

Financial Statements and  
Supplemental Schedule

2022

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021



Financial Statements and  
Supplemental Schedule

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June 30, 2022 and 2021

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## **Independent Auditors' Report**

Board of Directors  
United Way of the Bluegrass, Inc.  
Lexington, Kentucky

### **Opinion**

We have audited the accompanying financial statements of United Way of the Bluegrass, Inc. ("UWBG") which comprise the statement of financial position as June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWBG as of June 30, 2022, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UWBG and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of UWBG as of June 30, 2021 were audited by other auditors whose report dated February 17, 2022 expressed an unmodified opinion on those statements.

### **Change in Accounting Principle**

As discussed in Note H, the Organization adopted the requirements of Financial Accounting Standards Board, Accounting Standards Update No. 2020-07, *Not-for-Profit Entities* (Topic 958). UWBG also early adopted Financial Accounting Standards Board, Accounting Standards Update No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to these matters.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UWBG's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UWBG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UWBG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of allocations is presented for 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 as a whole.

*Stoetman and Company*

Louisville, Kentucky  
March 22, 2023

Statements of Financial Position

**United Way of the Bluegrass, Inc.**

	<b>June 30</b>	
	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>Assets</b>		
Cash and cash equivalents	\$ 540,377	\$ 593,759
Investments	1,571,808	1,813,158
Pledges receivable		
Annual campaign (net of allowance for uncollectible pledges of \$366,860 (2022) and \$444,638 (2021))	809,957	692,282
Prepaid expenses	23,617	50,901
Other assets		
Grants and other miscellaneous receivables	577,043	792,327
Property and equipment, net	4,167	7,085
Right-of-use leased assets - operating, net	819,399	-
	<u>1,400,609</u>	<u>799,412</u>
<b>Total Other Assets</b>		
	<u>1,400,609</u>	<u>799,412</u>
<b>Total Assets</b>	<u><u>\$ 4,346,368</u></u>	<u><u>\$ 3,949,512</u></u>
<b>Liabilities and Net Assets</b>		
Allocations payable	\$ 153,125	\$ 155,307
Accounts payable and accrued expenses	141,830	159,884
Deferred rent payable	-	10,633
Deferred revenue	68,667	25,000
Lease liability - operating leases	877,411	-
	<u>1,241,033</u>	<u>350,824</u>
<b>Total Liabilities</b>	1,241,033	350,824
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	1,527,599	1,821,743
Designated by Board of Directors	549,368	646,065
	<u>2,076,967</u>	<u>2,467,808</u>
<b>Total Net Assets Without Donor Restrictions</b>	2,076,967	2,467,808
With donor restrictions	<u>1,028,368</u>	<u>1,130,880</u>
<b>Total Net Assets</b>	<u>3,105,335</u>	<u>3,598,688</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 4,346,368</u></u>	<u><u>\$ 3,949,512</u></u>

See Notes to Financial Statements

Statement of Activities

**United Way of the Bluegrass, Inc.**

	<b>Year Ended June 30, 2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains and Other Support</b>			
Current year campaign			
Contributions received in current period	\$ 2,740,503	\$ 288,003	\$ 3,028,506
Less amounts designated by contributors	(21,457)		(21,457)
Less provision for uncollectible pledges	(113,113)		(113,113)
	<u>2,605,933</u>	<u>288,003</u>	<u>2,893,936</u>
Prior year campaign			
Contributions received in current period	134,618		134,618
Future year campaign			
Contributions	13,850		13,850
	<u>13,850</u>		<u>13,850</u>
<b>Total Campaigns</b>	<u>2,754,401</u>	<u>288,003</u>	<u>3,042,404</u>
Special events	81,766		81,766
Grants	130,724		130,724
In-kind contributions	147,252		147,252
Contract services	660,106		660,106
Non-campaign contributions	221,480		221,480
Other income	15,139		15,139
Investment income	42,359		42,359
Realized and unrealized gains (losses) on investments, net	(271,678)		(271,678)
Contributions released from restrictions	390,515	(390,515)	-
	<u>390,515</u>	<u>(390,515)</u>	<u>-</u>
<b>Total Revenue, Gains and Other Support</b>	<u>4,172,064</u>	<u>(102,512)</u>	<u>4,069,552</u>
<b>Allocations and Other Functional Expenses</b>			
Program Services			
Allocations to agencies	1,622,578		1,622,578
Less amounts designated by contributors	(21,457)		(21,457)
	<u>(21,457)</u>		<u>(21,457)</u>
<b>Total Allocations to Agencies</b>	<u>1,601,121</u>		<u>1,601,121</u>
Community impact	336,241		336,241
All other programs	1,004,269		1,004,269
	<u>1,004,269</u>		<u>1,004,269</u>
<b>Total Program Services</b>	<u>2,941,631</u>		<u>2,941,631</u>
Support Services			
Resource development	538,907		538,907
Organizational administration	1,064,617		1,064,617
	<u>1,064,617</u>		<u>1,064,617</u>
<b>Total Support Services</b>	<u>1,603,524</u>		<u>1,603,524</u>
<b>Total Allocations and Other Functional Expenses</b>	<u>4,545,155</u>		<u>4,545,155</u>
<b>Change in Net Assets From Operating Activities</b>	(373,091)	(102,512)	(475,603)
<b>Net Assets, Beginning of Year, as originally stated</b>	2,467,808	1,130,880	3,598,688
Cumulative effect of adoption of ASU 2016-02, <i>Leases</i>	(17,750)		(17,750)
	<u>(17,750)</u>		<u>(17,750)</u>
<b>Net Assets, Beginning of year, as restated</b>	<u>2,450,058</u>	<u>1,130,880</u>	<u>3,580,938</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,076,967</u>	<u>\$ 1,028,368</u>	<u>\$ 3,105,335</u>

