



Financial Statements

For the Year Ended June 30, 2024

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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, 2024, 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, 2024, 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 and Prior Period Restatement

We have previously audited the Organization's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2024. As discussed in Note 14 to the financial statements, the 2023 financial statements have been restated to correct a misstatement. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 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 5 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 January 15, 2025, 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
January 15, 2025

UNITED WAY OF KING COUNTY

Statement of Financial Position

June 30, 2024

(With Comparative Totals for 2023)

	2024	(Restated) 2023
Assets:		
Cash and cash equivalents	\$ 15,566,694	\$ 15,497,507
Contributions and grants receivable, net	11,227,687	15,953,986
Other assets	1,724,418	346,139
Investments	6,963,523	6,653,021
Beneficial interest in trusts and assets held by others	15,364,506	14,127,824
Expense advances		50,879
Cloud computing arrangement	203,308	271,701
Property and equipment, net	6,317,787	6,808,003
Total Assets	<u>\$ 57,367,923</u>	<u>\$ 59,709,060</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,718,494	\$ 2,459,128
Grants payable	1,695,416	635,275
Donor designations payable	1,399,101	1,723,324
Total Liabilities	<u>5,813,011</u>	<u>4,817,727</u>
Net Assets:		
Without donor restrictions-		
Undesignated, available for operations	18,254,902	17,171,734
Invested in property and equipment	6,317,787	6,808,003
Designated for endowments (Note 5)	7,634,526	7,369,094
Total net assets without donor restrictions	32,207,215	31,348,831
With donor restrictions	19,347,697	23,542,502
Total Net Assets	<u>51,554,912</u>	<u>54,891,333</u>
Total Liabilities and Net Assets	<u>\$ 57,367,923</u>	<u>\$ 59,709,060</u>

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	(Restated) 2023 Total
Public Support, Revenues and Gains and Losses:				
Gross campaign results	\$ 17,078,271	\$ 5,513,732	\$ 22,592,003	\$ 27,671,210
Less donor designations	(8,813,355)		(8,813,355)	(10,526,048)
Net campaign revenue	8,264,916	5,513,732	13,778,648	17,145,162
Grants	33,303,233		33,303,233	63,624,257
Fee for service revenue				7,674,778
Sponsorships	152,750		152,750	142,083
In-kind contributions	49,367		49,367	79,526
Income distribution from administrative endowment	8,578,895		8,578,895	8,703,793
Loss on disposal of property and equipment	(225,841)		(225,841)	
Other income	2,742,763		2,742,763	984,897
Change in value of beneficial interest	870,859	971,249	1,842,108	1,556,299
Net assets released from restriction	10,679,786	(10,679,786)		
Total Public Support, Revenues and Gains and Losses	64,416,728	(4,194,805)	60,221,923	99,910,795
Expenses:				
Program services-				
Gross funds awarded and designated	46,256,071		46,256,071	91,214,678
Less donor designations	(8,813,355)		(8,813,355)	(10,526,048)
Net funds awarded	37,442,716		37,442,716	80,688,630
Other program expenses	11,726,896		11,726,896	12,731,748
Total program services	49,169,612		49,169,612	93,420,378
Supporting services-				
Management and general	7,045,347		7,045,347	4,699,323
Fundraising	7,343,385		7,343,385	7,446,478
Total supporting services	14,388,732		14,388,732	12,145,801
Total Expenses	63,558,344		63,558,344	105,566,179
Change in Net Assets	858,384	(4,194,805)	(3,336,421)	(5,655,384)
Net assets, beginning of year	31,348,831	23,542,502	54,891,333	60,546,717
Net Assets, End of Year	\$ 32,207,215	\$ 19,347,697	\$ 51,554,912	\$ 54,891,333

