



Financial Statements

For the Year Ended June 30, 2022

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Independent Auditor's Report

To the Board of Directors
United Way of King County
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of United Way of King County (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 GAAS and *Government 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 GAAS and *Government 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 the Organization'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 the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, consisting of gross campaign results, gross funds awarded and designated, and donor designations on page 4 are presented for purposes of additional analysis consistent with industry practice and are 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Clark Nuber P.S.

Certified Public Accountants
March 29, 2023

UNITED WAY OF KING COUNTY

Statement of Financial Position

June 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Assets:		
Cash and cash equivalents	\$ 7,304,231	\$ 10,331,527
Contributions and grants receivable, net	34,463,596	34,085,477
Other assets	341,657	306,655
Investments	6,383,502	7,896,061
Beneficial interest in trusts and assets held by others	13,192,277	15,781,285
Expense advances	3,579,011	615,150
Cloud computing arrangement	341,969	
Property and equipment, net	<u>6,973,669</u>	<u>7,131,319</u>
Total Assets	<u>\$ 72,579,912</u>	<u>\$ 76,147,474</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,283,996	\$ 3,181,296
Grants payable	815,035	4,574,366
Deferred revenue	3,341,460	
Donor designations payable	<u>2,754,623</u>	<u>3,595,131</u>
Total Liabilities	10,195,114	11,350,793
Net Assets:		
Without donor restrictions-		
Undesignated, available for operations	16,372,676	17,954,068
Invested in property and equipment	6,973,669	7,131,319
Designated for endowments	<u>6,994,412</u>	<u>8,370,558</u>
Total net assets without donor restrictions	30,340,757	33,455,945
With donor restrictions	<u>32,044,041</u>	<u>31,340,736</u>
Total Net Assets	<u>62,384,798</u>	<u>64,796,681</u>
Total Liabilities and Net Assets	<u>\$ 72,579,912</u>	<u>\$ 76,147,474</u>

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Public Support, Revenues and Gains and Losses:				
Gross campaign results	\$ 21,732,599	\$ 9,701,585	\$ 31,434,184	\$ 40,367,217
Less donor designations	<u>(13,537,821)</u>	<u></u>	<u>(13,537,821)</u>	<u>(18,185,928)</u>
Net campaign revenue	8,194,778	9,701,585	17,896,363	22,181,289
Grants	41,894,506	2,142,053	44,036,559	49,822,916
Fee for service revenue	8,544,075		8,544,075	
Paycheck Protection Program loan forgiveness				1,826,037
Sponsorships	707,010		707,010	370,514
In-kind contributions	5,845		5,845	9,641
Income distribution from Administrative Endowment	7,129,121		7,129,121	6,830,179
Other income	459,627		459,627	464,693
Change in value of beneficial interest	(858,484)	(1,212,861)	(2,071,345)	3,823,171
Net assets released from restriction	<u>9,927,472</u>	<u>(9,927,472)</u>	<u></u>	<u></u>
Total Public Support, Revenues and Gains and Losses	76,003,950	703,305	76,707,255	85,328,440
Expenses:				
Program services-				
Gross funds awarded and designated	72,239,865		72,239,865	88,105,904
Less donor designations	<u>(13,537,821)</u>	<u></u>	<u>(13,537,821)</u>	<u>(18,185,928)</u>
Net funds awarded	58,702,044		58,702,044	69,919,976
Other program expenses	<u>10,747,456</u>	<u></u>	<u>10,747,456</u>	<u>6,777,972</u>
Total program services	69,449,500		69,449,500	76,697,948
Supporting services-				
Management and general	3,807,486		3,807,486	3,536,144
Fundraising	<u>5,862,152</u>	<u></u>	<u>5,862,152</u>	<u>6,020,047</u>
Total supporting services	<u>9,669,638</u>	<u></u>	<u>9,669,638</u>	<u>9,556,191</u>
Total Expenses	79,119,138		79,119,138	86,254,139
Change in Net Assets	(3,115,188)	703,305	(2,411,883)	(925,699)
Net assets, beginning of year	<u>33,455,945</u>	<u>31,340,736</u>	<u>64,796,681</u>	<u>65,722,380</u>
Net Assets, End of Year	<u>\$ 30,340,757</u>	<u>\$ 32,044,041</u>	<u>\$ 62,384,798</u>	<u>\$ 64,796,681</u>

