



Financial Statements

For the Year Ended June 30, 2020

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Independent Auditor's Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of United Way of King County (the Organization), which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, 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 Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on 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 is not a required part of the financial statements and is included for the purpose of additional analysis consistent with industry practice. 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.

Clark Nuber P.S.

Certified Public Accountants
February 17, 2021

UNITED WAY OF KING COUNTY

Statement of Financial Position

June 30, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Assets:		
Cash and cash equivalents	\$ 7,153,283	\$ 2,170,616
Contributions and grants receivable, net	34,489,827	33,278,743
Other assets	383,493	353,582
Investments	17,367,733	6,690,577
Beneficial interest in trusts and assets held by others	12,456,046	12,320,718
Property and equipment, net	<u>7,601,769</u>	<u>8,748,587</u>
Total Assets	<u>\$ 79,452,151</u>	<u>\$ 63,562,823</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 5,771,550	\$ 4,393,436
Donor designations payable	6,132,184	8,241,008
Paycheck Protection Program loan	<u>1,826,037</u>	
Total Liabilities	13,729,771	12,634,444
Net Assets:		
Without donor restrictions-		
Undesignated, available for operations	9,997,889	6,107,129
Invested in property and equipment	7,601,769	8,748,587
Designated for endowments	<u>6,640,892</u>	<u>6,834,255</u>
Total net assets without donor restrictions	24,240,550	21,689,971
With donor restrictions	<u>41,481,830</u>	<u>29,238,408</u>
Total Net Assets	<u>65,722,380</u>	<u>50,928,379</u>
Total Liabilities and Net Assets	<u>\$ 79,452,151</u>	<u>\$ 63,562,823</u>

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Public Support, Revenues and Gains and Losses:				
Gross campaign results	\$ 25,653,170	\$ 16,543,775	\$ 42,196,945	\$ 43,516,384
Less donor designations	<u>(16,008,796)</u>		<u>(16,008,796)</u>	<u>(20,101,005)</u>
Net campaign revenue	9,644,374	16,543,775	26,188,149	23,415,379
Grants	23,850,792	6,860,795	30,711,587	9,885,694
Sponsorships	427,476		427,476	1,544,176
In-kind contributions	80,373		80,373	528,254
Income distribution from administrative endowment	6,536,874		6,536,874	6,544,810
Other income	592,029		592,029	1,083,295
Change in value of beneficial interest	279,834	328,693	608,527	442,801
Net assets released from restriction	<u>11,489,841</u>	<u>(11,489,841)</u>		
Total Public Support, Revenues and Gains and Losses	52,901,593	12,243,422	65,145,015	43,444,409
Expenses:				
Program services-				
Gross funds awarded and designated	46,855,851		46,855,851	44,369,937
Less donor designations	<u>(16,008,796)</u>		<u>(16,008,796)</u>	<u>(20,101,005)</u>
Net funds awarded	30,847,055		30,847,055	24,268,932
Other program expenses	<u>8,728,253</u>		<u>8,728,253</u>	<u>6,269,065</u>
Total program services	39,575,308		39,575,308	30,537,997
Supporting services-				
Management and general	4,164,633		4,164,633	4,098,892
Fundraising	<u>6,611,073</u>		<u>6,611,073</u>	<u>6,838,003</u>
Total supporting services	<u>10,775,706</u>		<u>10,775,706</u>	<u>10,936,895</u>
Total Expenses	50,351,014		50,351,014	41,474,892
Change in Net Assets	2,550,579	12,243,422	14,794,001	1,969,517
Net assets, beginning of year	<u>21,689,971</u>	<u>29,238,408</u>	<u>50,928,379</u>	<u>48,958,862</u>
Net Assets, End of Year	<u>\$ 24,240,550</u>	<u>\$ 41,481,830</u>	<u>\$ 65,722,380</u>	<u>\$ 50,928,379</u>