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Functional Expenses For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	Program Services			Supporting Services			2024 Total Expenses	2023 Total Expenses
	Net Funds Awarded	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Net funds awarded	\$ 37,442,716	\$ -	\$ 37,442,716	\$ -	\$ -	\$ -	\$ 37,442,716	\$ 80,688,630
Salaries and wages		6,560,030	6,560,030	4,129,102	4,282,744	8,411,846	14,971,876	14,089,535
Payroll taxes and employee benefits		1,233,180	1,233,180	855,323	920,737	1,776,060	3,009,240	3,181,521
Professional fees and contract services		925,764	925,764	618,449	435,929	1,054,378	1,980,142	2,247,211
Food-Community Assistance		625,511	625,511	100,897	101,417	202,314	827,825	1,302,769
United Way affiliates		436,055	436,055	70,337	70,700	141,037	577,092	535,951
Miscellaneous		76,970	76,970	26,624	84,087	110,711	187,681	727,290
Special events				38,254	668,543	706,797	706,797	472,399
Equipment rental and maintenance		207,849	207,849	592,880	168,302	761,182	969,031	463,802
Informational material		205,561	205,561	90,510	92,680	183,190	388,751	331,359
Supplies		824,377	824,377	136,533	137,630	274,163	1,098,540	302,607
Occupancy		87,806	87,806	65,388	78,465	143,853	231,659	239,530
Insurance		134,108	134,108	44,990	51,032	96,022	230,130	160,834
Local transportation and other staff expenses		87,490	87,490	25,818	33,093	58,911	146,401	119,516
Conferences, staff training and development		42,284	42,284	11,526	17,237	28,763	71,047	114,013
Cloud computing expense				68,393		68,393	68,393	70,268
Newsletters and publications		44,239	44,239	16,830	18,027	34,857	79,096	65,287
Telephone		27,909	27,909	9,110	9,084	18,194	46,103	54,626
Postage		27,764	27,764	10,342	12,829	23,171	50,935	41,707
Depreciation	37,442,716	11,546,897	48,989,613	6,911,306	7,182,536	14,093,842	63,083,455	105,208,855
		179,999	179,999	134,041	160,849	294,890	474,889	357,324
Total 2024 Functional Expenses	\$ 37,442,716	\$ 11,726,896	\$ 49,169,612	\$ 7,045,347	\$ 7,343,385	\$ 14,388,732	\$ 63,558,344	
Total 2023 Functional Expenses	\$ 80,688,630	\$ 12,731,748	\$ 93,420,378	\$ 4,699,323	\$ 7,446,478	\$ 12,145,801		\$ 105,566,179

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	(Restated) 2023
Cash Flows From Operating Activities:		
Change in net assets	\$ (3,336,421)	\$ (5,655,384)
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	474,889	357,324
Loss on disposition of property and equipment	225,841	
Net gains on beneficial interests	(1,806,160)	(1,537,579)
Realized and unrealized gains on investments	(33,345)	(17,157)
Changes in certain assets and liabilities:		
Contributions and grants receivable	4,726,299	16,671,529
Other assets	(1,378,279)	(4,482)
Beneficial interest in trusts and assets held by others	569,478	602,032
Expense advances	50,879	3,528,132
Cloud computing arrangement	68,393	70,268
Accounts payable, accrued liabilities and grants payable	1,319,507	(1,004,628)
Deferred revenue		(3,341,460)
Donor designations payable	(324,223)	(1,031,299)
Net Cash Provided by Operating Activities	556,858	8,637,296
Cash Flows From Investing Activities:		
Proceeds from sale of investments	100,000	
Purchases of investments	(377,157)	(252,362)
Purchase of property and equipment	(210,514)	(191,658)
Net Cash Used in Investing Activities	(487,671)	(444,020)
Net Change in Cash and Cash Equivalents	69,187	8,193,276
Cash and cash equivalents balance, beginning of year	15,497,507	7,304,231
Cash and Cash Equivalents Balance, End of Year	\$ 15,566,694	\$ 15,497,507

See accompanying notes.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

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, 2024, the Organization had four major funders that accounted for approximately 59% of net contributions and grants receivable and one major funder that accounted for 43% of the Organization's public support and revenue. During the year ended June 30, 2023, the Organization had two major funders that accounted for approximately 38% of net contributions and grants receivable and one major funder that accounted for 72% 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.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 1 - Continued

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 \$6,205,200 and \$1,962,150 at June 30, 2024 and 2023, 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. No amounts were received in advance as of June 30, 2024 or 2023.