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Program Services			Supporting Services			2022 Total Expenses	2021 Total Expenses
	Net Funds Awarded	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Net funds awarded	\$ 58,702,044	\$ -	\$ 58,702,044	\$ -	\$ -	\$ -	\$ 58,702,044	\$ 69,919,976
Salaries and wages		6,583,689	6,583,689	2,079,342	4,071,521	6,150,863	12,734,552	10,200,982
Payroll taxes and employee benefits		1,332,001	1,332,001	450,703	921,949	1,372,652	2,704,653	2,127,181
Professional fees and contract services		915,456	915,456	357,948	274,297	632,245	1,547,701	983,062
United Way affiliates		529,605	529,605	46,998	48,613	95,611	625,216	705,142
Informational material		238,126	238,126	94,988	98,313	193,301	431,427	350,981
Equipment rental and maintenance		240,187	240,187	119,508	112,276	231,784	471,971	303,391
Special events		162,542	162,542	63,653	70,498	134,151	296,693	205,764
Miscellaneous		10,135	10,135	6,845	39,644	46,489	56,624	195,697
Conferences, staff training and development		11,832	11,832	2,357	3,332	5,689	17,521	118,892
Postage		47,207	47,207	18,556	12,489	31,045	78,252	115,903
Occupancy		46,640	46,640	79,910	21,794	101,704	148,344	110,442
Newsletters and publications		63,922	63,922	17,677	19,416	37,093	101,015	93,801
Supplies		291,541	291,541	32,765	28,909	61,674	353,215	92,928
Insurance		16,714	16,714	48,309	18,581	66,890	83,604	78,966
Local transportation and other staff expenses		129,788	129,788	25,746	29,563	55,309	185,097	76,049
Telephone		34,221	34,221	12,851	12,749	25,600	59,821	73,152
Cloud computing arrangement				9,369		9,369	9,369	
Depreciation	58,702,044	10,653,606	69,355,650	3,467,525	5,783,944	9,251,469	78,607,119	85,752,309
		93,850	93,850	339,961	78,208	418,169	512,019	501,830
Total 2022 Functional Expenses	\$ 58,702,044	\$ 10,747,456	\$ 69,449,500	\$ 3,807,486	\$ 5,862,152	\$ 9,669,638	\$ 79,119,138	
Total 2021 Functional Expenses	\$ 69,919,976	\$ 6,777,972	\$ 76,697,948	\$ 3,536,144	\$ 6,020,047	\$ 9,556,191		\$ 86,254,139

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (2,411,883)	\$ (925,699)
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	512,019	501,830
Paycheck Protection Program loan forgiveness		(1,826,037)
Net losses (gains) on beneficial interests	2,060,603	(3,830,174)
Investment return	(8,821)	(61,486)
Changes in certain assets and liabilities:		
Contributions and grants receivable	(378,119)	404,350
Other assets	(35,002)	(538,312)
Expense advances	(2,963,861)	
Cloud computing arrangement	(341,969)	
Accounts payable, accrued liabilities, and grants payable	(3,656,631)	1,984,112
Deferred revenue	3,341,460	
Donor designations payable	(840,508)	(2,537,053)
Net Cash Used in Operating Activities	(4,722,712)	(6,828,469)
Cash Flows From Investing Activities:		
Purchase of investments		(4,426,946)
Proceeds from sale of investments	2,049,785	4,943,459
Purchase of property and equipment	(354,369)	(31,380)
Net Cash Provided by Investing Activities	1,695,416	485,133
Net Change in Cash and Cash Equivalents	(3,027,296)	(6,343,336)
Cash and cash equivalents balance, beginning of year	10,331,527	16,674,863
Cash and Cash Equivalents Balance, End of Year	\$ 7,304,231	\$ 10,331,527

See accompanying notes.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2022 (With Comparative Totals for 2021)

Note 1 - Description of Organization and Summary of Significant Accounting Policies

Mission Statement and Activity - The mission of United Way of King County (the Organization) is to bring the community together to work toward racial justice by supporting its neighbors and transforming inequitable systems.

