



Certified Public Accountants

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October 21, 2021

To the Board of Directors
United Way of Whatcom County

We have audited the financial statements of United Way of Whatcom County (the Organization) for the year ended June 30, 2021, and have issued our report on the above date. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated August 6, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of significant accounting policies in Note 2 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter signed on the above date.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of United Way of Whatcom County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Handwritten signature in black ink that reads "VSH PLLC". The letters are cursive and somewhat stylized.

Bellingham, Washington



UNITED WAY OF WHATCOM COUNTY

**Financial Statements
And Independent Auditors' Report**

June 30, 2021 and 2020

UNITED WAY OF WHATCOM COUNTY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Whatcom County

We have audited the accompanying financial statements of United Way of Whatcom County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Agency'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 Agency'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, 2021, 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.

Report on Supplemental Information

The supplemental information on page 14 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 supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Period Financial Statements

The financial statements of United Way of Whatcom County as of June 30, 2020, were audited by other auditors whose report dated October 13, 2020, expressed an unmodified opinion on those statements.

VSH PLLC

Bellingham, Washington
October 21, 2021

**UNITED WAY OF WHATCOM COUNTY
STATEMENTS OF FINANCIAL POSITION**

June 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,429,798	\$ 1,343,207
Pledges receivable, net	245,739	502,844
Prepaid expenses	12,480	12,388
Total current assets	1,688,017	1,858,439
OTHER ASSETS		
Marketable securities	1,113,026	978,703
Property and equipment, net	52,978	65,075
Total other assets	1,166,004	1,043,778
TOTAL ASSETS	\$ 2,854,021	\$ 2,902,217

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 17,413	\$ 13,898
Accrued expenses	36,288	28,217
Designations payable	64,710	134,983
Deferred revenues	12,771	28,285
Total current liabilities	131,182	205,383
PAYCHECK PROTECTION PROGRAM LOAN	78,933	30,449
TOTAL LIABILITIES	210,115	235,832
NET ASSETS		
Without donor restriction	1,320,708	1,458,603
With donor restriction	1,323,198	1,207,782
Total net assets	2,643,906	2,666,385
TOTAL LIABILITIES AND NET ASSETS	\$ 2,854,021	\$ 2,902,217

See independent auditors' report and accompanying notes to the financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restriction	With Donor Restriction	Total	2020 Total
SUPPORT AND REVENUE				
Campaign related net assets released from restriction				
Campaign for the current period				
Contributions received in prior periods	\$ 1,337,934	\$ (1,337,934)	\$ -	\$ -
Less: donor designations	(101,164)	101,164	-	-
Provision for uncollectible pledges	(112,386)	112,386	-	-
Total campaign for the current period	<u>1,124,384</u>	<u>(1,124,384)</u>	<u>-</u>	<u>-</u>
Campaign revenue for the next allocation period				-
Campaign revenue received for next year	-	1,405,875	1,405,875	1,337,934
Less: donor designations	-	(44,196)	(44,196)	(90,217)
Designation recovery fee	-	(6,527)	(6,527)	(10,861)
Less: provision for uncollectible pledges	-	(115,267)	(115,267)	(112,386)
Total campaign revenues for next allocation period	<u>-</u>	<u>1,239,885</u>	<u>1,239,885</u>	<u>1,124,469</u>
Other support and revenue				
Unrealized gains (losses) on investments	116,423	-	116,423	(2,239)
Child care grant	-	77,534	77,534	-
Designation recovery	58,511	-	58,511	81,931
Other income	32,927	-	32,927	82,978
Gain on extinguishment of Paycheck Protection Program loan	30,449	-	30,449	-
Other grants, relief fund donations	26,023	-	26,023	110,000
Interest income	23,897	-	23,897	35,293
Recovery of prior year uncollectible pledges	7,171	-	7,171	459
Contributions received from other United Ways	6,878	-	6,878	9,955
Total other support and revenue	<u>302,279</u>	<u>77,534</u>	<u>379,813</u>	<u>318,377</u>
Satisfaction of restrictions by expenditures	<u>77,619</u>	<u>(77,619)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,504,282</u>	<u>115,416</u>	<u>1,619,698</u>	<u>1,442,846</u>
AGENCY GRANTS				
Gross funds awarded	714,043	-	714,043	809,184
Less: allocations funded through designations	(19,618)	-	(19,618)	(28,931)
Total grant allocations	<u>694,425</u>	<u>-</u>	<u>694,425</u>	<u>780,253</u>
OTHER GRANTS				
Child care grant	77,534	-	77,534	-
Relief fund	52,000	-	52,000	105,000
Community agency assistance	26,467	-	26,467	9,900
Technical and community initiative	20,153	-	20,153	56,862
Other grant	14,584	-	14,584	-
Project homeless connect	5,853	-	5,853	29,209
Total other changes in net assets	<u>196,591</u>	<u>-</u>	<u>196,591</u>	<u>200,971</u>
EXPENSES				
Planning and allocations	335,358	-	335,358	253,012
Fundraising	218,150	-	218,150	193,971
Administration	197,653	-	197,653	169,044
Total expenses	<u>751,161</u>	<u>-</u>	<u>751,161</u>	<u>616,027</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(137,895)</u>	<u>115,416</u>	<u>(22,479)</u>	<u>(154,405)</u>
NET ASSETS , beginning of year	<u>1,458,603</u>	<u>1,207,782</u>	<u>2,666,385</u>	<u>2,820,790</u>
NET ASSETS , end of year	<u>\$ 1,320,708</u>	<u>\$ 1,323,198</u>	<u>\$ 2,643,906</u>	<u>\$ 2,666,385</u>

