

UNITED WAY OF WHATCOM COUNTY
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

JUNE 30, 2020

(TAX YEAR 2019)

UNITED WAY OF WHATCOM COUNTY

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
United Way of Whatcom County:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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



October 13, 2020
Mount Vernon, Washington

UNITED WAY OF WHATCOM COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS:		
Cash	\$ 1,343,207	\$ 1,321,139
Pledges receivable (net of provision for uncollectible pledges of \$112,386 and \$127,483)	502,844	643,736
Prepaid expenses	12,388	11,645
Property and equipment (net of accumulated depreciation of \$129,931 and \$111,723)	65,075	79,890
Investments	978,703	952,036
TOTAL ASSETS	\$ 2,902,217	\$ 3,008,446

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 13,898	\$ 9,933
Designations payable	134,983	116,182
Deferred revenue	58,734	29,711
Accrued liabilities	28,217	31,830
Total current liabilities	235,832	187,656
NET ASSETS:		
Without donor restrictions	1,458,603	1,513,958
With donor restrictions		
Time-restricted for future periods	1,124,469	1,223,519
Perpetual in nature	83,313	83,313
	1,207,782	1,306,832
Total net assets	2,666,385	2,820,790
TOTAL LIABILITIES AND NET ASSETS	\$ 2,902,217	\$ 3,008,446

See accompanying notes to financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Net assets released from restrictions			
Campaign applicable to current period			
Contributions received in prior periods	\$ 1,482,366	\$ (1,482,366)	\$ -
Less donor designations	(131,364)	131,364	-
Designation recovery fee	(13,326)	13,326	-
Gross Campaign results	1,337,676	(1,337,676)	-
Allowance for uncollectible pledges	(127,483)	127,483	-
Net Campaign for the current period	1,210,193	(1,210,193)	-
Campaign revenue received for next allocation period:			
Campaign revenue received for next year		1,337,934	1,337,934
Less donor designations		(90,217)	(90,217)
Designation recovery fee		(10,861)	(10,861)
Less provision for uncollectible pledges		(112,386)	(112,386)
Total campaign for next allocation period	-	1,124,469	1,124,469
Total campaign Revenue	1,210,193	(85,724)	1,124,469
Other revenue, gains and support			
Contributions received from other United Ways	9,955		9,955
Designation recovery	81,930		81,930
Other income	83,438		83,438
Unrealized gain(loss) on investments	(2,239)		(2,239)
Other grants, relief funds donaitons	110,000		110,000
Investment income	35,293		35,293
Total other revenue, gains and support	318,377	-	318,377
Total public support and revenue	1,528,570	(85,724)	1,442,846
RECLASSIFICATIONS - restrictions met			
Total support, revenue and reclassifications	13,326	(13,326)	-
	1,541,896	(99,050)	1,442,846
ALLOCATIONS			
Gross funds awarded	809,184		809,184
Less allocations funded through designations	(28,931)		(28,931)
Total allocations	780,253	-	780,253
Amount available for expenses	761,643	(99,050)	662,593
EXPENSES			
Functional expenses			
Administrative	169,044		169,044
Fund raising	193,971		193,971
Planning and allocation	253,012		253,012
Total expenses	616,027	-	616,027
CHANGE IN NET ASSETS			
	145,616	(99,050)	46,566
OTHER CHANGES IN NET ASSETS			
Relief fund allocations	(105,000)		(105,000)
Project homeless connect	(29,209)		(29,209)
Community agency assistance grants	(9,900)		(9,900)
Technical and community initiatives grants	(56,862)		(56,862)
Total other changes in net assets	(200,971)	-	(200,971)
INCREASE (DECREASE) IN NET ASSETS			
	(55,355)	(99,050)	(154,405)
NET ASSETS, BEGINNING OF YEAR			
	1,513,958	1,306,832	2,820,790
NET ASSETS, END OF YEAR			
	\$ 1,458,603	\$ 1,207,782	\$ 2,666,385