Most of the Organization's transactions are with entities located in King County. During the year ended June 30, 2022, the Organization had one major donor that accounted for approximately 37% of net contributions and grants receivable and two major donors that accounted for 64% of the Organization's public support and revenue. During the year ended June 30, 2021, the Organization had two major donors that accounted for approximately 45% of net contributions and grants receivable and one major donor that accounted for 54% of the Organization's public support and revenue.

Basis of Presentation - The Organization has presented an unclassified statement of financial position which orders assets and liabilities in proximity to the timing of conversion to or use of cash. Net assets, revenues, gains and losses are classified based on the inclusion or exclusion of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time, or net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Donor-imposed restrictions that are met in the same reporting period are classified as increases in net assets without donor restrictions.

Gross Campaign Results - Consistent with industry practice, the Organization presents gross campaign results and donor designations as supplementary information. Gross campaign results consist of funds raised because of the Organization's fundraising efforts during the normal course of its campaigns, including donor designated amounts. This includes pledges processed by third-party processors where the involvement of United Way of King County in workplace campaigns is significant. Amounts raised, that are designated by the donor to nonprofit organizations other than the Organization, are deducted from total campaign results to arrive at net campaign revenue as the Organization does not retain variance power. If a workplace using a third-party processor elects not to report its total campaign results to the Organization or uses an Evergreen giving model where donors can begin, change, or discontinue their donation at any time, its designated amounts raised are excluded from the Organization's campaign results.

Contributions and Grant Receivable - Contributions and grants, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are met. Conditional contributions and grants for which conditions had not yet been met totaled \$5,483,764 and \$13,995,779 at June 30, 2022 and 2021, respectively. The unrecognized amounts of these grants and contributions will be recognized as revenue in future periods when, and if, the related conditions are met. Any cash advances in which conditions have not yet been met as of June 30, 2022, are recorded as deferred revenue.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2022 (With Comparative Totals for 2021)

Note 1 - Continued

Contributions of noncash assets are recognized at their estimated fair value on the date of contribution. Unconditional promises to give to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

An allowance for uncollectible accounts is recorded using an estimated percentage of outstanding contributions receivable. This estimate is compared to historical averages to determine its reasonableness. Donor designated balances are not reserved against for uncollectability as an offsetting designation liability is recorded.

Fee for Service Revenue - Revenue from contacts with customers included on the statement of activities and changes in net assets represents revenue earned for administering rental assistance on a fee for service basis. The performance obligation of the contract is for the Organization to process applications for direct payment from King County. Revenue is recognized over time as the Organization processes applications, up to the maximum not to exceed amount of the award through the end of the award term, December 31, 2022.

Sponsorships - The Organization receives event sponsorships that are recorded as revenue when the events are held.

Net Funds Awarded and Grants Payable - Funds awarded consist of grant awards to various agencies. Unconditional grants and distributions are recorded in the financial statements when approved and communicated to the grantee. Grants approved that are payable upon the performance of specified conditions by the grantee, are not reflected in grants payable in the financial statements until those conditions are satisfied. Conditional grants outstanding at June 30, 2022 and 2021 total \$1,352,500 and \$13,585,934, respectively.

Cash and Cash Equivalents - The Organization considers all highly liquid assets purchased, with an original maturity of three months or less, to be cash equivalents, except those held in its investment portfolio. Cash and cash equivalents include money market funds, which are not subject to withdrawal restrictions or penalties and are stated at cost, which approximates fair value. The Organization maintains its cash and cash equivalents in depository institution accounts and money market accounts that at times exceed federally insured limits.

Investments - Investments are comprised of equity securities and money market funds. Money market funds are recorded at cost plus accrued interest, which approximates fair value. Equity securities are recorded at fair value. The Organization engages in investment activities that are designed to maintain liquidity, maximize returns, and minimize risk within policy guidelines approved by the Organization's Board of Directors. The Organization maintains its investments in accounts that at times exceed federally insured limits.

Expense Advances - The Organization has advanced funds to agencies that will be recognized as expense when the expenditures have been incurred by the agency, estimated to be in 2023.