See Notes to Financial Statements

## Statement of Activities

## United Way of the Bluegrass, Inc.

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains and Other Support</b>			
Current year campaign			
Contributions received in current period	\$ 2,793,416	\$ 14,860	\$ 2,808,276
Less amounts designated by contributors	(23,629)		(23,629)
Less provision for uncollectible pledges	(122,502)		(122,502)
	<u>2,647,285</u>	<u>14,860</u>	<u>2,662,145</u>
Prior year campaign			
Contributions received in current period	92,707		92,707
Future year campaign			
Contributions	<u>4,716</u>		<u>4,716</u>
<b>Total Campaigns</b>	<u>2,744,708</u>	<u>14,860</u>	<u>2,759,568</u>
Special events	24,491		24,491
Grants	323,000	274,092	597,092
In-kind contributions	188,060		188,060
Contract services	561,383		561,383
Non-campaign contributions		960,760	960,760
Other income	158,507		158,507
Investment income	28,921		28,921
Realized and unrealized gains on investments, net	369,225		369,225
Contributions released from restrictions	<u>515,475</u>	<u>(515,475)</u>	<u>-</u>
<b>Total Revenue, Gains and Other Support</b>	<u>4,913,770</u>	<u>734,237</u>	<u>5,648,007</u>
<b>Allocations and Other Functional Expenses</b>			
Program Services			
Allocations to agencies	1,528,453		1,528,453
Less amounts designated by contributors	<u>(23,629)</u>		<u>(23,629)</u>
<b>Total Allocations to Agencies</b>	<u>1,504,824</u>		<u>1,504,824</u>
Community impact	1,046,413		1,046,413
Trailblazers (RSVP)	111,321		111,321
All other programs	<u>608,070</u>		<u>608,070</u>
<b>Total Program Services</b>	<u>3,270,628</u>		<u>3,270,628</u>
Support Services			
Resource development	711,646		711,646
Organizational administration	<u>315,621</u>		<u>315,621</u>
<b>Total Support Services</b>	<u>1,027,267</u>		<u>1,027,267</u>
<b>Total Allocations and Other Functional Expenses</b>	<u>4,297,895</u>		<u>4,297,895</u>
<b>Change in Net Assets From Operating Activities</b>	<u>615,875</u>	<u>734,237</u>	<u>1,350,112</u>
Excess of net assets acquired related to acquisition of United Way of Franklin County (Note O)	<u>273,768</u>		<u>273,768</u>
<b>Change in Net Assets</b>	<u>889,643</u>	<u>734,237</u>	<u>1,623,880</u>
<b>Net Assets, Beginning of Year</b>	<u>1,578,165</u>	<u>396,643</u>	<u>1,974,808</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,467,808</u>	<u>\$ 1,130,880</u>	<u>\$ 3,598,688</u>

See Notes to Financial Statements



Statement of Functional Expenses

United Way of the Bluegrass, Inc.

	Year Ended June 30, 2022						Total
	Program Services			Support Services			
	Allocations and Community Impact	All Other Programs	Total Program Services	Resource Development	Organizational Administration	Total Support Services	
Allocations to agencies	\$ 1,622,578		\$ 1,622,578				\$ 1,622,578
Less amounts designated by contributors	(21,457)		(21,457)				(21,457)
	1,601,121		1,601,121				1,601,121
Salaries	245,451	\$ 613,888	859,339	\$ 284,790	\$ 512,883	\$ 797,673	1,657,012
Employee benefits	37,709	84,782	122,491	49,738	87,350	137,088	259,579
Payroll taxes	19,266	34,423	53,689	23,953	51,240	75,193	128,882
	302,426	733,093	1,035,519	358,481	651,473	1,009,954	2,045,473
Professional fees	10,952	36,838	47,790		59,046	59,046	106,836
Office expense	2,960	17,817	20,777	7,985	44,087	52,072	72,849
Printing and publications					1,207	1,207	1,207
Information technology	16,465	58,195	74,660	4,958	12,558	17,516	92,176
Occupancy		7,140	7,140	795	125,263	126,058	133,198
Advertising and promotions		43,971	43,971	16,977	58,616	75,593	119,564
Travel	457	969	1,426	1,456	3,621	5,077	6,503
Meetings and events	278	98,729	99,007	7,038	13,122	20,160	119,167
Staff development	516		516	140	3,978	4,118	4,634
Membership dues	52		52	1,781	66,281	68,062	68,114
Interest expense					49	49	49
Insurance	1,504	81	1,585	727	4,952	5,679	7,264
Miscellaneous	77	321	398	290	16,142	16,432	16,830
Depreciation expense	554		554	642	1,722	2,364	2,918
In-kind contributions		7,115	7,115	137,637	2,500	140,137	147,252
	33,815	271,176	304,991	180,426	413,144	593,570	898,561
<b>Total Functional Expenses</b>	<b>\$ 1,937,362</b>	<b>\$ 1,004,269</b>	<b>\$ 2,941,631</b>	<b>\$ 538,907</b>	<b>\$ 1,064,617</b>	<b>\$ 1,603,524</b>	<b>\$ 4,545,155</b>

See Notes to Financial Statements

Statement of Functional Expenses

United Way of the Bluegrass, Inc.

	Year Ended June 30, 2021							Total
	Program Services			Support Services			Total	
	Allocations and Community Impact	Trailblazers (RSVP)	All Other Programs	Total Program Services	Resource Development	Organizational Administration		
Allocations to agencies	\$ 1,528,453			\$ 1,528,453				\$ 1,528,453
Less amounts designated by contributors	(23,629)			(23,629)				(23,629)
	1,504,824			1,504,824				1,504,824
Salaries	676,130	\$ 83,981	\$ 307,783	1,067,894	\$ 357,320	\$ 162,535	\$ 519,855	1,587,749
Employee benefits	97,285	19,267	52,369	168,921	51,632	18,746	70,378	239,299
Payroll taxes	53,750	7,016	23,281	84,047	30,176	9,836	40,012	124,059
	827,165	110,264	383,433	1,320,862	439,128	191,117	630,245	1,951,107
Professional fees	51,061		58,809	109,870	30,944	72,449	103,393	213,263
Office expense	10,339	848	11,661	22,848	13,252	27,046	40,298	63,146
Printing and publications					93	75	168	168
Information technology	36,389	50	56,865	93,304	8,799	15,917	24,716	118,020
Occupancy	54,662		1,600	56,262	29,125	(32,914)	(3,789)	52,473
Advertising and promotions	72		79,295	79,367	6,395	9,779	16,174	95,541
Travel		98	219	317	1,338	381	1,719	2,036
Meetings and events		61	9,169	9,230	1,645	778	2,423	11,653
Staff development					525	9,575	10,100	10,100
Membership dues	36,948			36,948	18,155	8,986	27,141	64,089
Interest expense						1,829	1,829	1,829
Insurance	2,618			2,618	2,200	762	2,962	5,580
Miscellaneous	153		1,494	1,647	632	9,260	9,892	11,539
Depreciation expense	2,546			2,546	1,340	581	1,921	4,467
In-kind contributions	24,460		5,525	29,985	158,075		158,075	188,060
	219,248	1,057	224,637	444,942	272,518	124,504	397,022	841,964
<b>Total Functional Expenses</b>	<b>\$ 2,551,237</b>	<b>\$ 111,321</b>	<b>\$ 608,070</b>	<b>\$ 3,270,628</b>	<b>\$ 711,646</b>	<b>\$ 315,621</b>	<b>\$ 1,027,267</b>	<b>\$ 4,297,895</b>

