

**United Way of Coalfield, Inc.  
(A Nonprofit Corporation)**

**Reviewed Financial Statements**

**Table of Contents  
December 31, 2021**

<b>Independent Accountants' Review Report .....</b>	<b>2</b>
<b>Statement of Financial Position .....</b>	<b>3</b>
<b>Statement of Activities and Changes in Net Assets .....</b>	<b>4</b>
<b>Statement of Functional Expenses .....</b>	<b>5</b>
<b>Statement of Cash Flows .....</b>	<b>6</b>
<b>Notes to Financial Statements .....</b>	<b>7 -13</b>



James Ray Lutz, CPA  
Randall L. Franklin, CPA/PFS, CFP®

311 South Main Street  
Madisonville, Kentucky 42431  
Telephone (270) 825-0022

## Independent Accountants' Review Report

To the Board of Directors  
United Way of the Coalfield, Inc.  
Madisonville, Kentucky

We have reviewed the accompanying financial statements of the United Way of the Coalfield, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities and changes in the net assets and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of United Way of the Coalfield, Inc.'s management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements under 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.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement per Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be following accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be following accounting principles generally accepted in the United States of America.

*Lutz & Associates, Certified Public Accountants, Inc.*  
Madisonville, Kentucky  
January 30, 2023

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ending December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents Including Certificates of Deposit	156,300	\$ 10,228	\$ 166,528
Pledges Receivables, Net of Allowance for Uncollectible Pledges of \$8,108	<u>31,370</u>	<u>52,413</u>	<u>83,783</u>
Total Current Assets	187,670	52,413	250,311
<b><u>Noncurrent Assets</u></b>			
Property and Equipment, net	<u>1,800</u>	<u>-</u>	<u>1,800</u>
<b><u>Total Assets</u></b>	<b>\$ <u>189,470</u></b>	<b>\$ <u>62,641</u></b>	<b>\$ <u>252,111</u></b>
 <b><u>Liabilities and Net Assets</u></b>			
<b><u>Current Liabilities</u></b>			
Amounts Raised on Behalf of Others	\$ -	\$ 58,632	\$ 58,632
Payroll Liabilities	<u>1,905</u>	<u>-</u>	<u>1,905</u>
Total Current Liabilities	<u>1,905</u>	<u>58,632</u>	<u>60,537</u>
<b><u>Net Assets</u></b>			
Without Donor Restrictions	187,565	-	187,565
With Donor Restrictions	<u>-</u>	<u>4,009</u>	<u>4,009</u>
Total Net Assets	<u>187,565</u>	<u>4,009</u>	<u>191,574</u>
<b><u>Total Liabilities and Net Assets</u></b>	<b>\$ <u>189,470</u></b>	<b>\$ <u>62,641</u></b>	<b>\$ <u>252,111</u></b>

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ending December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 total</u>
<b><u>Public Support and Revenues:</u></b>			
Annual Campaign	\$ -	\$ 106,233	\$ 106,233
Gross amounts raised on behalf of others	-	-	-
Allowance for uncollectible pledges	-	(28,993)	(28,993)
Net campaign efforts	-	77,240	77,240
In kind and other contributions	62,301	-	62,301
Total Public Support	62,301	77,240	139,541
Revenues and Gains			
Administrative fees	700	-	700
Investment income	1,878	-	1,878
Other revenues	79,691	-	79,691
Total Revenues and Gains	82,269	-	82,269
Net assets released from restrictions	113,999	(113,999)	-
Total Public Support and Revenues	258,569	(36,759)	221,810
<b><u>Expenses and Losses:</u></b>			
Program Services			
Community capacity building	167,807	-	167,807
Community impact	3,638	-	3,638
Total Program Services	171,445	-	171,445
Supporting Services			
Resource development	22,438	-	22,438
Organizational administration	88,440	-	88,440
Unallocated payments to affiliates	3,237	-	3,237
Total Supporting Services	114,115	-	114,115
Total Expenses and Losses	285,560	-	285,560
<b><u>Changes in Net Assets</u></b>	(26,991)	(36,759)	(63,750)
<b><u>Nets Assets, Beginning of Year</u></b>	214,556	40,768	255,324
<b><u>Net Assets, End of Year</u></b>	\$ 187,565	\$ 4,009	\$ 191,574

