u>
	Less allowance for uncollectibles	<u>(26,699)</u>	<u>(37,958)</u>
	Amounts due in less than one year	<u>\$ 263,087</u>	<u>\$ 174,200</u>

(4) CASH

Unrestricted cash consists of the following as of December 31, 2015 and 2014:

	2015		2014	
	Interest		Interest	
<u>Type</u>	<u>Rates</u>	<u>2015</u>	<u>Rates</u>	<u>2014</u>
Checking accounts	0.00% to 0.10%	<u>\$ 74,586</u>	0.00% to 0.10%	<u>\$ 106,844</u>

(5) CERTIFICATES OF DEPOSIT

Unrestricted certificates of deposit not considered cash equivalents consist of the following as of December 31, 2015 and 2014:

	2015	Interest	
	<u>Maturity</u>	<u>Rate</u>	
	October 8, 2016	0.10%	\$ 67,204
	June 14, 2016	0.15	54,124
	December 5, 2016	0.20	52,515
	October 5, 2016	0.50	133,698
	June 1, 2016	0.25	97,752
			<u>\$ 405,293</u>
	2014	Interest	
	<u>Maturity</u>	<u>Rate</u>	
	April 8, 2015	0.10%	\$ 67,120
	September 23, 2015	0.15	53,948
	June 5, 2015	0.20	52,384
	October 5, 2016	0.50	132,864
	May 1, 2015	0.25	97,556
			<u>\$ 403,872</u>

(6) INVESTMENTS

Investments consist of the following:

	December 31, 2015			December 31, 2014		
	Cost	Fair Value	Unrealized Gain (loss)	Cost	Fair Value	Unrealized Gain (loss)
Unrestricted:						
Money market	\$ 137,437	\$ 137,437	\$ -	\$ 145,566	\$ 145,566	\$ -
Equity securities	191,333	203,558	12,225	161,492	205,358	43,866
Mutual funds	130,186	146,251	16,065	137,013	136,632	(381)
	<u>\$ 458,956</u>	<u>\$ 487,246</u>	<u>\$ 28,290</u>	<u>\$ 444,071</u>	<u>\$ 487,556</u>	<u>\$ 43,485</u>

For the years ended December 31, 2015 and 2014, investment return (excluding certificates of deposit) consists of the following:

	2015	2014
Investment income, net of expenses	\$ 5,276	\$ 5,578
Realized gains	6,561	15,574
Unrealized gains (losses) on investment securities	(14,772)	(404)
	<u>\$ (2,935)</u>	<u>\$ 20,748</u>

(7) FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	Life	2015	2014
Furniture and Equipment	5-10 years	\$ 56,873	\$ 56,873
Less-accumulated depreciation		(47,347)	(45,658)
		<u>\$ 9,526</u>	<u>\$ 11,215</u>

(8) CONTRIBUTED SERVICES

A significant amount of time, for which no value has been assigned or recognized, was contributed by volunteers assisting the Organization during its annual campaign.

(9) PROPERTY HELD FOR INVESTMENT

The Organization owns a donated time-share located in Daytona Beach, Florida, the estimated value of which is \$4,100.

(10) CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Organization to credit risk include unrestricted and restricted cash and certificates of deposit with financial institutions. The difference between cash bank balances as set forth below and book balances as shown on the statement of financial position at December 31, 2015 represent in transit items.

	Cash
Insured or collateralized, commercial banks	\$ 557,078
Uninsured, uncollateralized	-
	<u>\$ 557,078</u>

Investments are exposed to various risks such as market and credit. Due to the level of uncertainty related to the changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The Organization primarily receives contributions/pledges from Boyd, Greenup, Carter, Elliott and Lawrence Counties and surrounding areas. Employment in this area is highly concentrated in the petroleum, steel, coal and health care industries. Therefore, many contributors' ability to honor their pledges is dependent upon these economic sectors.

(11) FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurement and Disclosures* topic of FASB ASC 820, the fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques

are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The recent fair value valuation guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

The Organization groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on 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 for substantially the full term of the asset or liability.
- Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instruments' categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>2015</u>		
Money market	\$ 137,437	\$ 137,437
Equity securities	203,558	203,558
Mutual funds	<u>146,251</u>	<u>146,251</u>
Total investments	<u>\$ 487,246</u>	<u>\$ 487,246</u>
<u>2014</u>		
Money market	\$ 145,566	\$ 145,566
Equity securities	205,358	205,358
Mutual funds	<u>136,632</u>	<u>136,632</u>
Total investments	<u>\$ 487,556</u>	<u>\$ 487,556</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

(12) RECLASSIFICATIONS

Certain reclassifications have been made to the 2014 financial statements to conform with the 2015 presentation.