See Notes to Financial Statements

Statements of Cash Flows

**United Way of the Bluegrass, Inc.**

	<b>Year Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (475,603)	\$ 1,623,880
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,918	4,467
Amortization of right-to-use asset - operating leases	84,384	-
Realized and unrealized gains (losses) on investments, net	271,678	(369,225)
Contributions of stock	-	(3,105)
Provision for uncollectible pledges	113,113	122,502
Paycheck Protection Program loan forgiveness	-	(323,000)
Excess of net assets acquired (Note O)	-	(273,768)
Changes in		
Pledges receivable	(230,788)	(31,087)
Prepaid expenses and other assets	27,284	(28,116)
Grants and miscellaneous receivables	215,284	(668,136)
Accounts payable and accrued expenses	(18,054)	75,380
Allocations payable	(2,182)	(93,219)
Deferred rent payable	(10,633)	(51,699)
Deferred revenue	43,667	25,000
Payments on lease liability - operating leases	(44,122)	-
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(23,054)</b>	<b>9,874</b>
<b>Cash Flows From Investing Activities</b>		
Net cash and cash equivalents received from acquisition (Note O)	-	204,808
Purchase of equipment	-	(8,334)
Proceeds from sale of investments	50,714	312,795
Purchases of investments	(81,042)	(396,390)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(30,328)</b>	<b>112,879</b>
<b>Cash Flows From Financing Activity</b>		
Payments on line of credit	-	(92,000)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(53,382)</b>	<b>30,753</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>593,759</b>	<b>563,006</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 540,377</b>	<b>\$ 593,759</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Stock contributions	\$ 3,105	\$ 3,105
In-kind contributions	\$ 147,252	\$ 188,060
Cash paid for interest	\$ 49	\$ 1,829
<b>Supplemental Noncash Disclosures</b>		
Pledges receivable, net*		\$ 66,762
Property and equipment, net*		2,798
Accounts payable and accrued expenses*		(600)

\* See Note O regarding non-cash transactions included in the acquisition.

See Notes to Financial Statements

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note A--Nature of Activities**

After a century of service, United Way of the Bluegrass, Inc. ("UWBG") still provides the resources, expertise, vision, and leadership to help bring community-driven goals to life. Since 1921, we have been tackling the region's most pressing needs. As our community and organization have evolved, many obstacles remain today for thousands of families across Central Kentucky. That is why we continue to fight for the Basic Needs, Education and Financial Stability of every person in our community. Our community needs us, and we must LIVE UNITED despite the challenges we are facing today. Now more than ever, our neighbors are relying on UWBG, and with the support of our community and partners we can impact more families, build stronger neighborhoods, and lift up our region for another 100 years. United we fight. United we win.

UWBG fights for the Basic Needs, Education and Financial Stability of every person in Central Kentucky. UWBG looks at the big picture and convenes the people, resources and partnerships needed to find long-term solutions to help more children and families succeed. Last year, over 13,800 kids were served through educational advancement programs, 4,500 families had their taxes prepared and filed at no cost, so they could maximize their return and build assets, and more than 900 people received employment training. UWBG fights for a better Bluegrass.

UWBG is a leader and motivator of change. We are constantly evaluating the greatest needs and opportunities of our communities in order to make lasting change and uphold the highest level of efficiency and impact for our programs and partners. Based on feedback from our donors and supporters, our community believes that United Way must focus efforts on serving and addressing the basic needs of our community in order to remove barriers that often stand in the way of community and family success. Recent census data shows that over 50,000 working families in the Bluegrass are living at or near poverty. The issues surrounding these working families are affecting the entire community.

United Way convenes the private, business, faith and non-profit communities, because we know that together, we can accomplish more. When more of our families succeed and thrive, we all win. When more students are ready for kindergarten on the first day of school or graduate prepared for college or career, we are ensuring that our communities will be stronger, safer and more viable for future generations. United Way has committed to three key drivers for community and economic success as we work to help more families become self-sufficient: Basic Needs, Education and Financial Stability. We believe that poverty should never be a reason that a child doesn't succeed in school or that a family cannot meet their basic needs or achieve the dream of financial stability. Our Mission is simple, but powerful: United Way of the Bluegrass wants everyone in Central Kentucky to have the opportunity to live their best lives. To live better, we must Live United.

UWBG is supported by year-round fundraising efforts including approximately 220 employee giving campaigns, a robust \$1 million major gifts campaign, planned giving strategic initiative, and event based fundraising. Additional dollars are raised for specific programs such as Sweet Dreams, 9/11 Memorial Project, etc.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note A--Nature of Activities--Continued**

Program services provided by UWBG include:

Supporting Community Programs--UWBG helps create opportunities for a better life for all. We make strategic investments in programs serving low-income and underserved Central Kentuckians in the areas of Basic Needs, Education, and Financial Stability. We also serve as an incubator for new programs, and a convener of partnerships of agencies seeking to improve lives by working together. UWBG serves ten Central Kentucky communities including: Anderson, Bourbon, Clark, Fayette, Franklin, Jessamine, Madison, Montgomery, Scott and Woodford Counties. UWBG is a leader and motivator of change for long-term solutions for Central Kentucky communities. We invest donor dollars into programs that are making a difference and supporting low-income and underserved families and children. We have developed systems to evaluate the quality and success of the programs and partners that our investors help fund, so that they can be assured that their dollars will have maximum impact on their community. We believe that our communities can only affect long-term positive change by working together and living united. We are proud to serve as a vehicle through which members of our community can join together and make a powerful impact on the education, income, and basic needs of our community.

WayPoint--WayPoint Centers are the next step in the evolution of delivery of non-profit-based health and human services in Lexington. UWBG's WayPoint strategy was born out of an in-depth analysis of our regional community and current demographics, and a meaningful understanding of what our community needs to evolve into a better, more resilient Bluegrass. WayPoint's mission is to create a One-Stop access point for families and individuals, and to provide vital programming to people living in underserved neighborhoods and communities of color. WayPoint Centers coordinate an ecosystem of partners and programs to have the greatest impact on local families from a physical and place-based anchor in their communities. UWBG has launched its inaugural three (3) WayPoint Centers in neighborhoods across our region where our help is needed most. The three centers are located in 1) Lexington's West End (Black and Williams Recreational Center), 2) Lexington's East End (temporarily in the Charles Young Recreational Center) and 3) in Paris, Kentucky at the Bourbon Paris YMCA. Our team of community impact specialists meet participants where they are on their journey forward and provide personalized support to help stabilize individuals in crisis, move families toward self-sufficiency, and create innovative solutions to break the cycle of generational poverty.