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
Statement of Functional Expenses  
For the Year Ending December 31, 2021

	Program Services				Support Activities				2021 Combined Total
	Community Capacity Building	Community Impact	Total Program Expense	Resource Development	Organizational Administration	Unallocated Payments to Affiliates	Total Support Expense		
<b>Expenses</b>									
Awards	\$ 166,663	\$ -	\$ 166,663	\$ -	\$ -	\$ -	\$ -	\$ -	166,663
Salaries and Wages	935	3,117	4,052	14,960	50,247	-	65,207	-	69,259
Professional Fees	2	4	6	4	15,490	-	15,494	-	15,500
Rent and Utilities	70	218	288	1,166	3,946	-	5,112	-	5,400
Payroll Taxes	60	199	259	953	4,086	-	5,039	-	5,298
Office Supplies and Expenses	44	20	64	950	1,886	-	2,836	-	2,900
Unallocated Payments to Affiliates	-	-	-	-	-	3,237	-	3,237	3,237
Advertising	-	-	-	3,617	8,320	-	11,937	-	11,937
Telephone	16	44	60	321	1,228	-	1,549	-	1,609
Depreciation Expense	-	-	-	-	1,333	-	1,333	-	1,333
Insurance	12	15	27	34	1,179	-	1,213	-	1,240
Postage and Shipping	2	15	17	408	89	-	497	-	514
Dues and Subscriptions	3	6	9	25	636	-	661	-	670
Repair and Maintenance	-	-	-	-	-	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 167,807</b>	<b>\$ 3,638</b>	<b>\$ 171,445</b>	<b>\$ 22,438</b>	<b>\$ 88,440</b>	<b>\$ 3,237</b>	<b>\$ 114,115</b>	<b>\$ 114,115</b>	<b>\$ 285,560</b>

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
**Statement of Cash Flows**  
**For the Year Ending December 31, 2021**

	<b>2021</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Change in Net Assets	\$ (63,750)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation Expense	1,333
Allowance for Uncollectible Pledges	(4,588)
(Increase) Decrease in Pledges Receivable	14,325
Increase (Decrease) in Amounts Raised in Behalf of Others	30,632
Increase (Decrease) in Accounts Payable and Accruals	180
Cash Provided (Used) by Operating Activities	(21,868)
 <b><u>Cash Flows from Investing Activities - None</u></b>	
 <b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	 (21,868)
 <b><u>Cash and Cash Equivalents - Beginning</u></b>	 188,396
 <b><u>Cash and Cash Equivalents - Ending</u></b>	 \$ 166,528
 <b><u>Noncash investing and financing activities - None</u></b>	

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2021**

**Note A - Summary of Significant Accounting Policies**

*Organization*

The United Way of the Coalfield, Inc. (Organization) is a nonprofit organization, incorporated in the state of Kentucky in 1972, governed by a volunteer Board of Directors that are nominated from the community. The organization is recognized by the Internal Revenue Service as exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The mission of the United Way of the Coalfield, Inc. is to unite diverse elements of the community to plan, support, deliver, and monitor effective and efficient human service programs that are responsive to changing community needs. The Organization services need in Hopkins and Muhlenberg counties in Western Kentucky.

*Basis of Presentation*

The financial statements of the United Way of the Coalfield, Inc. include only the accounts of the United Way of the Coalfield, Inc. The accompanying statements have been prepared on the accrual basis of accounting. The Organization follows the generally accepted accounting principles for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets: net assets without external donor restrictions and net assets with external donor restrictions.