See accompanying notes to financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Net assets released from restrictions			
Campaign applicable to current period			
Contributions received in prior periods	\$ 1,579,105	\$ (1,579,105)	\$ -
Less donor designations	(132,515)	132,515	-
Designation recovery fee	(9,065)	9,065	-
Gross Campaign results	1,437,525	(1,437,525)	-
Allowance for uncollectible pledges	(157,910)	157,910	-
Net Campaign for the current period	1,279,615	(1,279,615)	-
Campaign revenue received for next allocation period:			
Campaign revenue received for next year		1,482,366	1,482,366
Less donor designations		(118,038)	(118,038)
Designation recovery fee		(13,326)	(13,326)
Less provision for uncollectible pledges		(127,483)	(127,483)
Total campaign for next allocation period	-	1,223,519	1,223,519
Total campaign Revenue	1,279,615	(56,096)	1,223,519
Other revenue, gains and support			
Contributions received from other United Ways	8,593		8,593
Designation recovery	59,951		59,951
Other income	162,418		162,418
Unrealized gain(loss) on investments	21,328		21,328
Investment income	31,604		31,604
Total other revenue, gains and support	283,894	-	283,894
Total public support and revenue	1,563,509	(56,096)	1,507,413
RECLASSIFICATIONS - restrictions met			
Total support, revenue and reclassifications	1,563,509	(56,096)	1,507,413
ALLOCATIONS			
Gross funds awarded	891,871		891,871
Less allocations funded through designations	(39,135)		(39,135)
Total allocations	852,736	-	852,736
Amount available for expenses	710,773	(56,096)	654,677
EXPENSES			
Functional expenses			
Administrative	161,180		161,180
Fund raising	199,586		199,586
Planning and allocation	241,472		241,472
Total expenses	602,238	-	602,238
CHANGE IN NET ASSETS	108,535	(56,096)	52,439
OTHER CHANGES IN NET ASSETS			
Prior year uncollectible	-		-
Project homeless connect	(35,285)		(35,285)
Community agency assistance grants	(18,695)		(18,695)
Technical and community initiatives grants	(22,545)		(22,545)
Total other changes in net assets	(76,525)	-	(76,525)
INCREASE (DECREASE) IN NET ASSETS	32,010	(56,096)	(24,086)
NET ASSETS, BEGINNING OF YEAR	1,481,948	1,362,928	2,844,876
NET ASSETS, END OF YEAR	\$ 1,513,958	\$ 1,306,832	\$ 2,820,790

See accompanying notes to financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Administrative</u>	<u>Fund Raising</u>	<u>Planning and Allocations</u>	<u>2019 Total</u>
Salaries and wages	\$ 86,203	\$ 107,049	\$ 143,673	\$ 336,925
Employee benefits	19,897	20,634	33,162	73,693
Payroll taxes	7,753	10,665	12,921	31,339
Total salaries and related expenses	113,853	138,348	189,756	441,957
Campaign supplies	-	3,271	-	3,271
Campaign events	-	4,773	-	4,773
Advertising	6,188	5,251	7,313	18,752
Professional services	5,102	4,329	6,030	15,461
Printing and publication	1,365	1,158	1,613	4,136
Office supplies	716	607	846	2,169
Telephone	784	666	927	2,377
Postage	1,030	874	1,218	3,122
Maintenance	7,970	6,762	9,419	24,151
Occupancy	5,262	4,465	6,219	15,946
Travel and mileage	1,140	2,168	1,347	4,655
Staff development	974	826	1,151	2,951
Insurance	1,971	1,672	2,329	5,972
Conferences and meetings	290	246	343	879
Volunteer training	-	963	-	963
Depreciation	6,959	5,904	8,224	21,087
In-kind services	515	437	608	1,560
In-kind rent	3,166	2,687	3,742	9,595
Dues to affiliated United Way	6,415	5,443	7,582	19,440
Membership dues/fees	1,666	-	-	1,666
Miscellaneous	3,678	3,121	4,345	11,144
	<u>\$ 169,044</u>	<u>\$ 193,971</u>	<u>\$ 253,012</u>	<u>\$ 616,027</u>