WayPoint Centers are a place where the community can go to lean on a trusted neighbor and access exceptional services. WayPoint Centers will help stabilize, grow, and empower every person and family, no matter their current financial situation or zip code.

United Way-AIRS 2-1-1--United Way of the Bluegrass 211 connects people with resources that are available in their community via phone, chat, text messaging, mobile apps and the 211 website. 211 helps thousands of people in Central Kentucky each year. In addition to the work 211 is doing in Central Kentucky, the contact center has contracts that have expanded the reach of the UWBG 2-1-1 program. In partnership with the Cabinet for Health and Family Services for their Kynect Resources platform, UWBG 2-1-1 has gone live with the remainder of counties in Kentucky that didn't previously have 2-1-1 service. 2-1-1 is now available to all Kentuckians! Efforts are ongoing in partnership with other local 2-1-1 providers and UWKY to promote the service across the Commonwealth.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note A--Nature of Activities--Continued**

Volunteerism--UWBG helps refer and match volunteer interests to appropriate volunteer opportunities available through UWBG programs or community partners. Opportunities are available on a one-time or ongoing basis and include annual events like United Way Day of Action, Read Across the Bluegrass, and our annual pajama and book drive, Sweet Dreams. UWBG works with corporate partners and volunteers to identify interests and volunteer activities that best align with their Corporate Social Responsibility plans. Last year, 285,487 hours were served by UWBG volunteers and partners.

Central Kentucky Economic Empowerment Program--The Central Kentucky Economic Empowerment Program ("CKEEP") is a coalition, led by United Way of the Bluegrass that partners with the IRS to provide free tax preparation to low-income families, raise awareness about the Earned Income Tax Credit ("EITC") and help families build assets in the Lexington region. CKEEP is a coalition member of the Kentucky Asset Success Initiative ("KASI") which is the overarching Volunteer Income Tax Assistance ("VITA") initiative for 80 counties in the state of Kentucky. United Way of the Bluegrass serves as the VITA grant recipient and fiscal agent for KASI and its five regional coalitions.

Thanks to the work of hundreds of volunteer tax preparers with our VITA program, families are able to save their much-needed money while strengthening our overall economy. Each year, millions of dollars are lost by hard-working families in the Bluegrass who do not file for their EITC during tax time. The IRS estimates that approximately 20 to 25 percent of those eligible for the credit do not claim it because they don't know they are eligible for it, they don't know how to claim it, or they don't know where to go for assistance. Our goal is to make eligible households aware of the credit and help them claim it without having to pay for tax preparation and filing services.

The free tax preparation provided by CKEEP and its volunteer tax preparers offers immediate savings to Central Kentuckians. This past tax season, our CKEEP volunteers alone dedicated over 6,000 hours of return preparation that resulted in \$7,000,000 in tax refunds with \$2,250,000 of that being the refundable Earned Income Tax Credit. Across all of our VITA sites, almost 4,500 returns were prepared.

Support services include:

Resource Development--Resource Development staff plan, direct, and raise financial resources for UWBG through a variety of income sources, including the annual corporate and employee campaigns, major gifts initiative, planned and deferred giving, supplemental fundraising and grant acquisition. In addition, marketing staff oversee year-round communications with donors and the general public as well as event management and public relations activities.

Organizational Administration--Organizational Administration directs the internal operation of UWBG, coordinates and manages programs designed to meet goals and objectives at the direction of the Board of Directors and directs and controls financial systems and assets of UWBG.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note A--Nature of Activities--Continued**

Coronavirus Response Fund--Across Central Kentucky, UWBG is responding to the COVID-19 pandemic by connecting people to critical resources and up-to-date, accurate information through 2-1-1. We are responding by investing additional resources into our community to support our most vulnerable neighbors and communities who are disproportionately impacted by the COVID-19 pandemic.

For nearly 100 years UWBG has been focused on the underlying social problems in the Bluegrass, and those problems are now magnified. UWBG will continue to fight for every person in Central Kentucky while our Commonwealth and nation continue to fight COVID-19.

**Note B--Significant Accounting Policies**

UWBG follows accounting principles generally accepted in the United States of America ("GAAP") as outlined in the Financial Accounting Standards Board ("FASB") *Accounting Standards Codification* ("ASC"). Significant accounting policies are as follows:

Basis of Accounting--The financial statements of UWBG have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, net assets have been grouped into the following two categories:

- Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets without restrictions may be designated for specific purposes by action of the Board of Directors.
- Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, whereby there are stipulations that can be fulfilled by actions of UWBG pursuant to those stipulations or that expire by the passage of time, while others are perpetual in nature that neither expire by the passage of time nor can be fulfilled or otherwise removed by UWBG.

Estimates in the Financial Statements--The preparation of financial statements in accordance with GAAP 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, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents--Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000 per financial institution. Additionally, for purposes of the statement of cash flows, UWBG considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At various times throughout the year, UWBG had cash deposited at a financial institution in excess of federally insured limits of \$250,000.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note B--Significant Accounting Policies--Continued**

Investments--Investments are recorded at fair value based on available market values as of June 30, 2022 and 2021. Unrealized and realized gains and losses are recorded in the statement of activities. Dividends are recorded on the ex-dividend date.

Pledges Receivable--Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the period made. The allowance for uncollectible pledges is based upon UWBG's past experience, a review of current outstanding pledges and current economic conditions. Pledges are written off when collection efforts will produce no additional collections.

UWBG receives pledges from corporations and individuals primarily located in Fayette, Anderson, Bourbon, Clark, Franklin, Jessamine, Madison, Montgomery, Scott and Woodford counties. Although UWBG has many diverse pledges from donors, a substantial portion of its donors' ability to give is somewhat dependent on the economic conditions of the counties in which it operates.

Property and Equipment--Property and equipment acquired are recorded at cost, or in the case of donated assets, at fair value on the date of donation. UWBG capitalizes items with a cost or fair value at acquisition of \$1,000 or greater. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets or for leasehold improvements, the lease term if shorter.

Impairment of Long-Lived Assets--Management of UWBG reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the discounted cash flows. There were no charges for impairment of long-lived assets during the fiscal years ended June 30, 2022 and 2021.