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

	Program Services			Supporting Services			2020 Total Expenses	2019 Total Expenses
	Net Funds Awarded	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Net funds awarded	\$ 30,847,055	\$ -	\$ 30,847,055	\$ -	\$ -	\$ -	\$ 30,847,055	\$ 24,268,932
Salary and wages		3,620,028	3,620,028	2,049,304	3,979,487	6,028,791	9,648,819	9,034,926
Payroll taxes and employee benefits		724,846	724,846	464,979	906,231	1,371,210	2,096,056	2,058,946
Professional fees and contract services		2,247,560	2,247,560	333,727	306,898	640,625	2,888,185	777,894
Supplies		613,428	613,428	47,792	66,567	114,359	727,787	577,015
United Way affiliates		99,900	99,900	371,850	83,250	455,100	555,000	550,839
In-kind				735	79,638	80,373	80,373	528,254
Special events		170,199	170,199	62,964	113,535	176,499	346,698	383,513
Informational material		118,616	118,616	53,740	107,655	161,395	280,011	346,836
Equipment rental and maintenance		146,914	146,914	47,207	118,038	165,245	312,159	321,443
Local transportation and other staff expenses		167,645	167,645	47,580	44,649	92,229	259,874	280,715
Occupancy		49,715	49,715	112,566	45,905	158,471	208,186	235,139
Miscellaneous		50,460	50,460	19,152	164,689	183,841	234,301	167,100
Postage		30,552	30,552	8,867	20,755	29,622	60,174	63,223
Insurance		16,530	16,530	37,427	15,263	52,690	69,220	59,280
Conferences, staff training and development		23,332	23,332		1,270	1,270	24,602	55,493
Newsletters and publications		45,417	45,417	14,637	28,487	43,124	88,541	50,644
Telephone		43,120	43,120	5,659	12,048	17,707	60,827	45,767
Interest		348	348	691	567	1,258	1,606	8,063
	30,847,055	8,168,610	39,015,665	3,678,877	6,094,932	9,773,809	48,789,474	39,814,022
Depreciation		559,643	559,643	485,756	516,141	1,001,897	1,561,540	1,660,870
Total 2020 Functional Expenses	\$ 30,847,055	\$ 8,728,253	\$ 39,575,308	\$ 4,164,633	\$ 6,611,073	\$ 10,775,706	\$ 50,351,014	
Total 2019 Functional Expenses	\$ 24,268,932	\$ 6,269,065	\$ 30,537,997	\$ 4,098,892	\$ 6,838,003	\$ 10,936,895		\$ 41,474,892

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Cash Flows
 For the Year Ended June 30, 2020
 (With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 14,794,001	\$ 1,969,517
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	1,561,540	1,660,870
Net gains on beneficial interests	(608,527)	(514,868)
Investment return	(256,022)	(180,305)
Loss on disposal of property and equipment	908	7,527
Changes in certain assets and liabilities:		
Contributions and grants receivable	(1,211,084)	2,874,254
Other assets	(29,911)	50,325
Accounts payable and accrued liabilities	1,378,114	(1,710,247)
Donor designations payable	(2,108,824)	(845,049)
Net Cash Provided by Operating Activities	13,520,195	3,312,024
Cash Flows From Investing Activities:		
Purchase of investments	(35,873,873)	(36,514,993)
Proceeds from investments	25,925,938	30,699,534
Purchase of property and equipment	(415,630)	(218,198)
Net Cash Used by Investing Activities	(10,363,565)	(6,033,657)
Cash Flows From Financing Activities:		
Proceeds from paycheck protection program loan	1,826,037	
Net Cash Provided by Financing Activities	1,826,037	
Net Change in Cash and Cash Equivalents	4,982,667	(2,721,633)
Cash and cash equivalents balance, beginning of year	2,170,616	4,892,249
Cash and Cash Equivalents Balance, End of Year	\$ 7,153,283	\$ 2,170,616

See accompanying notes.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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 caring people together to give, volunteer and take action to help people in need and solve our community's toughest challenges.

Most of the Organization's transactions are with entities located in King County. During the year ended June 30, 2020, the Organization had two major donors (including corporate and employee contributions) that accounted for approximately 25% of United Way of King County's net contributions and grants receivable. During the year ended June 30, 2019, the Organization had one major donor that accounted for approximately 15% of United Way of King County's net contributions and grants receivable.

Basis of Presentation - Net assets, revenues, gains and losses are classified based on the existence or absence 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.

Contribution and Grant Receivables - 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 approximately \$1,713,695 at June 30, 2020. The unrecognized amounts of these grants and contributions will be recognized as revenue in future periods when, and if, the related conditions are met.

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.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)**

Note 1 - Continued

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 as a result 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 considered to be 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 which uses 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 not included in the Organization's campaign results.

