

**UNITED WAY OF  
THURSTON COUNTY**

Audited Financial Statements

June 30, 2020 and 2019

**UNITED WAY OF THURSTON COUNTY**

Audited Financial Statements

June 30, 2020 and 2019

**INDEPENDENT AUDITOR'S REPORT** ..... 1-2

**AUDITED FINANCIAL STATEMENTS**

Statements of Financial Position.....3

Statements of Activities ..... 4-7

Statements of Functional Expenses..... 8-9

Statements of Cash Flows .....10

Notes to Financial Statements..... 11-20



1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

## Independent Auditor's Report

Board of Directors  
United Way of Thurston County  
Olympia, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Thurston County (a nonprofit organization) (the "United Way"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

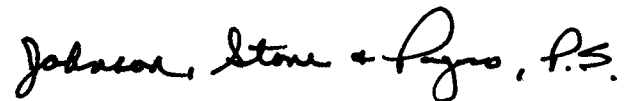
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the United Way's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Way's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Thurston County as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Johnson, Stone & Pagano, P.S." in a cursive script.

**JOHNSON, STONE & PAGANO, P.S.**

March 24, 2021

AUDITED FINANCIAL STATEMENTS

# UNITED WAY OF THURSTON COUNTY

## STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 781,638	\$ 522,534
Certificates of deposit	62,722	62,408
Campaign pledges receivable		
2019/2020 campaign, net of allowance of \$54,539,	224,507	336,087
2018/2019 campaign, net of allowance of \$48,798	25,530	27,116
Other receivables	2,600	2,500
Other assets	12,381	12,385
Property and equipment - net	263,190	259,539
Community Foundation endowments		
	<u>1,372,568</u>	<u>1,222,569</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,372,568</b>	<b>\$ 1,222,569</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable and accrued expenses	\$ 103,723	\$ 64,863
Due to designated agencies	59,328	68,618
Long-term debt	109,735	
	<u>272,786</u>	<u>133,481</u>
<b>Total Liabilities</b>	<b>272,786</b>	<b>133,481</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	672,552	428,101
Board-designated Women United		59,663
Board-designated reserve	150,000	150,000
	<u>822,552</u>	<u>637,764</u>
<b>Total Net Assets without Donor Restrictions</b>	<b>822,552</b>	<b>637,764</b>
With donor restrictions	<u>277,230</u>	<u>451,324</u>
	<u>1,099,782</u>	<u>1,089,088</u>
<b>Total Net Assets</b>	<b>1,099,782</b>	<b>1,089,088</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,372,568</b>	<b>\$ 1,222,569</b>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Current campaign			
Contributions received in current period	\$ 614,318	\$ 239,604	\$ 853,922
Less donor designations	(78,670)		(78,670)
Less donor provisions for uncollectibles	(50,929)		(50,929)
<b>Net Current Campaign Revenues</b>	<u>484,719</u>	<u>239,604</u>	<u>724,323</u>
Prior campaign			
Contributions adjusted in current period	(6,053)		(6,053)
Contributions received in prior period (released from restrictions)	<u>333,552</u>	<u>(333,552)</u>	
<b>Net Prior Campaign Revenues</b>	<u>327,499</u>	<u>(333,552)</u>	<u>(6,053)</u>
Campaign revenue received for next fiscal period		<u>17,345</u>	<u>17,345</u>
<b>Total Contributions</b>	<u>812,218</u>	<u>(76,603)</u>	<u>735,615</u>
Disaster income	691,438		691,438
Grants and contracts	254,714		254,714
Special events	17,942		17,942
Other contributions		2,000	2,000
Service fees	19,343		19,343
Investment income	4,374		4,374
In-kind revenue	1,600		1,600
Sponsorships	65,010		65,010
Miscellaneous	2,302		2,302
Release of restriction on contributions	<u>99,491</u>	<u>(99,491)</u>	
<b>Total Revenues and Other Support</b>	<u>1,968,432</u>	<u>(174,094)</u>	<u>1,794,338</u>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES</b>			
Program services			
Gross funds awarded/distributed	\$ 966,570		\$ 966,570
Less donor designations	<u>(78,670)</u>		<u>(78,670)</u>
<b>Net Funds Awarded/Distributed</b>	887,900		887,900
Community services	<u>454,946</u>		<u>454,946</u>
<b>Total Program Services</b>	1,342,846		1,342,846
Supporting services			
General and administrative	196,772		196,772
Fundraising	<u>244,026</u>		<u>244,026</u>
<b>Total Supporting Services</b>	<u>440,798</u>		<u>440,798</u>
<b>Total Expenses</b>	<u>1,783,644</u>		<u>1,783,644</u>
<b>CHANGE IN NET ASSETS</b>	184,788	\$ (174,094)	10,694
<b>Net Assets at Beginning of Year</b>	<u>637,764</u>	<u>451,324</u>	<u>1,089,088</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 822,552</u>	<u>\$ 277,230</u>	<u>\$ 1,099,782</u>