Allocations Payable--Agency allocations are expensed and recorded as allocations payable when approved by UWBG's Board of Directors each year. Allocations are generally paid to agencies from July through June, and the unpaid amounts as of June 30 are recorded as allocations payable. Donor designated amounts that have not been paid to agencies as of June 30 are also recorded as part of allocations payable.

Contributions--Contributions received and unconditional promises to give are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence of donor restrictions and the nature of such restrictions, if they exist.

UWBG operates its fundraising campaign practices and solicitation efforts such that the focus is on both current period and future allocations. Accordingly, all pledges received are classified as net assets without donor restrictions, unless a donor has restricted the funds for a particular purpose or time period. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Continued



Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note B--Significant Accounting Policies--Continued**

Contributions received which have been designated by the donor and over which UWBG does not have variance power, are presented as a reduction of contributions and a reduction in allocations to agencies in the statement of activities. These contributions pass through UWBG as agency transactions to the designated recipient.

Grants and Contracts--UWBG receives grants and contracts for various projects and programs. Grants and contracts are recorded as contributions or exchange transactions and are administered through United Way as part of the normal course of business.

Functional Expenses--Expenses have been classified as program services, organizational administration and resource development, based on actual direct expenditures and cost allocations based upon actual time and effort.

Income Taxes--UWBG is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, UWBG has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

UWBG does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. UWBG recognizes interest and/or penalties related to income tax matters in income tax expense. UWBG did not have any amount accrued for interest and penalties at June 30, 2022 or 2021.

In-Kind Contributions--Volunteers have donated substantial amounts of time toward the annual campaign and the various community activities; however, no amounts of donated volunteer services have been included in the financial statements as these services did not enhance a nonfinancial asset or require specialized skills. Donated property is recorded in the financial statements at its fair value when received. During the years ended June 30, 2022 and 2021, donated goods and services of \$147,252 and \$188,060, respectively, were recognized as revenues and recorded as program and support services expenses.

Leases--FASB ASC 842, *Leases*, requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when UWBG expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, UWBG is not expected to consume a major part of the economic benefits of assets classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the statement of activities, the categorization of assets and liabilities in the statements of financial position, and classification of cash flows in the statements of cash flows.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note B--Significant Accounting Policies--Continued**

Total lease cost consists of two components: amortization expense related to the write-off of right-of-use assets, and interest expense from lease liabilities.

For financing leases, total lease cost is recorded on an accelerated basis whereby interest expense is recorded using the effective interest method and right-of-use assets are amortized on a straight-line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

Lease liabilities are measured and recorded at the present value of future lease payments using a discount rate. Because UWBG generally does not have access to the rate implicit in each lease, lease liabilities are measured using the incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate that would be paid to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. UWBG uses a portfolio approach to apply a single incremental borrowing rate of 5.75% to its office space leases.

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

COVID-19 Impacts--In December 2019, the novel strain of coronavirus spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Organization could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity will depend on future developments which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions required to contain the coronavirus. The Organization has not included any contingencies in the financial statements specific to this issue.

Subsequent Events--Management has performed an analysis of the activities and transactions subsequent to June 30, 2022, to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended June 30, 2022. Management performed their analysis through March 22, 2023, the date the financial statements were available to be issued.

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note C--Investments**

The fair value of investments consisted of the following:

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
Exchange Traded Funds		
Domestic Equity funds - ETFs	\$ 805,524	\$ 960,577
Developed International Equity funds - ETFs	44,373	113,331
Emerging Markets Equity funds - ETFs	24,383	67,385
Mutual funds		
Domestic	32,004	
Emerging Markets Equity funds	63,581	
Real estate	106,339	110,632
Fixed income equities	415,144	467,644
Alternative strategies	80,460	93,589
	<u>\$ 1,571,808</u>	<u>\$ 1,813,158</u>

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in UWBG's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance 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 (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.
- 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 an asset or liability.

UWBG's investments, which include exchange traded funds and mutual funds, totaled \$1,571,808 and \$1,813,158 at June 30, 2022 and 2021, respectively, and are classified as Level 1. The fair values of these investments are based upon quoted prices for identical assets in active markets that the entity has the ability to access as of the measurement date.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note C--Investments--Continued**

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while UWBG believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment securities are exposed to various risk, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near time would result in material changes in the fair value of investments and net assets of UWBG.

**Note D--Property and Equipment**

UWBG's property and equipment and related accumulated depreciation consist of the following:

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
Furniture, fixtures and equipment	\$ 53,280	\$ 55,147
Less accumulated depreciation	<u>(49,113)</u>	<u>(48,062)</u>
<b>Net Property and Equipment</b>	<b><u>\$ 4,167</u></b>	<b><u>\$ 7,085</u></b>

Depreciation expense for the years ended June 30, 2022 and 2021 was respectively \$2,918 and \$4,467.

**Note E--Pension Plans**

UWBG has a 401(k) profit-sharing plan for all full-time employees that are 21 years of age or older and have at least one year of service. Each participant can contribute at least 1% but no more than 12% of his or her annual salary. UWBG will make a matching contribution of up to 3% of the employee's annual contribution. UWBG also contributes a discretionary percentage of each eligible employee's monthly compensation, whether or not the employee has elected to participate in the Plan. The discretionary contribution for the years ended June 30, 2022 and 2021 was 3%. The employee is always 100% vested in the employee account, and is 100% vested in the employer account after three years of service. UWBG contributed \$82,086 and \$78,157 for the years ended June 30, 2022 and 2021, respectively.

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note F--Board of Directors Designations**

Net assets without donor restrictions of \$549,368 and \$646,065 have been designated by the UWBG Board of Directors at June 30, 2022 and 2021, respectively. Of these balances, \$549,368 and \$646,065 have been designated to the endowment by the UWBG Board of Directors at June 30, 2022 and 2021, respectively.

The designation of net assets without donor restrictions for future agency allocations varies from year to year due to the timing of allocation approvals by UWBG's Board of Directors.