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 fair value, which approximates cost. The Organization maintains its cash and cash equivalents in depository institution accounts and money market accounts that at times exceed federally insured limits.

Investments - Investments are comprised of U.S. treasury securities, bonds, equity securities and money market funds. Money market funds are recorded at cost plus accrued interest, which approximates fair value. Bonds and 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.

Property and Equipment - Property and equipment are carried at cost or, if donated, at the fair value on the date of donation and 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 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.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 1 - Continued

During the year ended June 30, 2020, the Organization recognized in-kind contribution revenue totaling \$80,373 of goods and services. During the year ending June 30, 2019, the Organization recognized in-kind contribution revenue totaling \$528,254, of goods and services.

Functional Allocation of Expenses - The financial statements report certain categories of expenses that are attributable to one or more program or supporting services 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 hours worked in each service area.

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

Use of Estimates - Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Totals - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Adoption of New Accounting Standard - For the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The Organization has elected to adopt the changes from this ASU for contributions received prospectively beginning in fiscal year 2020 and accordingly, no changes have been made to net asset balances as of June 30, 2020. No changes were made to the amounts reported in the financial statements as a result of the new ASU.

Subsequent Events - The Organization has evaluated subsequent events through February 17, 2021, the date on which the financial statements were available to be issued.

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

Note 2 - Contributions and Grants Receivable

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

	<u>2020</u>	<u>2019</u>
Within one year	\$ 17,956,318	\$ 17,196,560
Between one and five years	<u>18,369,712</u>	<u>18,008,028</u>
	36,326,030	35,204,588
Less-		
Discount to present value	(496,095)	(829,822)
Allowance for uncollectible accounts	<u>(1,340,108)</u>	<u>(1,096,023)</u>
Total Contributions and Grants Receivable	<u>\$ 34,489,827</u>	<u>\$ 33,278,743</u>

As of June 30, 2020, contributions and grants to be received between one and five years are discounted using a rate of 0.16% to 2.73% through the expected term of the contribution and grants receivable.

Note 3 - Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Land	\$ 2,352,000	\$ 2,352,000
Office building and improvements	7,577,419	7,498,550
Furniture, fixtures and equipment	9,132,818	9,219,262
Property and equipment not yet placed in service	<u>263,503</u>	<u></u>
	19,325,740	19,069,812
Less accumulated depreciation	<u>(11,723,971)</u>	<u>(10,321,225)</u>
Total Property and Equipment, Net	<u>\$ 7,601,769</u>	<u>\$ 8,748,587</u>

Note 4 - 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>2020</u>	<u>2019</u>
Beneficial interest in assets held by The Seattle Foundation	\$ 6,640,892	\$ 6,834,255
Beneficial interest in perpetual trust - Egvedt Trust (19.16%)	4,932,517	4,654,196
Beneficial interest in perpetual trust - Egvedt Trust (1.50%)	<u>882,637</u>	<u>832,267</u>
	<u>\$ 12,456,046</u>	<u>\$ 12,320,718</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements
 For the Year Ended June 30, 2020
 (With Comparative Totals for 2019)

Note 4 - 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, 2020 and 2019 was \$2,276,981 and \$2,355,457, respectively. The Organization has recorded a beneficial interest of \$168,479 and \$168,121 in the UWKC Endowment Fund as of June 30, 2020 and 2019, 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. The purpose of the Administrative Endowment is to assist the Organization with operational expenses. Additionally, in 2000, the Bill & Melinda Gates Foundation announced a matching grant program (The Gates Challenge) for the Administrative Endowment that provided up to \$55 million in matching gifts through June 30, 2010. The last payment on the match was received in November 2009. Distributions from the Administrative Endowment are recorded as income to the Organization when received.