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



**UNITED WAY OF THURSTON COUNTY**  
**STATEMENTS OF ACTIVITIES (Continued)**  
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Current campaign			
Contributions received in current period	\$ 449,706	\$ 341,059	\$ 790,765
Less donor designations	(91,425)		(91,425)
Less provisions for uncollectibles	(47,255)		(47,255)
<b>Net Current Campaign Revenues</b>	311,026	341,059	652,085
Prior campaign			
Contributions received in current period	7,508		7,508
Contributions received in prior period (released from restrictions)	262,684	(262,684)	
<b>Net Prior Campaign Revenues</b>	270,192	(262,684)	7,508
Campaign revenue received for next fiscal period		56,052	56,052
<b>Total Contributions</b>	581,218	134,427	715,645
Grants and contracts	252,922		252,922
Special events	157,116		157,116
Other contributions	19,311	8,489	27,800
Emergency Assistance Fund	1,000	42,597	43,597
Estate gift	37,270		37,270
Service fees	22,807		22,807
Investment income	11,414		11,414
In-kind revenue	3,000		3,000
Sponsorships	40,500		40,500
Miscellaneous	10,805		10,805
Release of restriction on contributions	59,267	(59,267)	
<b>Total Revenues and Other Support</b>	1,196,630	126,246	1,322,876

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

**UNITED WAY OF THURSTON COUNTY**  
**STATEMENTS OF ACTIVITIES (Continued)**  
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES</b>			
Program services			
Gross funds awarded/distributed	\$ 368,377		\$ 368,377
Less donor provisions for uncollectibles	<u>(91,425)</u>		<u>(91,425)</u>
<b>Net Funds Awarded/Distributed</b>	276,952		276,952
Community services	<u>445,555</u>		<u>445,555</u>
<b>Total Program Services</b>	722,507		722,507
Supporting services			
General and administrative	197,966		197,966
Fundraising	<u>296,912</u>		<u>296,912</u>
<b>Total Supporting Services</b>	<u>494,878</u>		<u>494,878</u>
<b>Total Expenses</b>	<u>1,217,385</u>		<u>1,217,385</u>
<b>CHANGE IN NET ASSETS</b>	(20,755)	\$ 126,246	105,491
<b>Net Assets at Beginning of Year</b>	<u>658,519</u>	<u>325,078</u>	<u>983,597</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 637,764</u>	<u>\$ 451,324</u>	<u>\$ 1,089,088</u>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2020 with Comparative Totals for 2019