**Note G--Net Assets With Donor Restrictions**

Changes in net assets with donor restrictions during the year ended June 30, 2022 is as follows:

	<u>July 1 2021</u>	<u>Contributions and Grants</u>	<u>Released from Restrictions</u>	<u>June 30 2022</u>
<b>Restricted for Specified Purposes:</b>				
WayPoint Centers	\$ 978,889	\$ 179,295	\$ (266,853)	\$ 891,331
UWBG/Toyota Born Learning	12,500		(2,000)	10,500
Sweet Dreams Project	5,244	4,125	(9,369)	-
CEDD-Scott/Bourbon County	4,912			4,912
United Promise	4,495	554		5,049
Winburn/FCPS Athletic grant	433			433
Lace Up for Learning	2,714	9,000	(6,684)	5,030
VITA grant	22,467	87,390	(96,299)	13,558
Bank on Bluegrass	7,161	1,000	(1,100)	7,061
LexGives Panhandling projects	<u>2,065</u>	<u>6,639</u>	<u>(8,210)</u>	<u>494</u>
<b>Total Restricted for Specified Purposes</b>	1,040,880	288,003	(390,515)	938,368
<b>Restricted for Perpetuity:</b>				
Endowment	<u>90,000</u>			<u>90,000</u>
	<u>\$ 1,130,880</u>	<u>\$ 288,003</u>	<u>\$ (390,515)</u>	<u>\$ 1,028,368</u>

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note G--Net Assets With Donor Restrictions--Continued**

Changes in net assets with donor restrictions during the year ended June 30, 2021 is as follows:

	<u>July 1 2020</u>	<u>Contributions and Grants</u>	<u>Released from Restrictions</u>	<u>June 30 2021</u>
<b>Restricted for Specified Purposes:</b>				
WayPoint Centers		\$ 983,562	\$ (4,673)	\$ 978,889
UWBG/Toyota Born Learning	\$ 14,500		(2,000)	12,500
Sweet Dreams Project		19,260	(14,016)	5,244
CEDD-Scott/Bourbon County	9,117		(4,205)	4,912
United Promise	3,404	5,091	(4,000)	4,495
Winburn/FCPS Athletic grant	433			433
Lace Up for Learning		7,914	(5,200)	2,714
VITA grant	17,146	117,133	(111,812)	22,467
Bank on Bluegrass	186	8,000	(1,025)	7,161
Assets for Independence	174,148		(174,148)	-
R.S.V.P.		101,321	(101,321)	-
Coronavirus programs	86,500		(86,500)	-
LexGives Panhandling projects	1,209	7,431	(6,575)	2,065
<b>Total Restricted for Specified Purposes</b>	<b>306,643</b>	<b>1,249,712</b>	<b>(515,475)</b>	<b>1,040,880</b>
<b>Restricted for Perpetuity:</b>				
Endowment	90,000			90,000
	<u>\$ 396,643</u>	<u>\$ 1,249,712</u>	<u>\$ (515,475)</u>	<u>\$ 1,130,880</u>

**Note H--Adoption of New Accounting Standards**

UWBG adopted the requirements of the FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities* (Topic 958). This new standard is intended to increase transparency for contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets include property and equipment, use of property or utilities, materials and supplies, services and unconditional promises of those assets. UWBG has adopted the guidance in the ASU as of July 1, 2022, however, adoption did not materially impact the financial statements.

Effective July 1, 2021, UWBG elected to early adopt FASB ASC 842, *Leases*. The new standard establishes a right of use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into change in net assets on a straight-line basis over the lease term.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note H--Adoption of New Accounting Standards--Continued**

UWBG elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Company to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. As a result, UWBG reporting for the comparative period (2021) is presented in the financial statements in accordance with the prior historical accounting treatment.

UWBG elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. UWBG also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

On July 1, 2021, UWBG recorded in its July 1, 2021 statement of financial position a right-of-use asset of \$903,783, lease liability for operating leases in the amount of \$921,534 and the remaining \$17,750 as a direct charge against net assets without donor restrictions.

**Note I--Leases**

Amounts recognized as right-of-use assets related to finance and operating leases are separately disclosed on the statement of financial position, while related lease liabilities are separately disclosed in the liabilities section of the statement of financial position.

As of June 30, 2022, right-of-use assets related to operating leases were as follows:

	<b>Operating Leases</b>
<b>Right-of-Use Assets:</b>	
Cost	\$ 944,527
Less: accumulated amortization	125,128
	<u>\$ 819,399</u>

UWBG leases office space as needed on terms ranging from one year to seven years and that include extension terms of one to ten years. UWBG leases office space for three locations under operating leases requiring a combined monthly payment of \$7,750.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note I--Leases--Continued**

Quantitative Lease Information: A summary of total lease cost, by component, and other lease information for the year ended June 30, 2022, follows:

Operating lease cost	<u>\$ 95,974</u>
<b>Total Lease Costs</b>	95,974
Short-term lease expense	<u>54,724</u>
<b>Total Lease Expense</b>	<u><u>\$ 150,698</u></u>

Total lease expense for the year ended June 30, 2022 was \$126,398.

Weighted-average remaining lease term:	
Operating leases (in years)	11.5
Weighted-average discount rate:	
Operating leases	5.75%

A summary of future lease payments for operating and finance leases reconciled to the lease liability recorded at June 30, 2022 is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Operating Leases</u>
2023	\$ 104,957
2024	113,867
2025	109,890
2026	111,375
2027	112,860
Thereafter	<u>620,730</u>
Total Future Lease Payments	1,173,679
Less effects of discounting	<u>(296,268)</u>
<b>Lease Liability - Operating Leases</b>	<u><u>\$ 877,411</u></u>



**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note J--Endowment Composition**

UWBG's endowment includes both donor-restricted endowment funds and funds designed by the Board of Directors to function as endowments. As required by applicable standards, net assets associated with endowment funds are classified and reported as donor restricted. Funds designated by the Board of Directors to function as an endowment are classified and reported based on the existence or absence of Board imposed restrictions. UWBG's endowment policy allows investment earnings allocated for use during the same year they are earned to be classified as net assets without donor restrictions.