Net assets without donor restrictions consist of investments, board-designated funds, and any otherwise unrestricted amounts that are available for use in carrying out the activities of the Organization. Net assets with donor restrictions consist of any donor-imposed contributions that have not been met. The entire contribution can be spent under the donor's restriction.

*Cash and Cash Equivalents*

The Organization considers all short-term, highly liquid investments available for current use with a maturity of three months or less when acquired to be cash equivalents.

*Estimates and Assumptions*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Pledges Receivables*

Unconditional pledges receivable is recognized as support in the period the pledges are received. Conditional contributions are recognized as support when the conditions on which they depend have been substantially met.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance. The valuation allowance is computed based on a three-year historical average adjusted by estimates of current economic factors and applied to individual campaign balances, including donor designations. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

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

**(A Nonprofit Corporation)**

**Notes to Financial Statements**

**December 31, 2021**

Property and Equipment

Purchased property and equipment are stated at original cost and donated property and equipment are stated at estimated fair market value at the date of the gift. Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 7 years. Depreciation recognized during 2021 totaled \$1,333.

Revenues from Contributions

The Organization reports transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, as contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization must overcome a barrier to be entitled to the resource and the resource provider is released from the obligation to fund or has the right to return any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution of revenue upon overcoming the barrier. Any funding received before overcoming the barrier is recognized as a refundable advance. Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received. Unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. 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 as net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Donor Designations

Regular campaign designations are from traditional workplace campaign donors who may designate some or all their gifts to specific member agencies. In accordance with accounting standards, these specified designations are not considered to be part of the allocations to agencies and are deducted from campaign results.

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements, under the Organization's Mission Statement.

Program Services

**Community Capacity Building** - Includes expenditures for ongoing operational funding and one-time grants to member and non-member agencies, administering the funding and providing oversight of other fund distribution programs.

**Community Impact** - Includes expenditures relating to collaborative approaches to deliver improved community-level outcomes in the United Way impact areas of health, education, basic needs, strong communities, and financial stability through research, thought leadership, aligned programming and funding, and community mobilization.



**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
Notes to Financial Statements  
December 31, 2021

Fundraising

Provides the structure necessary to encourage and secure financial support from individuals, organizations, and corporations.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Expense Allocations

Expenses are charged to program services and supporting activities based on how resources are specifically utilized, as well as periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs

The Organization expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$11,937 in 2021.

Donated Facilities, Services, and Materials

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fundraising campaigns. These services are not recorded in the financial statements since they do not meet the criteria for recognition in accounting standards established for not-for-profit organizations. Donated facilities and materials are recorded at fair value at the date of receipt.

Income Taxes

The Organization is exempt from federal and state income taxes on its related, exempt activities under Section 501(c)(3) of the Internal Revenue Code. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. The Organization's federal tax returns for tax years 2019 and later remain subject to examination by taxing authorities.

Subsequent Expenses

The Organization has evaluated subsequent events through January 30, 2023, the date on which the financial statements were available to be issued.

Fair Value

The carrying amounts of pledges receivable, allocations payable, accounts payable, and accrued expenses approximate fair value due to the short period to maturity.

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
Notes to Financial Statements  
December 31, 2021

Recent Accounting Pronouncements

As of December 31, 2020, the FASB has issued the following statements not yet required to be adopted by the Organization.

ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which affects all entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income. The ASU is intended to provide users of financial statements with additional decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit. For nonprofit organizations, the ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Nonprofit organizations may early adopt the ASU in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management has determined that this ASU does not affect the financial statements at this time.

ASU 2019-10, *Financial Instruments - Credit Losses (Topic 326)*, amends the *Credit Losses Update* effective date for all other entities, except public business entities meeting the definition of an SEC filer, for the fiscal year beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is allowed. Management has not determined the effect of this ASU at this time.

ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Asset*. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The ASU is designed to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. Management has not determined the effect of this ASU at this time.