	Program Services			Support Services		Total	
	Distributions	Community Services	Total Program Services	General and Administrative	Fundraising	2020	2019
<b>COMPENSATION AND RELATED EXPENSES</b>							
Salaries and wages		\$ 266,295	\$ 266,295	\$ 98,160	\$ 133,873	\$ 498,328	\$ 454,926
Payroll taxes		20,744	20,744	8,881	12,112	41,737	41,342
Benefits		43,233	43,233	18,509	25,244	86,986	76,822
<b>Total Compensation and Related Expenses</b>		<b>330,272</b>	<b>330,272</b>	<b>125,550</b>	<b>171,229</b>	<b>627,051</b>	<b>573,090</b>
Professional fees				17,842		17,842	15,772
Meetings and events		3,868	3,868	1,656	2,259	7,783	73,218
Office expenses		4,927	4,927	2,109	2,877	9,913	11,077
Computer expense		4,002	4,002	1,714	2,337	8,053	7,148
Postage and printing		2,520	2,520	1,079	1,472	5,071	5,125
Occupancy		23,658	23,658	10,129	13,813	47,600	53,367
Insurance		761	761	326	444	1,531	5,310
Agreements and licensing		25,151	25,151	10,768	14,686	50,605	57,725
Miscellaneous		6,347	6,347	2,718	3,706	12,771	18,126
Contracted services		30,047	30,047	12,865	17,544	60,456	55,320
Marketing		788	788	337	460	1,585	13,221
Auto expense		1,925	1,925	825	1,124	3,874	5,894
Supplies		3,638	3,638	1,557	2,124	7,319	4,611
Staff and board development		410	410	176	239	825	2,930
Travel		854	854	366	499	1,719	3,934
Membership dues		8,148	8,148	3,488	4,758	16,394	18,284
Volunteers		4,379	4,379	1,875	2,557	8,811	10,501
Distributions, net of donor designations	\$ 887,900		887,900			887,900	276,952
<b>Total Functional Expenses Before Depreciation</b>	<b>887,900</b>	<b>451,695</b>	<b>1,339,595</b>	<b>195,380</b>	<b>242,128</b>	<b>1,777,103</b>	<b>1,211,605</b>
Depreciation		3,251	3,251	1,392	1,898	6,541	5,780
<b>TOTAL EXPENSES</b>	<b>\$ 887,900</b>	<b>\$ 454,946</b>	<b>\$ 1,342,846</b>	<b>\$ 196,772</b>	<b>\$ 244,026</b>	<b>\$ 1,783,644</b>	<b>\$ 1,217,385</b>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended June 30, 2019

	Program Services		Support Services			
	Distributions	Community Services	Total Program Services	General and Administrative	Fundraising	Total
<b>COMPENSATION AND RELATED EXPENSES</b>						
Salaries and wages		\$ 220,550	\$ 220,550	\$ 89,187	\$ 145,189	\$ 454,926
Payroll taxes		19,803	19,803	8,186	13,353	41,342
Benefits		36,798	36,798	15,211	24,813	76,822
<b>Total Compensation and Related Expenses</b>		277,151	277,151	112,584	183,355	573,090
Professional fees				15,772		15,772
Meetings and events		35,072	35,072	14,497	23,649	73,218
Office expenses		5,306	5,306	2,193	3,578	11,077
Computer expense		3,424	3,424	1,415	2,309	7,148
Postage and printing		2,455	2,455	1,015	1,655	5,125
Occupancy		25,563	25,563	10,567	17,237	53,367
Insurance		2,544	2,544	1,051	1,715	5,310
Agreements and licensing		27,650	27,650	11,430	18,645	57,725
Miscellaneous		8,683	8,683	3,588	5,855	18,126
Contracted services		26,498	26,498	10,954	17,868	55,320
Marketing		6,333	6,333	2,618	4,270	13,221
Auto expense		2,823	2,823	1,167	1,904	5,894
Supplies		2,209	2,209	913	1,489	4,611
Staff and board development		1,403	1,403	580	947	2,930
Travel		1,884	1,884	779	1,271	3,934
Membership dues		8,758	8,758	3,620	5,906	18,284
Volunteers		5,030	5,030	2,079	3,392	10,501
Distributions, net of donor designations	\$ 276,952		276,952			276,952
<b>Total Functional Expenses Before Depreciation</b>	276,952	442,786	719,738	196,822	295,045	1,211,605
Depreciation		2,769	2,769	1,144	1,867	5,780
<b>TOTAL EXPENSES</b>	\$ 276,952	\$ 445,555	\$ 722,507	\$ 197,966	\$ 296,912	\$ 1,217,385