Cloud Computing Agreement - During the year ended June 30, 2022, the Organization purchased a hosting arrangement that is a service contract. The hosting arrangement is amortized using the straight-line method over the term of the agreement.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)**

Note 1 - Continued

Property and Equipment - Property and equipment are carried at cost or, if donated, at the fair value on the date of donation. Purchases of property and equipment greater than \$1,000 are capitalized. Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	40 years
Building improvements	5 - 40 years
Furniture, fixtures and equipment	3 - 10 years

Donor Designations Payable - Funds are distributed to not-for-profit agencies in accordance with donor instructions. To be eligible to receive these funds, a not-for-profit organization must have been granted exemption under sections 501(c)(3) and 509(a) of the Internal Revenue Code, and must comply with U.S. Patriot Act requirements and not be included on the Internal Revenue Service's Revocation List.

In-Kind Contributions - Donated assets and services are reflected as contributions in the accompanying statement of activities and changes in net assets at their estimated values at the date of receipt. Contributions of services are recognized if the services received create or enhance a nonfinancial asset or the services require specialized skills that are provided by individuals possessing those skills. A substantial number of volunteers donate significant amounts of time in the furtherance of the Organization's objectives. However, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the value of these services is not recognized in these financial statements as they do not meet the specific criteria for recognition.

Functional Allocation of Expenses - Costs that benefit one function of the Organization are directly charged to that function for financial statement reporting purposes. Certain categories of expenses are attributable to more than one program or supporting service of the Organization. Those expenses include insurance, occupancy, and depreciation, which are allocated based on headcount information in each department. Remaining expenses are allocated based on relative hours worked in each service area.

Income Taxes - The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not considered to be a private foundation; accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Use of Estimates - Preparation of financial statements in conformity with U.S. 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 and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Totals - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)**

Note 1 - Continued

Adoption of New Accounting Standard - For the year ended June 30, 2022, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-15 - *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)*, with respect to cloud computing arrangements. This update was issued to clarify and improve the scope and accounting guidance for accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. The update requires implementation costs incurred in a hosting arrangement that is a service contract to be capitalized, requires the Organization to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement, present the expense related to the capitalized implementation costs in the same line item as the fees associated with the hosting element, and classify payments for the capitalized implementation costs in the statement of cash flows in the same manner as payments made for the fees associated with the hosting element. The entity is also required to present the capitalized implementation costs in the statement of financial position in the same line item that a prepayment for the fees of the associated hosting arrangement would be presented. The Organization has elected to adopt the changes from this ASU for cloud computing prospectively beginning in fiscal year 2022 and accordingly, no changes have been made to net asset balances reported in the fiscal year 2021 financial statements. No changes were made to the amounts reported in the financial statements because of the new ASU.

Reclassifications - Certain prior year account balances were reclassified to conform with the current year financial statement presentation. These reclassifications had no effect on net assets or the change in net assets as of and for the year ended June 30, 2021.

Subsequent Events - The Organization has evaluated subsequent events through March 29, 2023, the date on which the financial statements were available to be issued.

Note 2 - Contributions and Grants Receivable

Contributions and grants receivable as of June 30 are expected to be received as follows:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 24,291,551	\$ 23,864,337
Between one and five years	<u>11,294,167</u>	<u>11,294,167</u>
	35,585,718	35,158,504
Less-		
Discount to present value	(203,345)	(272,530)
Allowance for uncollectible accounts	<u>(918,777)</u>	<u>(800,497)</u>
Total Contributions and Grants Receivable, Net	<u>\$ 34,463,596</u>	<u>\$ 34,085,477</u>

As of June 30, 2022, contributions and grants to be received between one and five years, are discounted using a rate of 0.16% to 3.01% through the expected term of the contributions and grants receivable.

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

Note 3 - Property and Equipment

The components of property and equipment as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,352,000	\$ 2,352,000
Office building and improvements	8,211,377	7,577,419
Furniture, fixtures and equipment	9,148,087	9,146,632
Property and equipment not yet placed in service		<u>281,070</u>
	19,711,464	19,357,121
Less accumulated depreciation	<u>(12,737,795)</u>	<u>(12,225,802)</u>
Total Property and Equipment, Net	<u>\$ 6,973,669</u>	<u>\$ 7,131,319</u>

Note 4 - Cloud Computing Arrangement

The components of cloud computing arrangements as of June 30 are as follows:

Cloud computing arrangement	\$ 351,338
Less accumulated amortization	<u>(9,369)</u>
Total Cloud Computing Arrangement, Net	<u>\$ 341,969</u>

Amortization expense for the year ended June 30, 2022, totaled \$9,369.