See accompanying notes to financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	<u>Administrative</u>	<u>Fund Raising</u>	<u>Planning and Allocations</u>	<u>2018 Total</u>
Salaries and wages	\$ 82,758	\$ 105,306	\$ 137,930	\$ 325,994
Employee benefits	18,254	18,931	30,424	67,609
Payroll taxes	7,327	10,842	12,211	30,380
Total salaries and related expense	108,339	135,079	180,565	423,983
Campaign supplies	-	4,073	-	4,073
Campaign events	-	13,294	-	13,294
Advertising	4,688	3,978	5,540	14,206
Professional services	5,683	4,822	6,717	17,222
Printing and publication	2,185	1,854	2,582	6,621
Office supplies	1,051	892	1,242	3,185
Telephone	782	663	924	2,369
Postage	1,262	1,071	1,491	3,824
Maintenance	6,198	5,259	7,325	18,782
Occupancy	5,273	4,474	6,231	15,978
Travel and mileage	1,443	2,192	1,706	5,341
Staff development	66	56	78	200
Insurance	1,475	1,252	1,744	4,471
Conferences and meetings	407	345	481	1,233
Volunteer training	-	2,445	-	2,445
Depreciation	7,468	6,336	8,826	22,630
In-kind services	616	523	728	1,867
In-kind rent	3,075	2,609	3,634	9,318
Employee recruiting	219	186	259	664
Dues to affiliated United Way	5,300	4,498	6,264	16,062
United Way of PNW dues	1,334	1,132	1,578	4,044
Membership dues/fees	1,304	-	-	1,304
Miscellaneous	3,012	2,553	3,557	9,122
	<u>\$ 161,180</u>	<u>\$ 199,586</u>	<u>\$ 241,472</u>	<u>\$ 602,238</u>

See accompanying notes to financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from campaign contributions	\$ 1,265,861	\$ 1,130,482
Cash received from other contributions and income	285,323	230,962
Investment income received	35,293	31,604
Cash paid to suppliers and employees	(595,331)	(573,975)
Cash paid to agencies for allocations and designations	(934,417)	(922,619)
Net cash provided by operating activities	56,729	(103,546)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(6,272)	(10,117)
Purchases and reinvesting of investments - net	(28,389)	(28,232)
Net cash provided (used) by investing activities	(34,661)	(38,349)
NET INCREASE (DECREASE) IN CASH	22,068	(141,895)
CASH BEGINNING OF YEAR	1,321,139	1,463,034
CASH END OF YEAR	\$ 1,343,207	\$ 1,321,139
Reconciliation of change in net assets to net cash provided(used) by operating activities		
Increase (decrease) in net assets	\$ (154,405)	\$ (24,086)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	21,087	22,630
Unrealized (gain) loss on investments	2,239	(21,328)
(increase)decrease in		
Pledges receivable	140,892	(93,037)
Prepaid expenses	(743)	2,547
Increase (decrease) in		
Accounts payable	3,965	(2,053)
Accrued liabilities	(3,613)	5,139
Deferred grant revenue	28,506	1,374
Designations payable	18,801	5,268
	\$ 56,729	\$ (103,546)

See accompanying notes to financial statements

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The summary of the significant accounting policies of United Way of Whatcom County (the Agency) is presented to assist the reader in evaluating the Agency’s financial statements. In all major aspects, the Agency has consistently followed the policies for the year covered by the financial statements presented.

United Way of Whatcom County is organized to solicit and receive contributions and, through member agencies, provide services to the community of Whatcom County in the promotion of the health and welfare of its members.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets as follows:

- *Equipment* – established to fund future purchases of a capital nature upon approval of the Board of Directors.
- *Contingency* – established to ultimately provide a minimum of a three-month reserve of operational and agency allocation requirements.
- *Agency* – Established to support organizations previously funded by United Way to increase agency capacity through direct, technical assistance, and professional development.
- *Quasi-Endowment* – designation of Board of Directors requiring that the principal amount be invested in perpetuity and that only the income earned thereon be expended to support the activities of the Agency.
- *Community Impact* – Used to assist selected agencies in Whatcom County develop new and/or emerging services.
- *Variable Compensation* – Established to provide employee wage bonuses based on a system of board-determined goals and performance measures.
- *Capacity Building Fund* – Established for fund raising ventures and community engagement costs.
- *Relief Fund* – Established for providing agencies with assistance due to unforeseen county emergencies.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributions – Contributions received are recorded as support without donor restrictions, or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are reported as support with donor restrictions are then reclassified to net assets without donor restrictions upon expiration of the time restriction. Donors designated contributions are reflected as liabilities.