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

# UNITED WAY OF THURSTON COUNTY

## STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from various donors for		
Annual campaign	\$ 990,876	\$ 771,508
Grants and contracts	256,300	257,593
Special events	17,942	157,116
Other contributions	3,600	30,800
Disaster income	691,438	
Emergency assistance fund		43,597
Estates and endowments		37,270
Cash received from		
Investment income	409	263
Service fees	19,343	22,807
Rental income		550
Miscellaneous	2,302	10,257
Cash payment for		
Allocations and grants	(887,900)	(276,952)
Designated agencies	(87,960)	(108,120)
Employees and supplies	(850,444)	(972,738)
<b>Net Cash Provided (Used) by Operating Activities</b>	155,906	(26,049)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(6,537)</u>	<u>(3,660)</u>
<b>Net Cash Used by Investing Activities</b>	(6,537)	(3,660)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	<u>109,735</u>	<u>          </u>
<b>Net Cash Provided by Financing Activities</b>	<u>109,735</u>	<u>          </u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	259,104	(29,709)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>522,534</u>	<u>552,243</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 781,638</u>	<u>\$ 522,534</u>

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

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

#### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

##### *Nature of Activities*

United Way of Thurston County (the "United Way") is a nonprofit organization organized under the laws of the State of Washington, and is an exempt organization under the Internal Revenue Code, Section 501(c)(3). The United Way's mission is to strengthen the community by connecting people and resources to meet identified human needs.

The United Way strengthens the lives of people, from children to seniors, through partnerships, programs and community initiatives that deliver tangible results. It focuses its resources on four specific areas of impact:

Helping Kids Succeed  
Promoting Self-sufficiency

Meeting Basic Needs  
Supporting Health and Wellness

A summary of the United Way's significant accounting policies follows:

##### *Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting. The United Way is required to report information regarding its financial position and activities according to two classes of net assets based on the absence or existence and nature of donor-imposed restrictions as follows:

##### *Net Assets without Donor Restrictions*

Net assets that are not subject to donor-imposed stipulations.

##### *Net Assets with Donor Restrictions*

Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the United Way pursuant to those stipulations, or that expire by the passage of time, and net assets subject to donor-imposed stipulations that are to be maintained in perpetuity by the United Way. Generally, the donors of such assets permit the United Way to use all or part of the income earned on the assets.

##### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the United Way considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of checking, savings and money market accounts.

##### *Campaign Pledges and Designations*

Campaign pledges receivable consist of unconditional promises to give. An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2020 and 2019 are from corporations and individuals.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Campaign Pledges and Designations (Continued)***

Community-wide care donations and pledges are recorded as revenues with donor restrictions in the campaign year and released into net assets without donor restrictions as time restrictions are satisfied in the subsequent year. Donor-designated pledges are accounted for as a liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by the United Way, but are reported as part of campaign results from which the amounts are then deducted to arrive at campaign revenue.

Provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management's estimates of current economic factors, applied to gross campaign revenue.

Donor-designated pledges are assessed a processing fee based on actual historical costs in accordance with the United Way of America membership standards, as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designed Funds)*.

##### ***Contributions***

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor-imposed stipulations. Support that is restricted by the donor (other than donor-designated gifts received through the annual campaign) is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 donor restrictions and reported in the statements of activities as net assets released from restrictions.

##### ***Fair Value Measurements***

The carrying value of cash and equivalents, certificates of deposit, campaign pledges receivable and liabilities approximates fair value due to the short maturity of these instruments. The carrying value of the Community Foundation of South Puget Sound (the "Community Foundation") endowments is believed to approximate fair value and is based upon the stated value of the endowments as reported to the United Way by the Community Foundation. As such, the United Way does not report investments or financial instruments measured at fair value.