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

	<u>2020</u>	<u>2019</u>
Beginning fair value	\$ 168,228,346	\$ 171,593,931
Contributions	18	5,000
Investment return	2,195,195	3,681,240
Distribution to Organization	(6,720,010)	(6,655,499)
Fees and expenses	<u>(394,306)</u>	<u>(396,326)</u>
Ending Fair Value	<u>\$ 163,309,243</u>	<u>\$ 168,228,346</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

Note 4 - Continued

The Organization has recorded a beneficial interest of \$6,472,414 and \$6,666,134 in the Administrative Endowment as of June 30, 2020 and 2019, 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, \$1,610,737 and \$1,437,031, as of June 30, 2020 and 2019, 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 \$5,815,154 and \$5,486,463 as of June 30, 2020 and 2019, 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 5 - Investments

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

	2020	2019
Money market funds	\$ 9,529,188	\$ 511,541
Equity securities	6,378,646	4,548,973
U.S. treasury securities	1,459,899	1,630,063
Total Investments	\$ 17,367,733	\$ 6,690,577

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:

	2020	2019
Dividends and interest	\$ 161,665	\$ 75,121
Realized and unrealized gains	94,357	105,184
Total Investment Return	\$ 256,022	\$ 180,305

Note 6 - 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.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)**

Note 6 - Continued

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 and FDIC-Insured Certificates of Deposit - Funds are valued at cost plus accrued interest, which approximates fair value.

Equity Securities - 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 4).

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 4).

U.S. Treasury Securities - Valued using bid evaluations from similar instruments in active markets.

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, 2020
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Note 6 - 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, 2020			
	Level 1	Level 2	Level 3	Total
Investments-				
Money market funds	\$ 9,529,188	\$ -	\$ -	\$ 9,529,188
U.S. treasury securities	1,459,899			1,459,899
Equity securities	6,378,646			6,378,646
Total investments	17,367,733			17,367,733
Beneficial interests-				
Beneficial interest in assets held by others			6,640,892	6,640,892
Beneficial interest in trusts			5,815,154	5,815,154
Total beneficial interest in trusts and assets held by others			12,456,046	12,456,046
Total Assets at Fair Value	\$ 17,367,733	\$ -	\$ 12,456,046	\$ 29,823,779

	Fair Value Measurements as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments-				
Money market funds	\$ 511,541	\$ -	\$ -	\$ 511,541
U.S. treasury securities	1,630,063			1,630,063
Equity securities	4,548,973			4,548,973
Total investments	6,690,577			6,690,577
Beneficial interests-				
Beneficial interest in assets held by others			6,834,255	6,834,255
Beneficial interest in trusts			5,486,463	5,486,463
Total beneficial interest in trusts and assets held by others			12,320,718	12,320,718
Total Assets at Fair Value	\$ 6,690,577	\$ -	\$ 12,320,718	\$ 19,011,295

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)

Note 6 - Continued

The Organization does not have the ability to redeem its beneficial interest 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, 2020 and 2019:

	Beneficial Interest in Trusts	Beneficial Interest in Assets Held by Others
	<u> </u>	<u> </u>
Balance, June 30, 2019	\$ 5,486,463	\$ 6,834,255
Total net realized and unrealized gains	557,887	80,415
Distributions	(207,510)	(265,689)
Fees	<u>(21,686)</u>	<u>(8,089)</u>
Balance, June 30, 2020	<u>\$ 5,815,154</u>	<u>\$ 6,640,892</u>
	Beneficial Interest in Trusts	Beneficial Interest in Assets Held by Others
	<u> </u>	<u> </u>
Balance, June 30, 2018	\$ 5,387,294	\$ 6,883,380
Total net realized and unrealized gains	320,347	223,395
Distributions	(200,437)	(264,387)
Fees	<u>(20,741)</u>	<u>(8,133)</u>
Balance, June 30, 2019	<u>\$ 5,486,463</u>	<u>\$ 6,834,255</u>

Note 7 - Line of Credit

The Organization has an unsecured revolving line of credit with a borrowing limit of \$2,000,000. Interest is payable monthly at LIBOR plus 1.50%, which equated to 1.81% at June 30, 2020, with the principal due at April 1, 2021, the maturity date on the line of credit. There was no outstanding balance as of June 30, 2020 and 2019.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)**

Note 8 - Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 14, 2020, the Organization obtained a loan under the PPP with a principal balance of \$1,826,037 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning September 14, 2021 through maturity on April 14, 2022. The entire loan balance is due during the year ending June 30, 2022.

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The Organization's accounting policy for recognition of revenue from forgiveness of the PPP loan is to recognize the gain from forgiveness when the loan is forgiven by the lender. No such gain was recognized during the year ended June 30, 2020.