Cash and Cash Equivalents – The Agency considers all highly liquid assets purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of funds held by depository institutions and money market funds. The Agency maintains its cash and cash equivalents in depository institution accounts and money market accounts that at times may exceed federally insured limits. The Agency has not experienced any losses in such accounts.

Provision for uncollectible pledges – It represents management’s estimate, based on historical experience of pledges receivable that will not be honored by donors.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment – Property and equipment is stated at cost. Gains or losses on dispositions of property and equipment are included in operations in the year of disposal. The Agency’s policy is to capitalize property and equipment with a cost of \$500 or greater.

Maintenance and repairs – Expenditures for maintenance and repairs are charged against operations; renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation – Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Retirement plan – The Agency provides coverage for qualified employees under a SEP-IRA plan. The contributions are at the discretion of the Board of Directors. During the year ended June 30, 2020, the Agency contributed 8% of qualified employees’ regular monthly salaries to the plan. The plan contribution (pension expense) was \$25,169 and \$22,959 for the years ended June 30, 2020 and 2019.

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Allocation of functional expenses – Expenses that benefit more than one function are allocated based on time or percentage of resources consumed, as estimated by management.

Volunteer services – No amounts have been reflected in the accompanying financial statements for volunteer services. Volunteers donate significant amounts of their time in the Agency’s program services and fund-raising efforts. Only those contributed services requiring specific expertise, which the Agency would otherwise need to purchase is reflected in the in-kind donations.

Federal income tax – The Agency is a not-for-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Agency has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the years ended June 30, 2020 and 2019.

The Agency adopted accounting for uncertain tax position. The accounting standard prescribes a recognition threshold and measurement process for uncertain tax positions. As of June 30, 2020 and 2019, the Agency had no uncertain tax positions requiring accrual. The Agency files an exempt organization tax return in the U.S. federal jurisdiction and is no longer subject to examination by taxing authorities for periods prior to 2017.

Advertising – Advertising costs are expensed as incurred and totaled \$18,752 and \$14,206 for the years ended June 30, 2020 and 2019.

Concentration of credit risk – The Agency maintains cash accounts at a financial institution located in Bellingham. The Organization may at times have cash balances on deposit at a local bank in excess of FDIC insured limits of \$250,000. Investment accounts totaling \$978,703 and \$952,036 on June 30, 2020 and 2019, respectively and concentrated in a financial institution and valued at fair market value. The Agency has pledges receivable from community members, substantially all of whom are from Whatcom County.

Reclassifications – The accompanying statement of functional expenses for 2020 and 2019 have been reclassified to include dues to affiliated organizations to be consistent with the presentation preferred by United Way Worldwide.

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2. IN-KIND CONTRIBUTIONS

Donated professional fees are recorded at their estimated fair market value when received. The in-kind contributions are included in other income and are comprised of the following:

	<u>2020</u>	<u>2019</u>
In-kind rent	\$ 9,595	\$ 9,318
In-kind services	<u>1,560</u>	<u>1,867</u>
	<u>\$11,155</u>	<u>\$11,185</u>

NOTE 3. FAIR VALUE MEASUREMENTS

The Agency applies the authoritative guidance for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value and expands 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.
- **Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Mutual Funds – Investments valued at quoted market price which represents the net asset value (“NAV”) of shares held by the Agency at year end. Investment returns consist of interest, dividends and unrealized gains and losses on brokerage accounts. These returns are shown in the Statement of Activities. Investments are mutual funds and bond accounts with Charles Schwab in the amounts of \$978,703 and \$952,036 for June 30, 2020 and 2019.