See independent auditors' report and accompanying notes to the financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Program Services		Supporting Services		Total	2020 Total
	Planning and Allocations	Administration	Fundraising			
Wages, payroll taxes and benefits	\$ 276,847	\$ 137,588	\$ 173,056	\$ 587,491	\$ 441,958	
Maintenance	11,550	9,773	8,292	29,616	24,151	
Dues paid to affiliate	9,262	7,837	6,649	23,748	19,440	
Advertising	6,703	5,671	4,812	17,186	18,752	
Depreciation	6,470	5,475	4,645	16,590	21,087	
Rent	4,514	3,819	3,241	11,574	11,290	
Bank service charges	4,405	3,727	3,163	11,295	11,147	
Professional fees	438	10,111	314	10,863	15,461	
In-kind services:						
Rent	3,853	3,260	2,766	9,879	9,595	
Professional services	195	165	140	500	1,560	
Staff and volunteer development	2,865	2,424	2,193	7,481	3,914	
Insurance	2,672	2,261	1,918	6,850	5,972	
Office supplies	1,185	1,003	851	3,038	2,165	
Telephone and internet	1,021	864	733	2,618	2,377	
Occupancy	976	826	701	2,503	4,656	
Campaign supplies	-	-	2,278	2,278	3,271	
Travel and mileage	854	723	613	2,190	4,655	
Printing and publication	695	588	499	1,782	4,136	
Postage	608	515	437	1,560	3,122	
Membership dues	-	816	-	816	1,666	
Campaign events	-	-	673	673	4,773	
Conferences and meetings	246	208	176	630	879	
Total functional expenses	\$ 335,358	\$ 197,653	\$ 218,150	\$ 751,161	\$ 616,027	

See independent auditors' report and accompanying notes to the financial statements

UNITED WAY OF WHATCOM COUNTY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (22,479)	\$ (154,405)
<i>Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents provided by operating activities:</i>		
Depreciation expense	16,590	21,087
Unrealized (gains) losses on marketable securities	(116,423)	2,239
Gain on extinguishment of Paycheck Protection Program loan	(30,449)	-
Changes in operating assets and liabilities:		
Pledges receivable	257,105	140,892
Prepaid expenses	(92)	(743)
Accounts payable	3,515	3,965
Accrued expenses	8,071	(3,613)
Designations payable	(70,273)	18,801
Deferred revenues	(15,514)	(1,943)
Net cash and cash equivalents provided by operating activities	30,051	26,280
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,493)	(6,272)
Purchases and reinvesting of marketable securities, net	(17,900)	(28,389)
Net cash and cash equivalents used for investing activities	(22,393)	(34,661)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Paycheck Protection Program loan	78,933	30,449
Net cash and cash equivalents provided by financing activities	78,933	30,449
 NET CHANGE IN CASH	86,591	22,068
 CASH AND CASH EQUIVALENTS, beginning of year	1,343,207	1,321,139
 CASH AND CASH EQUIVALENTS, end of year	\$ 1,429,798	\$ 1,343,207