Note 5 - Beneficial Interest in Trusts and Assets Held by Others

The Organization's beneficial interests in trusts and assets held by others included the following at June 30:

	<u>2022</u>	<u>2021</u>
Beneficial interest in assets held by The Seattle Foundation	\$ 6,994,412	\$ 8,370,558
Beneficial interest in perpetual trust - Egtvedt Trust (19.16%)	5,259,657	6,288,524
Beneficial interest in perpetual trust - Egtvedt Trust (1.50%)	<u>938,208</u>	<u>1,122,203</u>
	<u>\$ 13,192,277</u>	<u>\$ 15,781,285</u>

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)**

Note 5 - Continued

Beneficial Interest in Assets Held by The Seattle Foundation - Two endowment funds are held by The Seattle Foundation for the benefit of the Organization: The United Way of King County Endowment Fund (UWKC Endowment Fund) and the United Way of King County Administrative Endowment (Administrative Endowment). The Seattle Foundation retains variance power with respect to both endowments. Gifts directly to the endowment funds at The Seattle Foundation by donors or gifts directed by donors to be transferred to endowments at The Seattle Foundation are not recorded as assets of the Organization in accordance with U.S. GAAP, as The Seattle Foundation retains variance power. Transfers from the Organization to the endowment funds held by The Seattle Foundation for its benefit with no donor obligation to do so, in accordance with U.S. GAAP, are recorded as assets (beneficial interest in assets held by others) and net assets designated for endowments on the books of the Organization even though The Seattle Foundation retains variance power, as the Organization named itself as a beneficiary.

UWKC Endowment Fund - In 1982, the Organization established the UWKC Endowment Fund with The Seattle Foundation for the benefit of the Organization. Gifts from donors wishing to establish endowments in support of the Organization's mission are directed to The Seattle Foundation. The Organization typically receives annual distributions from The Seattle Foundation from the earnings of the endowment. The ending fair value of the UWKC Endowment Fund as of June 30, 2022 and 2021 was \$2,383,257 and \$2,970,614, respectively. The Organization has recorded a beneficial interest of \$171,283 and \$213,494 in the UWKC Endowment Fund as of June 30, 2022 and 2021, respectively, which represents funds transferred by the Organization to the UWKC Endowment Fund, with no donor obligation to do so.

Administrative Endowment - In 2000, the Bill & Melinda Gates Foundation gave a special gift of approximately \$30 million to create the Administrative Endowment at The Seattle Foundation for the benefit of the Organization and up to \$55 million in matching gifts through a matching program which ended in 2009. The purpose of the Administrative Endowment is to assist the Organization with operational expenses. Distributions from the Administrative Endowment are recorded as income to the Organization when received.

The following summarizes the financial activities of the Administrative Endowment at the Seattle Foundation as of and for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Beginning fair value	\$ 163,309,243	\$ 168,228,346
Contributions		18
Investment return	49,528,014	2,195,195
Distribution to Organization	(7,024,713)	(6,720,010)
Fees and expenses	<u>(411,644)</u>	<u>(394,306)</u>
Ending Fair Value	<u>\$ 205,400,900</u>	<u>\$ 163,309,243</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

Note 5 - Continued

The Organization has recorded a beneficial interest of \$6,823,130 and \$8,157,064 in the Administrative Endowment as of June 30, 2022 and 2021, which represents funds transferred by the Organization to the Administrative Endowment, with no donor obligation to do so. Also, included in the Administrative Endowment fund fair values above is a portion of the Organization's beneficial interest in the Egtvedt Trust (19.16%), which the Organization designated to the Administrative Endowment and totals \$2,098,577 and \$1,932,548, as of June 30, 2022 and 2021, respectively.