NOTE 4. ENDOWMENTS AND NET ASSETS

The Agency has established an endowment program to offer contributors a wide range of giving options. An endowment program allows donors to make contribution in which the principal is never touched but is invested, and the income is distributed in support of community services or in support of operations of the Agency, in perpetuity. It is the practice of the Agency that all unrestricted legacies and memorial gifts are accounted for as endowment gifts by the Agency as Board designated Quasi-Endowments.

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4. ENDOWMENTS AND NET ASSETS (CONTINUED)

The Board of Directors of the Agency has interpreted the Washington Uniform Prudent Management of Institutional Funds Act (“WUPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions that are perpetual in nature are classified as net assets with donor restrictions that are time restricted for future periods until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by WUPMIFA. In accordance with WUMPIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Agency and the investment policies of the Agency.

Endowment Net Asset Composition by Type of Fund as of June 30 2020 is as follows:

Endowment Funds	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$ -	\$ 83,313	\$ 83,313
Board-designated	165,699		165,699
	\$ 165,699	\$ 83,313	\$249,012

Endowment Net Asset Composition by Type of Fund as of June 30 2019 is as follows:

Endowment Funds	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$ -	\$ 83,313	\$ 83,313
Board-designated	165,699		165,699
	\$ 165,699	\$ 83,313	\$249,012

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4. ENDOWMENTS AND NET ASSETS (Continued)

Donor-restricted endowment funds consist of funds not available for expenditure, but for which income from the related investments is available for current use. Board designated, the principal may be transferred to other Reserve funds or appropriated for expenditures upon the Board of Director's approval.

The Agency's endowment consists of approximately two individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Net assets with donor restrictions that are perpetual in nature consist of the endowment funds which are not available for expenditure, but for which income from the related investments are available for current use.

Investment Policy – The assets of the Agency's Endowment and Trusts portfolio are administered by the Agency and held in trust by an independent brokerage institution. The Agency's investment policy has three main priorities: 1) preservation of capital, 2) preservation of the purchasing power of assets invested through capital appreciation and investment income equal to, or exceeding, appropriate and common market indices or benchmarks, and 3) to provide current income for the operations and goals of the Agency. The Agency receives monthly and quarterly reports that summarize the investment performance of the endowment funds. The Finance Committee, a standing committee of the Agency's management regarding the investment of the portfolio and also provides oversight of the investment practices and performance of the Agency.

Investment Objective – The investment objective of the Agency is to maintain the purchasing power of the assets in the Endowment and Trusts portfolio while at the same time providing a dependable, growing source of income that can be used

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of campaign revenues which have been designated for the future years, which are typically released from restrictions and made available the beginning of the following year.

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6. OTHER INCOME

Other income consists of the following:

	<u>2020</u>	<u>2019</u>
In - Kind rent	\$ 9,595	\$ 9,318
In - Kind services	1,560	1,867
Recovery of prior year receivables	459	67,170
Community builder sponsorship	30,000	35,000
Miscellaneous income	1,558	148
Project homeless administrative fee	2,849	2,816
Project homeless connect	29,209	35,285
Campaign function fee	4,617	9,680
FEMA administration fee	3,591	1,134
Total other income	<u>\$ 83,438</u>	<u>\$ 162,418</u>

NOTE 7. OPERATING LEASE COMMITMENTS

The Agency leases office space under an operating lease expiring May 31, 2024. Minimum future rental payments under this non-cancelable operating lease as of June 30, 2020 is \$96,066. Rent expense under this lease totaled \$11,290 and \$10,909 for the years ended June 30, 2020 and 2019. Yearly base rent according to the contract as follows:

Year	Base	Credit	Net
2020-2021	31,523	13,284	18,239
2021-2022	32,469	13,284	19,185
2022-2023	33,443	13,284	20,159
2023-2024	34,446	13,284	21,162
	<u>\$ 131,881</u>	<u>\$ 53,136</u>	<u>\$ 78,745</u>