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.

Other Assets - In May 2024, significant water damage occurred to the Organization's office building, the Organization recorded a \$1,000,000 insurance receivable advance which is included in other assets at June 30, 2024.

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 was for the Organization to process applications for direct payment from King County. Revenue was recognized over time as the Organization processed applications, up to the maximum not to exceed amount of the award through the end of the award term. Fee for service revenue earned totaled \$7,674,778 at June 30, 2023. This award ended June 30, 2023.

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, 2024 and 2023 total \$976,496 and \$1,796,359, 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.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

Note 1 - Continued

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.

Cloud Computing Agreement - 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.

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.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 1 - Continued

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, 2023, from which the summarized information was derived.

Reclassifications - Certain amounts in the 2023 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the net assets or change in net assets as of or for the year ended June 30, 2023. (Note 14 for prior period restatement).

Subsequent Events - The Organization has evaluated subsequent events through January 15, 2025, 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:

	2024	(Restated) 2023
Within one year	\$ 8,615,741	\$ 12,654,948
Between one and five years	<u>3,026,300</u>	<u>3,862,383</u>
	11,642,041	16,517,331
Less-		
Discount to present value	(114,355)	(203,345)
Allowance for uncollectible accounts	<u>(299,999)</u>	<u>(360,000)</u>
Total Contributions and Grants Receivable, Net	<u>\$ 11,227,687</u>	<u>\$ 15,953,986</u>

As of June 30, 2024, contributions and grants to be received between one and five years, are discounted using a rate of 0.07% to 5.40% 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, 2024 (With Comparative Totals for 2023)

Note 3 - Property and Equipment

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

	<u>2024</u>	<u>2023</u>
Land	\$ 2,352,000	\$ 2,352,000
Office building and improvements	7,856,226	8,263,070
Furniture, fixtures and equipment	111,512	8,927,426
Property and equipment not yet placed in service		139,966
	<u>10,319,738</u>	<u>19,682,462</u>
Less accumulated depreciation	<u>(4,001,951)</u>	<u>(12,874,459)</u>
Total Property and Equipment, Net	<u>\$ 6,317,787</u>	<u>\$ 6,808,003</u>

Note 4 - Cloud Computing Arrangement

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

	<u>2024</u>	<u>2023</u>
Cloud computing arrangement	\$ 341,969	\$ 351,338
Less accumulated amortization	<u>(138,661)</u>	<u>(79,637)</u>
Total Cloud Computing Arrangement, Net	<u>\$ 203,308</u>	<u>\$ 271,701</u>

Amortization expense for the years ended June 30, 2024 and 2023, totaled \$68,393 and \$70,268, respectively.

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>2024</u>	<u>2023</u>
Beneficial interest in assets held by The Seattle Foundation	\$ 7,634,526	\$ 7,369,094
Beneficial interest in perpetual trust - Egtvedt Trust (19.16%)	6,562,761	5,737,551
Beneficial interest in perpetual trust - Egtvedt Trust (1.50%)	<u>1,167,219</u>	<u>1,021,179</u>
	<u>\$ 15,364,506</u>	<u>\$ 14,127,824</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

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, 2024 and 2023 was \$2,607,294 and \$2,516,449, respectively. The Organization has recorded a beneficial interest of \$184,710 and \$178,274 in the UWKC Endowment Fund as of June 30, 2024 and 2023, 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:

	2024	2023
Beginning fair value	\$ 180,617,647	\$ 172,080,857
Contributions		540
Investment return	15,629,387	18,119,671
Distribution to Organization	(8,831,175)	(8,963,004)
Fees and expenses	(407,456)	(620,417)
Ending Fair Value	<u>\$187,008,403</u>	<u>\$180,617,647</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 5 - Continued

The Organization has recorded a beneficial interest of \$7,449,816 and \$7,190,820 in the Administrative Endowment as of June 30, 2024 and 2023, respectively, 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 \$1,954,880 and \$1,744,307 as of June 30, 2024 and 2023, 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 \$7,729,980 and \$6,758,730 as of June 30, 2024 and 2023, 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:

	2024	2023
Money market funds	\$ 534,376	\$ 257,218
Equity securities (bond mutual funds)	6,429,147	6,395,803
Total Investments	\$ 6,963,523	\$ 6,653,021

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:

	2024	2023
Dividends and interest	\$ 377,157	\$ 252,362
Realized and unrealized gains	33,345	17,157
Total Investment Return	\$ 410,502	\$ 269,519

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

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, 2024 (With Comparative Totals for 2023)

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, 2024			
	Level 1	Level 2	Level 3	Total
Investments-				
Money market funds	\$ 534,376	\$ -	\$ -	\$ 534,376
Equity securities (bond mutual funds)	6,429,147			6,429,147
Total investments	6,963,523			6,963,523
Beneficial interests-				
Beneficial interest in assets held by others			7,634,526	7,634,526
Beneficial interest in trusts			7,729,980	7,729,980
Total beneficial interest in trusts and assets held by others			15,364,506	15,364,506
Total Assets at Fair Value	\$ 6,963,523	\$ -	\$ 15,364,506	\$ 22,328,029

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments-				
Money market funds	\$ 257,218	\$ -	\$ -	\$ 257,218
Equity securities (bond mutual funds)	6,395,803			6,395,803
Total investments	6,653,021			6,653,021
Beneficial interests-				
Beneficial interest in assets held by others			7,369,094	7,369,094
Beneficial interest in trusts			6,758,730	6,758,730
Total beneficial interest in trusts and assets held by others			14,127,824	14,127,824
Total Assets at Fair Value	\$ 6,653,021	\$ -	\$ 14,127,824	\$ 20,780,845

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

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, 2024 and 2023:

	Beneficial Interest in Trusts	Beneficial Interest in Assets Held by Others
Balance, June 30, 2022	\$ 6,197,865	\$ 6,994,412
Total net realized and unrealized gains	816,444	755,456
Distributions	(238,787)	(363,245)
Fees	(16,792)	(17,529)
Balance, June 30, 2023	6,758,730	7,369,094
Total net realized and unrealized gains	1,200,920	632,425
Distributions	(211,350)	(358,128)
Fees	(18,320)	(8,865)
Balance, June 30, 2024	<u>\$ 7,729,980</u>	<u>\$ 7,634,526</u>

Note 8 - Line of Credit

The Organization entered into an unsecured revolving line of credit with a borrowing limit of \$2,000,000 on July 17, 2024. Interest is payable monthly at the greater of Daily SOFR or the Index Floor plus 1.1 percentage point, with the principal and interest due at July 17, 2025, the maturity date on the line of credit. There was no line of credit available as of June 30, 2024 and 2023.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 9 - Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Contributions and grants receivable (time restriction)	\$ 6,626,374	\$ 7,828,614
Program restrictions-		
Financial stability		3,703,517
Ending homelessness	4,355,152	4,188,869
Enough to eat	238,002	346,783
Rental assistance	<u>398,189</u>	<u>715,989</u>
Total program restrictions	<u>4,991,343</u>	<u>8,955,158</u>
Total Subject to the Passage of Time or Expenditure for Specified Purpose	11,617,717	16,783,772
Beneficial Interests:		
Beneficial interest in perpetual trusts	<u>7,729,980</u>	<u>6,758,730</u>
Total Beneficial Interests	<u>7,729,980</u>	<u>6,758,730</u>
Total Net Assets With Donor Restrictions	<u>\$ 19,347,697</u>	<u>\$ 23,542,502</u>

Donor restricted net assets were released during the year ended June 30, 2024, by the passage of time and meeting of program restrictions.