Egtvedt Trusts - The Organization is also the beneficiary of charitable perpetual trusts (collectively, the Egtvedt Trusts) established by Clairmont L. and Evelyn S. Egtvedt in 1965 and 1977. The Organization has estimated interest of 1.50% and 19.16% in each trust, the fair value of the Organization's beneficial interest in both trusts combined is \$6,197,867 and \$7,410,727 as of June 30, 2022 and 2021, respectively. The assets of the Egtvedt Trusts are managed by Wells Fargo Bank. The Organization typically receives annual distributions from Wells Fargo Bank from the earnings of the Trusts. In accordance with U.S. GAAP, the Organization has recognized the Trusts as an asset on the Organization's statement of financial position. Net realized and unrealized gains and losses related to the Trusts are reported as changes in net assets with donor restrictions.

Note 6 - Investments

Investments are comprised of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 4,856	\$ 1,517,415
Equity securities (bond mutual funds)	<u>6,378,646</u>	<u>6,378,646</u>
Total Investments	<u>\$ 6,383,502</u>	<u>\$ 7,896,061</u>

Investment income is included in other income on the statement of activities and changes in net assets, and was as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 8,821	\$ 53,223
Realized and unrealized gains		<u>8,263</u>
Total Investment Return	<u>\$ 8,821</u>	<u>\$ 61,486</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2022 (With Comparative Totals for 2021)

Note 7 - Fair Value Measurement

The Organization applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs based on using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used:

Money Market Funds - Funds are valued at cost plus accrued interest, which approximates fair value.

Equity Securities (Bond Mutual Funds) - Valued at quoted market prices of identical assets in active markets.

Beneficial Interests in Trusts - The Organization is a beneficiary of a percentage interest in two perpetual charitable trusts held by third parties. The Organization's interest in each trust is recorded at the fair value of the Organization's ownership in the respective trust. These assets are valued using the net asset value (Note 5).

Beneficial Interest in Assets Held by Others - The beneficial interest in assets held at The Seattle Foundation has been valued, as a practical expedient, at the fair value of the Organization's share of assets held by The Seattle Foundation. This asset is valued using the net asset value (Note 5).

The underlying investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and investment contracts, and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities and changes in net assets.

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

Note 7 - Continued

The following tables present the assets that are measured at fair value on a recurring basis as of June 30 and are categorized using the three levels of the fair value hierarchy:

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments-				
Money market funds	\$ 4,856	\$ -	\$ -	\$ 4,856
Equity securities (bond mutual funds)	6,378,646			6,378,646
Total investments	6,383,502			6,383,502
Beneficial interests-				
Beneficial interest in assets held by others			6,994,412	6,994,412
Beneficial interest in trusts			6,197,865	6,197,865
Total beneficial interest in trusts and assets held by others			13,192,277	13,192,277
Total Assets at Fair Value	\$ 6,383,502	\$ -	\$ 13,192,277	\$ 19,575,779

	Fair Value Measurements as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments-				
Money market funds	\$ 1,517,415	\$ -	\$ -	\$ 1,517,415
Equity securities (bond mutual funds)	6,378,646			6,378,646
Total investments	7,896,061			7,896,061
Beneficial interests-				
Beneficial interest in assets held by others			8,370,558	8,370,558
Beneficial interest in trusts			7,410,727	7,410,727
Total beneficial interest in trusts and assets held by others			15,781,285	15,781,285
Total Assets at Fair Value	\$ 7,896,061	\$ -	\$ 15,781,285	\$ 23,677,346

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

Note 7 - Continued

The Organization does not have the ability to redeem its beneficial interests in trusts and assets held by others in the near term; these assets have been valued using Level 3 inputs in accordance with authoritative guidance. The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs for the years ended June 30, 2022 and 2021:

	Beneficial Interest in Trusts	Beneficial Interest in Assets Held by Others
	<u> </u>	<u> </u>
Balance, June 30, 2020	\$ 5,815,154	\$ 6,640,892
Total net realized and unrealized gains	1,838,781	2,016,456
Distributions	(219,913)	(278,019)
Fees	<u>(23,295)</u>	<u>(8,771)</u>
Balance, June 30, 2021	\$ 7,410,727	\$ 8,370,558
Total net realized and unrealized gains	(965,843)	(1,057,057)
Distributions	(228,050)	(300,355)
Fees	<u>(18,969)</u>	<u>(18,734)</u>
Balance, June 30, 2022	<u>\$ 6,197,865</u>	<u>\$ 6,994,412</u>