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8. LIQUIDITY AND AVAILABILITY

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,343,207	\$ 1,130,483
Pledges receivable	502,844	643,736
Investments	<u>978,703</u>	<u>952,036</u>
	<u>\$ 2,824,754</u>	<u>\$ 2,726,255</u>

NOTE 9. SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions occurring after June 30, 2020 through October 13, 2020, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To The Board of Directors of
United Way of Whatcom County:

Our report on our audit of the basic financial statements of United Way of Whatcom County as of June 30, 2020, appears on page one. We conducted our audit on accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Allocations and Designations and Schedule of Net Assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Padgett & Padgett PLLC". The signature is written in a cursive, flowing style.

October 13, 2020
Mount Vernon, Washington

UNITED WAY OF WHATCOM COUNTY
SCHEDULE OF ALLOCATIONS AND DESIGNATIONS
YEAR ENDED JUNE 30, 2020

	<u>Donor Designation</u>	<u>United Way Allocation</u>	<u>Total</u>
ARC of Whatcom County	318	18,000	18,318
Bellingham Childcare & Learning Center	1,840	28,836	30,676
Bellingham Food Bank	4,025	33,000	37,025
Bellingham Public School Foundation	432	65,000	65,432
Brigid Collins	4,411	67,000	71,411
Compass Health	91	31,500	31,591
Domestic Violence & Sexual Assault Services	2,393	66,000	68,393
Futures NW	31	11,815	11,846
Goodwill Industries	-	10,000	10,000
Interfaith Coalition	450	20,000	20,450
Lydia Place	3,533	57,790	61,323
Max Higbee Community Recreation Center	1,829	19,000	20,829
Mercy Housing Northwest	117	16,000	16,117
Northwest Youth Services	3,855	65,537	69,392
Opportunity Council	1,759	54,158	55,917
Rebound of Whatcom County	371	8,000	8,371
Sun Community Services	-	21,000	21,000
Whatcom Center for Early Learning	704	41,285	41,989
Whatcom Council on Aging	384	22,719	23,103
Whatcom Dispute Resolution Center	-	23,000	23,000
Whatcom Early Learning Alliance	182	18,000	18,182
Whatcom Family YMCA	393	36,613	37,006
Whatcom Literacy Council	1,813	31,500	33,313
Work Opportunities	-	14,500	14,500
	<u>\$ 28,931</u>	<u>\$ 780,253</u>	<u>\$ 809,184</u>

See accompanying notes to financial statements.

UNITED WAY OF WHATCOM COUNTY
SCHEDULE OF NET ASSETS
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions									
	Board Designated									
	Undesignated	Capacity Building	Equipment	Contingency	Agency	Quasi- Endowment	Community Impact	Variable Compensation	Relief Fund	Total Unrestricted
Beginning	\$ 32,010	\$ 126,638	\$ 86,698	\$ 740,103	\$ 209,158	\$ 165,699	\$ 140,000	\$ 13,652	\$ -	\$ 1,513,958
Transfer prior year, net	(32,010)									(32,010)
Current year transfers		(18,696)	(10,200)	(77,424)	-	-	35,760	2,570	100,000	32,010
Changes in net assets	(154,405)	-	-	-	-	-	-	-	-	(154,405)
Ending	<u>\$ (154,405)</u>	<u>\$ 107,942</u>	<u>\$ 76,498</u>	<u>\$ 662,679</u>	<u>\$ 209,158</u>	<u>\$ 165,699</u>	<u>\$ 175,760</u>	<u>\$ 16,222</u>	<u>\$ 100,000</u>	<u>\$ 1,359,553</u>

	With Donor Restriction		
	Time Restricted for Future Periods	Perpetual in Nature	Total Net Assets
	Beginning	\$ 1,223,519	\$ 83,313
Transfer prior year, net	-	-	(32,010)
Current year transfers	-	-	32,010
Changes in net assets	-	-	(154,405)
Ending	<u>\$ 1,223,519</u>	<u>\$ 83,313</u>	<u>\$ 2,666,385</u>

See accompanying notes to financial statements.