Note 10 - Endowment Funds

At June 30, 2024 and 2023, the Organization's endowment fund net assets consisted of beneficial interests in two trusts (the Trusts) totaling \$7,729,980 and \$6,758,730, 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, 2024 (With Comparative Totals for 2023)

Note 11 - Other Income

Other income is comprised of the following for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Fees for designation processing	\$ 128,337	\$ -	\$ 128,337
Investment return	1,392,875		1,392,875
Insurance proceed	1,000,000		1,000,000
Event revenue	83,610		83,610
Receipts from other fundraising organizations	123,491		123,491
Miscellaneous	14,450		14,450
Total Other Income	\$ 2,742,763	\$ -	\$ 2,742,763

Other income is comprised of the following for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Fees for designation processing	\$ 123,184	\$ -	\$ 123,184
Investment return	683,799		683,799
Event revenue	53,512		53,512
Receipts from other fundraising organizations	116,802		116,802
Miscellaneous	7,600		7,600
Total Other Income	\$ 984,897	\$ -	\$ 984,897

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 \$577,092 and \$535,950 for the years ended June 30, 2024 and 2023, respectively.

The Organization has Board members who are also on the Boards for Housing Connect and Urban League of Metropolitan Seattle. The Organization has funding activities with both of these entities. Funding to Housing Connect for the years ended June 30, 2024 and 2023 was \$554,867 and \$620,000, respectively. Funding to Urban League of Metropolitan Seattle for the years ended June 30, 2024 and 2023 was \$222,840 and \$800,872, respectively.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

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. 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, 2024, \$8,749,663 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>2024</u>	<u>(Restated) 2023</u>
Cash and cash equivalents	\$ 15,566,694	\$ 15,497,507
Contributions and grants receivable, net	11,227,687	15,953,986
Investments	<u>6,963,523</u>	<u>6,653,021</u>
Less long-term portion of contributions and grants receivable	(2,911,945)	(3,659,038)
Less donor designations payable	(1,399,101)	(1,723,324)
Add back designated long-term receivables	<u>200,000</u>	<u>262,500</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 29,646,858</u></u>	<u><u>\$ 32,984,652</u></u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

Note 14 - Prior Period Restatement

During the year ended June 30, 2024, the Organization determined that there were grants receivables recorded in the prior years that was uncollectible due to prior year misapplication of payments and other issues. This resulted in misstatements in the prior years. The total misstatements identified included \$789,257 from years ended June 30, 2022 and prior; \$1,048,824 from the year ended June 30, 2022 that was discovered during the year ended June 30, 2023 but was not considered material so it was not restated, however with both misstatements combined, June 30, 2022 net assets are overstated by \$1,838,081; and an additional \$110,030 from the year ended June 30, 2023. As these misstatements are material, the Organization has restated the June 30, 2023 statements of financial position, activities, and cash flows to reflect the impact of the reduction of prior year grants receivables. The effect of this restatement on the previously reported June 30, 2023, balances is summarized in the table below:

	2023		
	Balances As Previously Reported	Restatement	Balances Restated
Impacted Lines - Statement of Financial Position			
Assets:			
Contributions and grants receivable, net	\$ 16,853,273	\$ (899,287)	\$ 15,953,986
Total Assets	\$ 60,608,347	\$ (899,287)	\$ 59,709,060
Net Assets:			
Without donor restrictions-			
Undesignated, available for operations	\$ 18,071,021	\$ (899,287)	\$ 17,171,734
Total net assets without donor restrictions	32,248,118	(899,287)	31,348,831
Total Net Assets	55,790,620	(899,287)	54,891,333
Total Liabilities and Net Assets	\$ 60,608,347	\$ (899,287)	\$ 59,709,060
Impacted Lines - Statement of Activities:			
Grants	\$ 62,685,463	\$ 938,794	\$ 63,624,257
Total public support, revenues and gains and losses	98,972,001	938,794	99,910,795
Change in net assets	(6,594,178)	938,794	(5,655,384)
Net assets, beginning of year	62,384,798	(1,838,081)	60,546,717
Net Assets, End of Year	\$ 55,790,620	\$ (899,287)	\$ 54,891,333
Impacted Lines - Statement of Cash Flows:			
Cash flows from operating activities-			
Change in net assets	\$ (6,594,178)	\$ 938,794	\$ (5,655,384)
Contributions and grants receivable	\$ 17,610,323	\$ (938,794)	\$ 16,671,529