##### ***Community Investment Grants and Donor Choice Designations***

Community investment grants to support health and human service programs are determined through a review process by United Way committees composed of board members and community volunteers. Agencies that are awarded funding are notified in the spring of each year and are required to sign a memorandum of understanding.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Community Investment Grants and Donor Choice Designations (Continued)***

Donor choice designations to other nonprofit organizations are subject to an administrative fee based on the previous year's functional expense overhead calculation. The administrative fee applied was 16% and 20% for the years ended June 30, 2020 and 2019. Donations to other United Ways in Washington and designations from major donors are processed at a reduced fee or without fee.

##### ***Board-designated - Women United***

Women United was an affinity group of United Way of Thurston County through June 30, 2019. Funds raised by Women United through events were available for grants to non-profits serving women and children in Thurston County. The Women United affinity group ceased its activities during the year ended June 30, 2020. At June 30, 2019, \$59,663 had been designated for Women United grants and projects.

##### ***Property and Equipment***

Property and equipment purchased in excess of \$1,000 with a useful life of two or more years are capitalized and stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property and equipment consist of computer equipment, office equipment and furniture.

##### ***Donated Property and Equipment***

Donations of property and equipment are recorded as in-kind revenue at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a significant purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as in-kind revenue or contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The United Way reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

##### ***Donated Materials***

Donated materials are reflected as in-kind revenue at their estimated values at the date of receipt. For the years ended June 30, 2020 and 2019, the United Way received \$1,600 and \$3,000 in donated materials, respectively.

##### ***Donated Services***

No amounts have been reflected in the financial statements for donated services. The United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the United Way with allocations, Day of Caring and various committee assignments. The United Way receives more than 1,000 volunteer hours per year.



## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

#### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Functional Expenses***

Expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on the annual time study method recommended by United Way of America in its publication *United Way of America Functional Expenses and Overhead Reporting Standards*. The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### ***Federal Income Taxes***

The United Way is a nonprofit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. There was no income tax expense for the years ended June 30, 2020 and 2019.

##### ***Use of Estimates***

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

##### ***Subsequent Events***

The United Way has evaluated for subsequent events through March 24, 2021, the date the financial statements were available to be issued.

##### ***Concentration of Risk***

Accounts maintained at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the United Way's cash balance at one financial institution exceeded the insurance limit by approximately \$455,737. The United Way has not experienced any losses related to these cash balances.

The employee payroll deduction program of the State of Washington comprises approximately 10% and 6% of annual campaign pledges for the years ended June 30, 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, three company campaigns had pledges comprising approximately 25% and 16%, respectively, of total annual campaign pledges.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

#### NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 781,638	\$ 522,534
Certificates of deposit	62,722	62,408
Campaign pledges receivable	224,507	336,087
Other receivables	25,530	27,116
Community Foundation endowments	<u>263,190</u>	<u>259,539</u>
Total Financial Assets	1,357,587	1,207,684
Less financial assets not available for general expenditures		
Board-designated Women United		59,663
Board-designated reserve	150,000	150,000
Net assets with donor restrictions	<u>277,230</u>	<u>451,324</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>930,357</u>	\$ <u>546,697</u>

#### NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equipment and furniture	\$ 139,753	\$ 133,216
Less accumulated depreciation	<u>127,372</u>	<u>120,831</u>
Property and Equipment, net	\$ <u>12,381</u>	\$ <u>12,385</u>

Depreciation expense totaled \$6,541 and \$5,780 for the years ended June 30, 2020 and 2019, respectively.

**UNITED WAY OF THURSTON COUNTY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

**NOTE 4 - COMMUNITY FOUNDATION ENDOWMENTS**

The United Way has established endowment funds with the Community Foundation. Under the agreement with the Community Foundation, the Community Foundation will control the invested assets and distributions are made available to the United Way for purposes of acquiring or renovating a capital asset or in the event of unexpected financial need that is not expected to recur. Distributions of investment income, when available, will be made at least annually to the United Way. It is the United Way's policy that all gifts with perpetual donor restrictions are to be maintained by the Community Foundation.