See independent auditors' report and accompanying notes to the financial statements

**UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

NOTE 1. NATURE OF AGENCY

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the significant accounting policies of the Agency is presented to assist the reader in evaluating the Agency's financial statements. The financial statements and notes are representations of the Agency's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis and follow the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification ASC 958. Under ASC 958, the Agency is required to report information regarding its financial position and activities according to two classes of net assets:

Without donor restriction consists of net assets available for current operations and expenditures for current programs. These assets have no donor-imposed stipulations. The Board of Directors designates funds for specific purposes.

Unrestricted net assets (deficit) consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Contingency – Three month operating and allocation reserve	\$ 678,976	\$ 662,678
Community impact – Assist agencies with new services	175,759	175,759
Quasi endowment – Principal to be invested in perpetuity	165,699	165,699
Capacity building – Fundraising; community engagement	142,185	107,943
Agency – Support to increase capacity of agencies	100,000	209,158
Relief – Assist agencies with unforeseen emergencies	100,000	100,000
Equipment – Future purchases of capital	78,269	76,498
Variable compensation – Employee performance bonuses	17,714	16,222
Undesignated	<u>(137,894)</u>	<u>(55,354)</u>
Total unrestricted net assets	<u>\$ 1,320,708</u>	<u>\$ 1,458,603</u>

**UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

With donor restriction consists of net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations.

Donor restricted net assets consist of the following as of June 30:

	2021	2020
Temporarily restrictions on campaign revenues for next allocation period	\$ 1,239,885	\$ 1,124,469
Permanently restricted endowment	83,313	83,313
Total donor restricted net assets	\$ 1,323,198	\$ 1,207,782

Cash and cash equivalents – The Agency considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents. The Agency maintains its cash in several bank accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts.

Pledges receivable – Pledges receivable are stated net of an allowance for uncollectible pledges. The Agency estimated the allowance based on its historical experience of the relationship between actual uncollectible pledges and net amounts pledged. The allowance for doubtful accounts was \$115,267 and \$112,386 at June 30, 2021 and 2020, respectively. The Agency expects all pledges receivable to be paid within one year of the date of the statement of financial position.

Investments – Investments in marketable securities are reported at their fair values based on quoted prices in active markets. Unrealized gains and losses are included in the increase (decrease) in net assets in the accompanying statements of activities. Investment income or losses that were restricted by a donor are reported as increases or decreases in unrestricted net assets if the restrictions expire (either by passage of time or by use) in the year in which the investment income or losses are recognized.

Property and equipment – Property and equipment is capitalized at cost. Donations of property and equipment is recorded as contributions at the estimated fair value. Property and equipment are depreciated using the straight line method over the useful lives ranging from three to five years. The Agency’s policy is to capitalize property and equipment with a cost of \$500 or greater.

Contributions – Contributions are recognized at fair value on the earlier of receipt of cash or when the donor makes a promise to give to the Agency that is, in substance, unconditional. All contributions are considered available for the Agency's general programs unless specifically restricted by the donor. Contributions that were restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Contributed services – Contributed services are reflected as contributions in-kind in the accompanying statements of activities at their estimated fair values at date of receipt. FASB ASC 958-605 requires services contributed by professionals and craftsmen that require specialized skills to be recognized as in-kind income and expense. Contributed services that do not require specialized skills are not recognized. The Agency receives many hours of volunteer services each year which do not meet the criteria for being recorded as contribution revenue.

Allocation of expenses – Costs of providing programs and activities are summarized by functional category in the statements of activities and functional expenses. Costs are directly allocated where possible. Certain expenses not directly related to a particular function are allocated based on the percentage of time devoted to the functions benefited and also based on allocation percentages recommended by United Way Worldwide.