**NOTE B - NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows for the year ended December 31, 2021.

Time Restrictions

Net pledges received for future periods	\$113,999
---	-----------

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
Notes to Financial Statements  
December 31, 2021

**NOTE C - PLEDGES RECEIVABLE**

All pledges receivable are due within one year. Allowances of \$8,108 were recorded for 2021.

**NOTED- TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes as of December 31, 2021:

Time Restrictions

Net campaign pledges received for future periods	\$4,009
--	---------

**NOTE E - CAMPAIGN RESULTS**

The results of the 2020/2021 campaign were as follows:

Campaign	\$ 189,666
Less gross amounts raised on behalf of others	(28,000)
Less allowance for uncollectible pledges	<u>(8,170)</u>
Net Campaign	\$ <u>153,496</u>

As of December 31, 2021, the results of the 2021/2022 campaign were as follows:

Campaign	\$ 106,745
Less gross amounts raised on behalf of others	(58,632)
Less allowance for uncollectible pledges	<u>(4,966)</u>
Net Campaign	\$ <u>43,147</u>

**NOTE F - LEASES**

The lease agreement with U.S. Bank National Association automatically renews yearly. The lease includes rent and utilities for zero dollars monthly. Either party can cancel the lease with thirty days' written notice. Donated facility uses and utilities that the United Way of the Coalfield, Inc. received by gift are recorded in the financial statements as in-kind contributions at the date of receipt. Rent expense is recorded as utilized.

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
Notes to Financial Statements  
December 31, 2021

**NOTE G-FAIR VALUE OF ASSETS AND LIABILITIES**

A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the: financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The organization did not have any investments categorized as Level 2 or Level 3 during the year ending December 31, 2021. The organization did not complete any transfers into or out of Levels 1,2, or 3 during the year. Only the organization's investments are measured at fair value regularly.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$166,528	\$0	\$0	\$166,528

**NOTE H- FINANCIAL RISK**

Approximately 16% and 22% of contributions were made by General Electric Aircraft Engines and Owensboro Health Medical Group Urgent Care/ MultiCare respectively. The Organization's operations are directly affected by the business climate in Western Kentucky.

**NOTE I- FINANCIAL INSTRUMENTS**

The financial instrument that potentially subjects the Organization to concentrations of credit risk consists principally of temporary cash investments. The Organization maintains cash balances in various banks in Hopkins County, Kentucky.

**United Way of the Coalfield, Inc.**  
**(A Nonprofit Corporation)**  
Notes to Financial Statements  
December 31, 2021

**NOTE J - HEIDI BADGETT FUND**

In May of 2000, a Field of Interest Endowment Fund was established with the Community Foundation of Louisville, Inc. The funds are available for grants that address the health and educational needs of children and their families in Hopkins, Muhlenberg, and Webster counties in Kentucky. The Community Foundation of Louisville, Inc. is responsible for the fund's investments and distribution policy.

The Organization is designated as the Administrator of the fund's grants and is responsible for publicizing the availability of grants, overseeing the Selection Committee for grant recipients, developing guidelines for proposal evaluation, receiving the allocated distribution, distributing the funds to recipients, monitoring the use of funds after awards are made and reporting the status of grants to the Foundation quarterly.

The Organization received \$21,676 in 2021 from the Foundation and distributed \$20,976 to agencies, retaining \$700 as an administrative fee.

**NOTE K - LIQUIDITY, AND AVAILABILITY OF RESOURCES**

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:

	<u>2020</u>
Cash equivalents, unrestricted	\$ 156,300
Pledges, net	<u>31,370</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>187,670</u>

As part of the organization's liquidity management plan, management invests cash over daily requirements in short-term investments, CDs, and money market funds.

**NOTE L-RETIREMENT PLAN**

The Organization maintains a Simplified Employee Pension for its employees who have met a 1-year service requirement. The Organization can designate any percentage up to 25% each year as a contribution to the retirement plan. During 2021, the Organization did not contribute to employee accounts since no employee met the service requirements.