(13) ENDOWMENT FUNDS

The Organization's Endowment Fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets, identified by the Organization's board of directors to be used for future investment and growth, are included in unrestricted net assets – board-designated.

The Organization has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

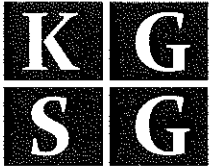
- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The Organization maintains two Endowment Funds, one of which has donor imposed restrictions that do not expire, and the other of which is Board designated. These funds are invested with Peoples Financial Advisors, a division of Peoples Bank, N.A. These funds are co-mingled among the various investment alternatives offered by Peoples Financial Advisors, with the Board directing that 35% of the portfolio be invested in capital preservation funds, and the remaining 65% to be invested in balanced allocation funds.

Both Endowment Funds require the principal balances to be maintained in perpetuity, with earnings to be expended as determined by the Board.

A summary of the Endowment funds activity for the year ended December 31, 2015 is as follows:

	<u>Board Designated</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, December 31, 2013 (at fair value)	\$ 374,353	\$ 58,000	\$ 432,353
Contributions	-	-	-
Realized gains	13,486	2,088	15,574
Unrealized gains	(231)	(36)	(267)
Advisor fees	(2,545)	(394)	(2,939)
Dividends and interest	5,277	817	6,094
Reclassifications	<u>2,475</u>	<u>(2,475)</u>	<u>-</u>
Balance, December 31, 2014 (at fair value)	392,815	58,000	450,815
Contributions	-	-	-
Realized gains	5,716	844	6,560
Unrealized losses	(13,056)	(1,928)	(14,984)
Advisor fees	(2,629)	(388)	(3,017)
Dividends and interest	5,816	859	6,675
Reclassifications	<u>(613)</u>	<u>613</u>	<u>-</u>
Balance, December 31, 2015 (at fair value)	<u>\$ 388,049</u>	<u>\$ 58,000</u>	<u>\$ 446,049</u>



Kelley **G**alloway
Smith **G**oolsby, PSC

Certified Public Accountants and Advisors

1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41102

• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590

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INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

The Board of Directors
United Way of Northeast Kentucky, Inc.
Ashland, Kentucky

We have audited the financial statements of United Way of Northeast Kentucky, Inc. as of and for the years ended December 31, 2015 and 2014 and have issued our report thereon dated June 8, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The following supplemental information on pages 18 through 19 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Kelley Anthony Smith Goolsby, PSC

Ashland, Kentucky
June 8, 2016

UNITED WAY OF NORTHEAST KENTUCKY, INC.
SCHEDULES OF EXPENSES AND RELATED PERCENTAGES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