Endowment net asset composition by type of fund is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<u>June 30, 2022</u>			
Donor restricted endowment funds		\$ 90,000	\$ 90,000
Board-designated funds	\$ 549,368		549,368
	<u>\$ 549,368</u>	<u>\$ 90,000</u>	<u>\$ 639,368</u>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<u>June 30, 2021</u>			
Donor restricted endowment funds		\$ 90,000	\$ 90,000
Board-designated funds	\$ 646,065		646,065
	<u>\$ 646,065</u>	<u>\$ 90,000</u>	<u>\$ 736,065</u>

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note J--Endowment Composition--Continued**

Changes in endowment net assets for the fiscal year ended June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net Assets, Beginning of Year</b>	\$ 627,836	\$ 90,000	\$ 717,836
Investment return			
Realized and unrealized loss on investments, net	(107,834)		(107,834)
Investment income	<u>16,462</u>		<u>16,462</u>
<b>Total Investment Return</b>	(91,372)		(91,372)
Appropriation of endowment assets for expenditures	<u>12,904</u>		<u>12,904</u>
<b>Net Assets, End of Year</b>	<u>\$ 549,368</u>	<u>\$ 90,000</u>	<u>\$ 639,368</u>

Changes in endowment net assets for the fiscal year ended June 30, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net Assets, Beginning of Year</b>	\$ 470,163	\$ 90,000	\$ 560,163
Investment return			
Realized and unrealized gain on investments, net	146,251		146,251
Investment income	<u>11,422</u>		<u>11,422</u>
<b>Total Investment Return</b>	157,673		157,673
Appropriation of endowment assets for expenditures			<u>-</u>
<b>Net Assets, End of Year</b>	<u>\$ 627,836</u>	<u>\$ 90,000</u>	<u>\$ 717,836</u>

Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note J--Endowment Composition--Continued**

Interpretation of UPMIFA--The Board of Directors of UWBG has interpreted the Kentucky enacted version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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, UWBG classifies as net assets without donor restrictions (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.

Return Objectives and Risk Parameters--UWBG has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that UWBG must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives--The purpose of the endowment is to facilitate donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for UWBG. In doing so, the endowment will provide a secure, long-term source of funds to: (i) stabilize agency funding during periods of below normal annual campaigns; (ii) fund special grants; (iii) ensure long-term growth; (iv) enhance UWBG's ability to meet changing community needs in both the short and long-term; and (v) support the administrative expenses of UWBG as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy--The spending policy determined each year by the Board of Directors will be based on the total return of the assets invested in the endowment (income plus capital appreciation) and will be determined as a percentage of the total market value of the endowment based on a three year rolling average of total endowment fund market value. The market value will be based on the June 30 balance each year. The percentage determined each year will range between 0% and 5% of that three year rolling average. The funds will be available to spend as soon as practically possible after July 1st. The funds will be used to supplement on-going budgetary needs as determined by the Board of Directors. In addition, the Board may approve additional endowment spending beyond the stated policy as they deem appropriate and prudent.

The Board of Directors always has the authority to revert the designation of net assets without restrictions and to use them for other purposes in connection with the charter of UWBG and governing laws, regulations and Board policies.

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note K--Line of Credit**

UWBG has a \$500,000 line of credit with a commercial bank at a variable interest rate 1% under prime (4.5% as of June 30, 2022) as of June 30, 2022 and 2021, respectively. The line of credit has a maturity date of September 27, 2022. The line of credit is secured by the investment accounts of UWBG. There were no borrowings against the line of credit as of June 30, 2022 and 2021, respectively. Subsequent to year end, the line of credit was renewed with a maturity date of September 28, 2023. The remaining terms stayed the same.

**Note L--Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 540,377	\$ 593,759
Pledges receivable	809,957	692,282
Investments	<u>1,571,808</u>	<u>1,813,158</u>
<b>Total Financial Assets at End of Year</b>	2,922,142	3,099,199
<b>Less Those Available for General Expenditures within One Year Due to:</b>		
Donor restrictions for specified purposes	(938,368)	(1,040,880)
Donor restricted for endowment	<u>(90,000)</u>	<u>(90,000)</u>
	<u>\$ 1,893,774</u>	<u>\$ 1,968,319</u>

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Board-designated endowment as of June 30, 2022 and 2021 was \$549,368 and \$646,065, respectively. These Board-designated endowment funds are subject to an annual spending rate of 0% - 5% as described in Note J. Although management does not intend to spend from this Board designated endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary and are included above.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note L--Liquidity and Availability--Continued**

As part of the liquidity plan, management structures financial assets to be available as the general expenditures, liabilities and other obligations become due. In addition, UWBG invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

To help manage unanticipated liquidity needs, a committed line of credit of \$500,000 can be drawn upon (see Note K).

**Note M--In-Kind Contributions**

In-kind contributions during the year ended June 30, 2022 were as follows:

	Program Services			Support Services			
	Allocations and Community Impact	All Other Programs	Total Program Services	Resource Development	Organizational Administration	Total Support Services	Total
Ballgame tickets				\$ 132,600		\$ 132,600	\$ 132,600
Delivery Service		\$ 320	\$ 320				320
Gifts		2,670	2,670	1,537		1,537	4,207
Meeting Space		4,125	4,125				4,125
Office Décor					\$ 2,500	2,500	2,500
Printing Services				3,500		3,500	3,500
	<u>\$</u>	<u>\$ 7,115</u>	<u>\$ 7,115</u>	<u>\$ 137,637</u>	<u>\$ 2,500</u>	<u>\$ 140,137</u>	<u>\$ 147,252</u>

In-kind contributions during the year ended June 30, 2021 were as follows:

	Program Services			Support Services			
	Allocations and Community Impact	All Other Programs	Total Program Services	Resource Development	Organizational Administration	Total Support Services	Total
Ballgame tickets				\$ 154,000		\$ 154,000	\$ 154,000
Delivery Service							
Gifts		\$ 5,525	\$ 5,525	875		875	6,400
Meeting Space							
Professional Services	\$ 24,460		24,460				24,460
Printing Services				3,200		3,200	3,200
	<u>\$ 24,460</u>	<u>\$ 5,525</u>	<u>\$ 29,985</u>	<u>\$ 158,075</u>	<u>\$</u>	<u>\$ 158,075</u>	<u>\$ 188,060</u>

In-kind contributions were valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the services and goods at the time of their contribution. No in-kind contributions were restricted by donors. UWBG does not sell donated in-kind gifts and only donated services and goods for its own program or supporting activities.

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note N--Current Vulnerability Due to Certain Concentrations**

UWBG's cash accounts are maintained at two different financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2022, UWBG's uninsured cash balances were approximately \$195,000. For the year ended June 30, 2022, approximately 26% of contributions are from two community employers.

**Note O--Acquisition of United Way of Franklin County**

As of August 1, 2020, United Way of Franklin County merged into UWBG. The operations of the United Way of Franklin County (the "Organization") are expected to be predominantly supported by contributions and returns on investment and as such no goodwill was recognized in this transaction. No consideration was paid for the Organization and on the acquisition date, the net identifiable assets acquired were \$273,768. The assets acquired are not subject to donor restrictions.

The following is a description of the assets acquired and the liabilities assumed on August 1, 2020:

Cash and cash equivalents	\$ 204,808
Pledges receivables, net	66,762
Property and equipment, net	2,798
Accounts payable and accrued expenses	<u>(600)</u>
<b>Net Contribution</b>	<u><u>\$ 273,768</u></u>

**Note P--Subsequent Events**

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes to financial statements. Management evaluated the activity of the Organization through March 21, 2023.