Note 8 - Line of Credit

The Organization has an unsecured revolving line of credit with a borrowing limit of \$2,000,000. Interest is payable monthly at the greater of BSBY Daily Floating Rate or the Index Floor plus one percentage point, with the principal due at April 1, 2023, the maturity date on the line of credit. There was no outstanding balance as of June 30, 2022 and 2021.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)**

Note 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Contributions and grants receivable (time restriction)	\$ 13,102,811	\$ 13,009,618
Program restrictions-		
Financial stability	4,991,954	5,095,070
Ending homelessness	4,915,561	4,923,448
COVID-19 Relief Fund	<u>2,835,849</u>	<u>901,873</u>
Total program restrictions	<u>12,743,364</u>	<u>10,920,391</u>
Total Subject to the Passage of Time or Expenditure for Specified Purpose	25,846,175	23,930,009
Beneficial Interests:		
Beneficial interest in perpetual trusts	<u>6,197,865</u>	<u>7,410,727</u>
Total Beneficial Interests	<u>6,197,865</u>	<u>7,410,727</u>
Total Net Assets With Donor Restrictions	<u>\$ 32,044,040</u>	<u>\$ 31,340,736</u>

Donor restricted net assets were released during the year ended June 30, 2022, by the passage of time and meeting of program restrictions.

Note 10 - Endowment Funds

At June 30, 2022 and 2021, the Organization's endowment fund net assets consisted of beneficial interests in two trusts (the Trusts) totaling \$6,197,865 and \$7,410,727, respectively, administered by an unrelated third party. Distributions of income can be used for programs and operations in accordance with the Trust agreements.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2022 (With Comparative Totals for 2021)

Note 11 - Other Income

Other income is comprised of the following for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Fees for designation processing	\$ 132,185	\$ -	\$ 132,185
Investment return	8,821		8,821
Event revenue	83,133		83,133
Receipts from other fundraising organizations	205,147		205,147
Miscellaneous	30,341		30,341
Total Other Income and Expenses	\$ 459,627	\$ -	\$ 459,627

Other income is comprised of the following for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Fees for designation processing	\$ 150,981	\$ -	\$ 150,981
Investment return	61,486		61,486
Event revenue	72,425		72,425
Receipts from other fundraising organizations	171,913		171,913
Miscellaneous	7,888		7,888
Total Other Income and Expenses	\$ 464,693	\$ -	\$ 464,693

Note 12 - Related Party Transactions

The Organization paid dues to the national and regional organizations, United Way Worldwide and United Ways of the Pacific Northwest, respectively, of \$625,217 and \$705,142 for the years ended June 30, 2022 and 2021, respectively.

The Organization also received campaign contributions from members of its board of directors of \$400,970 and \$3,504,574 for the years ended June 30, 2022 and 2021, respectively. Outstanding annual campaign contributions receivable due from these board members were \$129,461 and \$71,840 as of June 30, 2022 and 2021, respectively, some of which includes multi-year gifts.

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

Note 13 - Liquidity and Availability of Financial Assets

The Organization structures its financial assets for availability as its general expenditures and liabilities come due. To achieve this, the Organization forecasts its future cash flows and regularly monitors its liquidity. The Organization invests cash in excess of monthly requirements in short-term investments in accordance with its investment policy. To support any unanticipated liquidity needs, the Organization maintains a committed line of credit of \$2,000,000 on which it could draw. A portion of the Organization's funding comes from government grants which usually reimburse the Organization after the expenses are incurred.

The Organization's Administrative and UWKC Endowment Funds also provide annual cash distributions to support the Organization's administrative costs. As of June 30, 2022, \$8,963,004 of distributions will be available for general expenditure in the next 12 months.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 7,304,231	\$ 10,331,527
Contributions and grants receivable, net	34,463,596	34,085,477
Investments	6,383,502	7,896,061
Less long-term portion of contributions and grants receivable	(11,090,822)	(11,021,637)
Less donor designations payable	(2,754,623)	(3,595,131)
Add back designated long-term receivables	<u>328,200</u>	<u>1,023,526</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 34,634,084</u>	<u>\$ 38,719,823</u>