Advertising – Advertising costs are expensed in the period incurred and totaled \$17,186 and \$18,752 for the years ended June 30, 2021 and 2020, respectively.

Federal income taxes – The Agency is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) on income related to its organizational purpose. The Agency evaluates its income tax positions on a regular basis and believes it has taken no significant uncertain tax positions. The Agency has not recognized any interest or penalties associated with uncertain tax positions.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Such estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and may affect the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Going concern – The Agency adheres to the provisions of the Financial Accounting Standards Board Accounting Standards Codification 205, subtopic 40, which extends the responsibility for performing the going concern evaluation to management based on relevant conditions and events that are known and reasonably knowable at the time the financial statements are available to be issued. Management has assessed the Agency's ability to continue as a going concern for the period of one year from October 21, 2021, and does not believe any existing conditions or events raise substantial doubt about the Agency's ability to continue as a going concern.

Subsequent events – Subsequent events have been evaluated through October 21, 2021, which is the date the financial statements were available to be issued.

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2020:

	2021	2020
Leasehold improvements	\$ 118,434	\$ 118,434
Equipment and furniture	81,064	76,571
	199,498	195,005
Less accumulated depreciation	(146,520)	(129,930)
Property and equipment, net	\$ 52,978	\$ 65,075

Depreciation expense totaled \$16,590 and \$21,087 for the years ended June 30, 2021 and 2020, respectively.

NOTE 4. ENDOWMENTS

The Agency has established an endowment program to offer contributors a wide range of giving options. 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. An endowment allows donors to make contributions on which the principle remains invested, while the income is distributed in support of community services or the operations of the Agency.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment policy – The philosophy governing the investments of the Agency is one of prudent growth of principal with the understanding that values will fluctuate within the capital markets over shorter time periods. Within this philosophical framework, the investment policy seeks to preserve the original capital and provide a competitive return consistent with historical capital market conditions. The Agency’s finance committee reviews the endowment quarterly reports and oversees investment practice.

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
<u>Endowment Funds</u>			
Donor-restricted endowment	\$ -	\$ 83,313	\$ 83,313
Board-restricted quasi endowment	165,699	-	165,699
Total endowment net assets	\$ 165,699	\$ 83,313	\$ 249,012

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4. ENDOWMENTS, (continued)

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 83,313	\$ 83,313
Board-restricted endowment funds	<u>165,699</u>	<u>-</u>	<u>165,699</u>
Total endowment net assets	<u>\$ 165,699</u>	<u>\$ 83,313</u>	<u>\$ 249,012</u>

The Agency follows the Washington State Uniform Management of Institutional Funds Act (UMIFA) and its own governing documents. UMIFA requires the historical dollar amount of donor restricted endowment funds to be preserved. In the absence of donor restrictions, the net appreciation on a donor restricted endowment fund is spendable under UMIFA. The Agency’s donors have not placed restrictions on the use of the investment income or net appreciation earned from donor restricted endowment funds.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC Subtopic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC Subtopic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

NOTE 5. FAIR VALUE MEASUREMENTS, (continued)

The following tables set forth by level, within the fair value hierarchy, the Agency's marketable securities at cost and fair value as of June 30:

	2021			
	Cost	Level 1	Level 2	Level 3
Mutual funds	<u>\$ 1,005,496</u>	<u>\$ 1,113,026</u>	<u>\$ -</u>	<u>\$ -</u>
	2020			
	Cost	Level 1	Level 2	Level 3
Mutual funds	<u>\$ 980,024</u>	<u>\$ 978,703</u>	<u>\$ -</u>	<u>\$ -</u>

Returns on the mutual funds consist of interest, dividends, fees, and unrealized gains and losses. These returns are shown on the statement of activities.