PROGRAM SERVICES:	2015		2014	
	Percent	Amount	Percent	Amount
4H Boyd County	0.2%	\$ 1,000	0.1%	\$ 182
Ashland Community Hospice	0.7%	2,730	0.3%	1,846
Ashland Community Kitchen	10.8%	45,000	8.8%	55,000
Big Brothers/Big Sisters	2.2%	9,000	1.9%	12,000
Boy Scouts - Tri-State	0.2%	1,000	0.0%	-
CAReS	4.3%	18,000	4.0%	25,000
Childwatch CASA	3.6%	15,000	3.2%	20,000
Dressing Room	6.0%	25,000	5.6%	35,000
Friends of the Children	0.7%	3,000	0.9%	5,500
Hillcrest-Bruce Ministries	1.0%	4,000	1.9%	12,000
Hope's Place	2.6%	11,000	2.6%	16,000
Safe Harbor	9.6%	40,000	8.0%	50,000
Salvation Army	7.9%	33,000	8.0%	50,000
Sarah's Place	1.0%	4,000	0.8%	4,800
Senior Center	4.3%	18,000	4.0%	25,000
Shelter of Hope	3.6%	15,000	3.4%	21,000
Westwood Boys Club	2.4%	10,000	2.6%	16,000
YMCA	0.0%	155	4.0%	25,000
Red Cross Northeast	4.8%	20,000	6.4%	40,000
4H Greenup	0.2%	1,000	0.5%	3,000
Helping Hands	1.6%	6,500	3.8%	24,000
Partners in Pride	0.4%	1,500	0.5%	3,000
Pathways	0.0%	3	2.4%	15,000
Boy Scouts - Simon Kenton	0.2%	1,000	0.9%	5,400
River Cities Harvest	3.4%	14,000	2.6%	16,000
Rose Society	0.2%	1,000	0.2%	1,500
Two Hearts Pregnancy Center	0.8%	3,500	0.8%	5,000
Special Allocations	5.9%	24,744	0.7%	4,595
Bethany House	0.0%	62	0.4%	2,500
Carter Christian Academy	0.1%	536	0.0%	-
4H Carter	0.2%	1,000	0.2%	1,000
Carter Schools - FRC & YSC	0.8%	3,500	0.5%	3,000
East Carter Adult Center	0.5%	2,000	0.2%	1,500
Girl Scouts - CC	0.5%	2,000	3.1%	19,400
Carter County Community Ed	0.5%	2,000	0.0%	-
Grahn School Community Center	0.5%	2,260	0.5%	3,000
NEKADC	0.0%	-	0.2%	1,500
Project Merry Christmas	0.6%	2,500	0.4%	2,000
Shop with a Cop	0.1%	346	0.1%	300
Fallsburg Family Resource Center	0.1%	400	0.1%	750
Elliott County Public Library	0.1%	290	0.3%	1,800
God's Food Bank	0.1%	466	0.4%	2,500
Louisa-Ft. Gay Min. Assoc.	0.0%	-	0.4%	2,500
Meals on Wheels - OLBH	1.2%	5,085	0.8%	4,782

UNITED WAY OF NORTHEAST KENTUCKY, INC.

SCHEDULES OF EXPENSES AND RELATED PERCENTAGES (CONCLUDED)

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014	
	Percent	Amount	Percent	Amount
Young Professional Backpack	0.2%	1,000	0.3%	2,000
Meals on Wheels - Grayson	0.5%	2,000	0.2%	1,100
First Book	0.0%	-	0.2%	1,500
Carter County Adult Education	0.6%	2,400	0.2%	1,500
Greenup County Meals on Wheels	1.0%	4,000	0.8%	5,200
NE KY Care Center	1.8%	7,500	1.5%	10,000
Greenup County Habitat for Humanity	0.0%	30	0.5%	3,000
Ashland Child Development	0.0%	130	0.8%	5,000
Carter County Public Library	0.4%	1,500	0.3%	2,000
KY Child Assault Program	0.5%	2,000	0.4%	2,500
South Shore Meals on Wheels	0.6%	2,500	0.5%	3,000
Louisa Family Resource Center	1.2%	5,000	0.2%	1,500
Ashland FRC - Bornlearning	0.7%	3,000	0.5%	3,000
Clean Start	0.9%	3,750	0.8%	5,000
Raceland Schools Bornlearning	0.0%	-	0.5%	3,000
Blaine FRYSC	0.1%	400	0.1%	750
Designated to Other Agencies	2.5%	10,496	2.6%	16,414
Salaries & wages	4.7%	19,742	3.1%	19,499
Total Program Services	100.0%	\$ 416,025	100.0%	\$ 624,318

SUPPORTING SERVICES:

Management and General:

Salaries and wages	19.1%	\$ 34,531	16.9%	\$ 33,838
Payroll taxes	4.5%	8,127	4.2%	8,446
Contracted professional services	10.0%	17,992	8.5%	16,987
Miscellaneous	3.0%	5,355	6.5%	12,946
Insurance	1.8%	3,335	1.5%	3,011
Supplies	2.7%	4,914	3.5%	7,044
Postage	1.2%	2,090	1.2%	2,503
Dues and subscriptions	5.1%	9,166	5.3%	10,619
Bad debts	16.4%	29,561	15.2%	30,515
Telephone	1.3%	2,283	1.8%	3,623
Meetings	1.0%	1,764	2.7%	5,495
Maintenance and repairs	0.3%	494	0.2%	489
Rent	12.4%	22,300	11.9%	23,737
Depreciation	0.9%	1,690	0.8%	1,690
	79.6%	143,602	80.2%	160,943
Fundraising	20.4%	36,787	19.8%	39,681
Total Supporting Services	100.0%	\$ 180,389	100.0%	\$ 200,624