Note 9 - Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Contributions and grants receivable (time restriction)	\$ 18,184,393	\$ 19,298,188
Program restrictions-		
Financial stability	4,353,611	361,734
Ending homelessness	5,401,353	3,629,025
Early learning		462,998
COVID-19 Relief Fund	<u>7,727,317</u>	
Total program restrictions	<u>17,482,281</u>	<u>4,453,757</u>
Total Subject to the Passage of Time or Expenditure for Specified Purpose	35,666,674	23,751,945
Beneficial Interests:		
Beneficial interest in perpetual trust	<u>5,815,156</u>	<u>5,486,463</u>
Total Beneficial Interests	<u>5,815,156</u>	<u>5,486,463</u>
Total Net Assets With Donor Restrictions	<u>\$ 41,481,830</u>	<u>\$ 29,238,408</u>

Donor restricted net assets were released during the year ended June 30, 2020, by the passage of time and meeting of program restrictions.

Note 10 - Endowment Funds

At June 30, 2020 and 2019, the Organization's endowment fund net assets consisted of beneficial interests in two trusts (the Trusts) 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
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(With Comparative Totals for 2019)

Note 11 - Other Income

Other income is comprised of the following for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Fees for designation processing	\$ 197,458	\$ -	\$ 197,458
Investment Return	256,022		256,022
Event revenue	45,341		45,341
Receipts from other fundraising organizations	87,058		87,058
Miscellaneous income	6,150		6,150
Total Other Income and Expenses	\$ 592,029	\$ -	\$ 592,029

Other income is comprised of the following for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Fees for designation processing	\$ 150,252	\$ -	\$ 150,252
Investment return	180,305		180,305
Event revenue	29,635		29,635
Receipts from other fundraising organizations	83,915		83,915
Miscellaneous income	639,188		639,188
Total Other Income and Expenses	\$ 1,083,295	\$ -	\$ 1,083,295

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, of \$555,000 and \$550,839 for the years ended June 30, 2020 and 2019, respectively.

The Organization also received campaign contributions from members of its board of directors of \$5,908,482 and \$694,469 for the years ended June 30, 2020 and 2019, respectively. Outstanding annual campaign contributions receivable due from these board members were \$2,606,318 and \$446,442 as of June 30, 2020 and 2019, respectively, some of which includes multi-year gifts.

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2020
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Note 13 - Employee Benefit Plans

On January 1, 1994, the Organization established the 403(b) Plan, a defined contribution plan that covers substantially all of the Organization's employees. Participating employees contribute to the 403(b) Plan via salary reduction agreements. Effective January 1, 2008, the Organization matches 50% of each employee contribution up to 8% of the employee's compensation. Effective October 1, 2018, the Organization matches 50% of each employee contribution up to 10% of the employee's compensation. The Organization made matching contributions of \$262,955 and \$244,609 to the 403(b) Plan for the years ended June 30, 2020 and 2019, respectively. The Organization does not make discretionary contributions.

Note 14 - Liquidity and Availability of Financial Assets

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

The Organization's Administrative and UWKC Endowment Fund also provide annual cash distributions to support the Organization's administrative costs. For the year ending June 30, 2021, \$6,743,724 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 7,153,283	\$ 2,170,616
Contributions and grants receivable, net	34,489,827	33,278,743
Trust distributions expected to be received in the following fiscal year	104,363	99,268
Investments	17,367,733	6,690,577
Less long-term portion of contributions and grants receivable	(18,369,712)	(18,008,028)
Less donor designations payable	<u>(6,132,184)</u>	<u>(8,241,008)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 34,613,310</u></u>	<u><u>\$ 15,990,168</u></u>

Note 15 - COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of multiple businesses. As a result, employees of the Organization are working remotely and eliminating non-essential business travel. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on donors, employees and vendors, all of which are uncertain and cannot be predicted. As of the date these financial statements were available to be issued, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2020
(With Comparative Totals for 2019)**

Note 15 - Continued

Subsequent to year end, as a result of the COVID-19 pandemic, the Organization received significant government funding to accelerate aid in the relief efforts thus far funded by private donations. While the Organization continued to fund and operate its core programs designed to build a community where people have homes, students graduate and families are financially stable, it also rapidly launched new strategies to meet growing community needs. As a result, the Organization has been able to provide significant additional resources for rental and food assistance particularly for communities of color who, because of historical inequities, are over-represented in poverty and homelessness.