NOTE 6. IN-KIND CONTRIBUTIONS

Donated professional fees are recorded at their estimated fair market value when received. In-kind contributions are included in other income on the statement of activities and consisted of the following as of June 30:

	2021	2020
In-kind rent	\$ 9,879	\$ 9,595
In-kind services	500	1,560
Total in-kind services	<u>\$ 10,379</u>	<u>\$ 11,155</u>

NOTE 7. PAYCHECK PROTECTION PROGRAM LOAN

The Agency received two rounds of funding from the Paycheck Protection Program. The Agency received \$30,449 in May 2020 and \$78,933 in April 2021. The Agency met requirements for loan forgiveness and recognized the \$30,449 gain on extinguishment of the loans during the year ended June 30, 2021. The Agency received loan forgiveness in August 2021 and will recognize a gain on extinguishment of the loan of \$78,933 during the year ended June 30, 2022.

NOTE 8. ECONOMIC DEPENDENCY

The Agency depended on donation, grants and fundraising for 100% of its support and revenue for the year ended June 30, 2020.

See independent auditors' report

UNITED WAY OF WHATCOM COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Board of Directors designates a minimum of a three month reserve of operational and allocation requirements in a contingency fund. Financial assets available for general expenditure, that is, without donor restrictions limiting their use within one year of the statement of financial position date consist of the following as of June 30:

	2021	2020
Cash and cash equivalents	\$ 1,429,798	\$ 1,343,207
Pledges receivable	245,739	502,844
Investments	1,113,026	978,703
Total financial assets	\$ 2,788,563	\$ 2,824,754

NOTE 10. OPERATING LEASES

The Agency leases office space from Washington Federal. A co-tenant of the building provides an in-kind contribution of rent. The Agency's lease obligation ranges from \$1,006 to \$1,067 monthly and expires in May 2024.

Rent expense totaled \$11,574 and \$11,290 for the years ended June 30, 2021 and 2020, respectively.

Estimated future minimum rental payments, net of in-kind rent contributions for the years ending June 30 are as follows:

2022		\$ 12,100
2023		12,450
2024		12,800

NOTE 11. RETIREMENT PLAN

The Agency maintains a SEP IRA plan covering all employees who satisfy certain requirements. The Agency matches contributions up to 8% of individual participants' compensation. The Agency made contributions totaling \$24,728 and \$25,169 for the years ended June 30, 2021 and 2020, respectively.

SUPPLEMENTAL INFORMATION

**UNITED WAY OF WHATCOM COUNTY
SCHEDULES OF AGENCY GRANTS**

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Donor Designation	United Way Allocation	Total	2020 Total
Northwest Youth Services	\$ 2,909	\$ 63,328	\$ 66,237	\$ 69,392
Brigid Collins	2,865	59,630	62,495	71,411
Domestic Violence & Sexual Assault Services of Whatcom County	2,755	58,740	61,495	68,393
Lydia Place	2,446	51,434	53,880	61,323
Opportunity Council	1,020	48,200	49,220	55,917
Whatcom Family YMCA	40	48,603	48,643	37,006
Whatcom Center for Early Learning	354	36,744	37,098	41,989
Compass Health	61	33,034	33,095	31,591
Bellingham Food Bank	954	29,370	30,324	67,025
Bellingham Public School Foundation	605	29,370	29,975	65,432
Whatcom Literacy Council	1,130	28,036	29,166	33,313
Bellingham Childcare & Learning Center	1,453	25,664	27,117	30,676
Whatcom Council on Aging	102	25,270	25,372	23,103
Sun Community Services	-	23,690	23,690	21,000
Mercy Housing Northwest	270	19,240	19,510	16,117
Max Higbee Community Recreation Center	2,032	16,910	18,942	20,829
Goodwill Industries	-	18,900	18,900	10,000
Interfaith Coalition	474	17,800	18,274	20,450
ARC of Whatcom County	103	16,020	16,123	18,318
Whatcom Early Learning Alliance	-	16,020	16,020	18,182
Futures NW	45	15,516	15,561	11,846
Work Opportunities	-	12,906	12,906	14,500
Whatcom Dispute Resolution Center	-	-	-	23,000
	<u>\$ 19,618</u>	<u>\$ 694,425</u>	<u>\$ 714,043</u>	<u>\$ 830,813</u>

See independent auditors' report