Effective February 9, 2023, the Lexington-Fayette Urban County Government ("LFUCG") donated a building to the UWBG, hereafter referred to as the "Palmer Building". The Palmer Building's estimated fair value is \$190,000. This donation contains a covenant, whereby UWBG is required to retain ownership of the Palmer Building for no less than 10 years and requires UWBG to improve, maintain and preserve the property in good condition and working order. Furthermore, UWBG is required to utilize the Palmer Building for the general benefit of the community through the provision of health and human services programs. In the event that UWBG fails to comply with these covenants, UWBG will be required to pay LFUCG the estimated fair value of \$190,000.

Continued

Notes to Financial Statements--Continued

**United Way of the Bluegrass, Inc.**

June 30, 2022 and 2021

**Note P--Subsequent Events--Continued**

In order to facilitate the renovation of the Palmer Building, UWBG has obtained a \$248,106 grant from LFUCG for the period from March 1, 2023 to December 31, 2026. Payments from LFUCG will be made on a reimbursement basis. UWBG also obtained an \$813,000 grant from a foundation which will be received in one third payments starting in January 2023 and every subsequent year until January 2025.

## **Supplemental Schedule**



Supplemental Schedule of Allocations to Agencies

**United Way of the Bluegrass, Inc.**

Year Ended June 30, 2022

<b>Agency</b>	<b>Total Allocations</b>
American Red Cross, Bluegrass Chapter	\$ 25,125
Big Brothers Big Sisters of the Bluegrass	10,100
The Hearing & Speech Center	30,350
Boy Scouts of America, Blue Grass Council	32,000
Girl Scouts of Kentucky's Wilderness Road Council	23,540
Arthritis Foundation KY Chapter	50
Kidney Health Alliance of Kentucky	504
Clark County Community Services, Inc.	28,000
Nursing Home Ombudsman Agency of the Bluegrass	24
Kentucky River Foothills Development Council, Inc.	15,000
Clark County Children's Council	38
Clark County Association for Handicapped Citizens	206
Ampersand	305
YMCA of Central Kentucky	72,780
Bluegrass Community Action Partnership	30,000
Bourbon County 4-H Council	9,200
Legal Aid of the Bluegrass	1,044
Catholic Charities of the Diocese of Lexington	7,393
Jessamine County Adult Education	300
Chrysalis House	5,000
Human Needs Fund - UK Hospital	11,053
The Salvation Army	11,236
Urban League of Lexington-Fayette County	97,000
One Parent Scholar House	513
Growing Together Preschool	1,472
Child Development Centers of the Bluegrass	1,063
Montgomery County 4-H Council	3,750
AccuTran Industries	331
Anderson County Adult Education and Literacy Council	50
Bluegrass Council of the Blind, Inc.	12,000
Child Care Council of Kentucky, Inc.	57,500
D.O.V.E.S. of Gateway	416
Hope Center, Inc.	20,776
Arbor Youth Services formerly M.A.S.H.	32,500
DuBois Community Center	3,750
Pathways	24
AMEN House, Inc.	15,000
Telford Community Center YMCA	5,000
Paris-Bourbon County YMCA	118,750
AVOL Kentucky, Inc.	1,832
Visually Impaired Preschool Services	168

Continued

Supplemental Schedule of Allocations to Agencies--Continued

**United Way of the Bluegrass, Inc.**

Year Ended June 30, 2022

<b>Agency</b>	<b>Total Allocations</b>
Post Clinic, Inc.	3,750
The Nest	13,683
Woodford County Woman's Club "Coats and Shoes for Kids"	5,000
Woodford County 4-H Council	222
GreenHouse17 (formerly Bluegrass Domestic Violence Program)	35,000
Community Action Council	32,000
Surgery on Sunday	2,124
CASA of Madison County	862
Repairers Lexington	348
White House Clinics	250
Apprisen	13,000
Jubilee Jobs	29,000
First Bracktown - BMW Academy	376
4Kids, a Faith Community Partnership	18,000
CASA of the Bluegrass	20,000
Clark County Homeless Coalition	784
Faith Feeds of Kentucky, Inc. dba GleanKY	32,000
Mentors & Meals	20,000
Kentucky Equal Justice Center	18,000
Partners in Education	240
Reading Camp	1,226
The Foster Care Council of Lex KY	6,000
Immigrant Initiative	2,000
Fayette County Public Schools	2,500
Anderson County Backpack Buddies, Inc.	120
Central Kentucky Riding For Hope	401
Food Pantry for Woodford County, Inc. (FPWC)	5,000
Mission Lexington	2,500
Refuge for Women	1,868
God's Outreach Madison County Food Bank	5,000
Bluegrass Community & Technical College Foundation	4,000
Elizabeth's Village	10,000
Gathering Place Mission	15,000
NAMI Kentucky	860
NewSong Counseling Center, Inc.	3,750
Rowland Arts Center	5,000
The Beacon of Hope Emergency Shelter Inc.	774
Woodford County Reading Club	264
ACCESS Soup Kitchen & Men's Shelter	9,000
Capital City Activity Center	22,500
Emergency Community Food Pantry of Franklin County	1,200

Continued

Supplemental Schedule of Allocations to Agencies--Continued

**United Way of the Bluegrass, Inc.**

Year Ended June 30, 2022

<u>Agency</u>	<u>Total Allocations</u>
Kings Center	18,000
Simon House	20,500
Sunshine Center	16,000
Salvation Army of Frankfort	30,000
Thorn Hill Education Center	15,000
Jessamine County Homeless Coalition	3,000
Wanda Joyce Robinson Foundation	3,500
South Frankfort Community Center	4,300
CASA of Lexington	1,000
LIGHT Center Corporation	5,000
Franklin County Women and Family Shelter	6,000
Kaden's Cause	11,300
Hope's Embrace	18,000
God's Pantry Food Bank, Inc.	1,552
Habitat for Humanity International Inc (Scott County Habitat for Humanity)	2,931
Green Forests Work	1,000
Guatemalan Educational Outreach	1,000
Bank On Bluegrass	1,050
Disaster Relief Fund	188,959
Lexgives Panhandling Project	8,179
UUWBG/Toyota Born Learning	2,000
VITA	359
Women United	2,500
Out Of Area	27,588
Pass through allocations paid directly by the donor	205,115
	<u>\$ 1,622,578</u>