The following is a schedule of endowments at June 30:

	<u>Without Donor Restrictions</u>		With Donor	
	<u>Unrestricted</u>	Board- <u>Designated</u>	Restrictions for Perpetual	<u>Total</u>
			<u>Duration</u>	
June 30, 2020				
Pam Toal Leadership Fund	\$ 10,364		\$ 25,000	\$ 35,364
General Endowment Fund	<u>67,301</u>	\$ <u>150,000</u>	<u>10,525</u>	<u>227,826</u>
	\$ <u>77,665</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>263,190</u>
June 30, 2019				
Pam Toal Leadership Fund	\$ 9,874		\$ 25,000	\$ 34,874
General Endowment Fund	<u>64,140</u>	\$ <u>150,000</u>	<u>10,525</u>	<u>224,665</u>
	\$ <u>74,014</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>259,539</u>

***Interpretation of Relevant Law Applicable to Temporarily or Permanently Restricted Funds***  
 Donor-restricted funds intended to be maintained in perpetual duration are classified as net assets with donor restrictions and are subject to the Washington State Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Board of Directors has interpreted the 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, the United Way 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. The remaining portion of the restricted endowment fund that is not classified in the permanently restricted funds would be considered restricted for time or purpose until those amounts are appropriated for expenditure by the United Way in a manner consistent with the standard of prudence prescribed by UPMIFA.

**UNITED WAY OF THURSTON COUNTY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

**NOTE 4 - COMMUNITY FOUNDATION ENDOWMENTS (Continued)**

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	<u>Without Donor Restrictions</u>		With Donor	<u>Total</u>
	<u>Unrestricted</u>	<u>Board-Designated</u>	Restrictions for Perpetual Duration	
<u>June 30, 2020</u>				
Endowment net assets at beginning of year	\$ 74,014	\$ 150,000	\$ 35,525	\$ 259,539
Investment return, net	7,953			7,953
Appropriation of endowment for expenses	<u>(4,302)</u>			<u>(4,302)</u>
Endowment Net Assets at End of Year	\$ <u>77,665</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>263,190</u>
<u>June 30, 2019</u>				
Endowment net assets at beginning of year	\$ 63,174	\$ 150,000	\$ 35,525	\$ 248,699
Investment return, net	14,964			14,964
Appropriation of endowment for expenses	<u>(4,124)</u>			<u>(4,124)</u>
Endowment Net Assets at End of Year	\$ <u>74,014</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>259,539</u>

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the United Way to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are to be reported. There were no such amounts to report for the years ended June 30, 2020 and 2019, respectively.

***Return Objectives and Risk Parameters***

The United Way 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 the United Way must hold in perpetuity and those maintained by the Community Foundation, 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 are to be compared regularly to the performance of equity and fixed income market indices, while assuming a moderate level of investment risk. The United Way expects its endowment funds, over time, to provide a reasonable rate of return.

# UNITED WAY OF THURSTON COUNTY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

### NOTE 4 - COMMUNITY FOUNDATION ENDOWMENTS (Continued)

#### *Strategies Employed for Achieving Objective*

To satisfy its long-term rate-of-return objectives, the United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The United Way targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### NOTE 5 - LONG-TERM DEBT

In April 2020, the United Way entered into an unsecured term note payable agreement with a bank totaling \$109,735, bearing interest at 1.00%, maturing April 2022. The term note payable was entered into in conjunction with the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") Paycheck Protection Program ("PPP"), later modified by the PPP Flexibility Act. The PPP provides for loans to qualifying organizations for up to 2.5 times the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and certain other costs during the twenty-four weeks commencing from the date the organization received loan proceeds (the "covered period"). The unpaid principal balance on the note was \$109,735 at June 30, 2020. The balance of the loan was forgiven subsequent to the year ended June 30, 2020 (See Note 12).

### NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Net assets with purpose or time restrictions		
Next fiscal year campaign receivable	\$ 148	\$ 36,926
Current year campaign receivable	224,359	299,161
Next fiscal year campaign cash received	17,198	19,127
Reading Buddy program		17,988
Emergency assistance fund		<u>42,597</u>
	<u>241,705</u>	<u>415,799</u>
Net assets restricted in perpetuity held in		
Community Foundation endowments		
Pam Toal Leadership Fund	25,000	25,000
General Endowment Fund	<u>10,525</u>	<u>10,525</u>
	<u>35,525</u>	<u>35,525</u>
Total Net Assets with Donor Restrictions	\$ <u>277,230</u>	\$ <u>451,324</u>

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

#### NOTE 7 - OPERATING LEASES

##### *Office*

The United Way has a lease agreement for an office facility with monthly payments of \$3,967 through March 1, 2024.

##### *Equipment*

The United Way has two lease agreements each for a copier. The first lease was signed on March 29, 2017, with monthly payments of \$309 through March 2020. The lease was renewed beginning April 2020 with monthly payments of \$214 through March 2025.

The second lease was signed on March 29, 2019, with monthly payments of \$55 through June 2022. The combined monthly rental rate for 2020 was \$269.

Minimum future lease payments on the operating leases as of June 30, 2020 are as follows:

2021	\$ 50,835
2022	50,835
2023	50,835
2024	34,803
2025	<u>1,930</u>
	\$ <u>189,238</u>

Rent expense for these leases for June 30, 2020 and 2019 was \$51,686 and \$58,186, respectively.

#### NOTE 8 - PENSION PLAN

The United Way has established a Simplified Employee Pension Plan available to all permanent employees when certain eligibility requirements are met. The United Way may make discretionary contributions. For the years ended June 30, 2020 and 2019, the United Way made contributions to the plan of \$18,127 and \$17,774, respectively.

#### NOTE 9 - SPECIAL EVENTS

The United Way sponsors events and projects, including value-added services to the community, fundraising and award/recognition events. Management's intention is to have costs incurred covered by the contributions specifically solicited for each event or project. During 2020, most special events were cancelled or postponed due to the COVID-19 pandemic (see Note 11). During 2019, special events and projects included the Day of Caring, Straight from the Heart, Power of the Purse and the annual luncheon. Revenues and expenses from these events and projects consist of the following for the years ended June 30:

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

#### NOTE 9 - SPECIAL EVENTS (Continued)

	<u>2020</u>	<u>2019</u>
Revenue	\$ 17,942	\$ 157,116
Expenses	<u>10,116</u>	<u>70,766</u>
	\$ <u>7,826</u>	\$ <u>86,350</u>

#### NOTE 10 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll taxes, benefits, meetings and events, office expenses, computer expenses, postage and printing, occupancy, insurance, agreements and licensing, miscellaneous, contracted services, marketing, auto expense, supplies, staff and board development, travel, membership dues and volunteers, which are allocated on the basis of management's estimates of time and effort.

#### NOTE 11 - RISKS AND UNCERTAINTIES

As of June 30, 2020, the world was in the midst of the COVID-19 pandemic. Significant uncertainty remains regarding the wide ranging effects of the pandemic subsequent to year-end. The United Way is closely monitoring its operations, liquidity, capital and financial resources, and is actively working to minimize the current and future effects of this unprecedented situation. As of the date of issuance of these financial statements, the full impact of the pandemic to the United Way's financial position or operations is not known.

#### NOTE 12 - SUBSEQUENT EVENTS

On December 30, 2020, the United Way was released from its obligation and has obtained forgiveness for the balance of the first PPP loan payable in full.

On January 26, 2021, the United Way entered into an unsecured term note payable agreement with a bank totaling \$109,735 for an additional PPP loan, bearing interest at 1.00%, maturing January 2026. The term note payable was entered into in conjunction with the second round of PPP loan funding approved by the United States Congress on December 21, 2020.