



Financial Statements

For the Year Ended June 30, 2021

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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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 we have 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, 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 Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 4 are presented for purposes of additional analysis consistent with industry practice and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Clark Nuber P.S.

Certified Public Accountants
January 25, 2022

UNITED WAY OF KING COUNTY

Statement of Financial Position

June 30, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Assets:		
Cash and cash equivalents	\$ 1,336,011	\$ 7,153,283
Contributions and grants receivable, net	34,085,477	34,489,827
Other assets	921,805	383,493
Investments	16,891,577	17,367,733
Beneficial interest in trusts and assets held by others	15,781,285	12,456,046
Property and equipment, net	<u>7,131,319</u>	<u>7,601,769</u>
Total Assets	<u>\$ 76,147,474</u>	<u>\$ 79,452,151</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,181,296	\$ 4,254,735
Grants payable	4,574,366	1,516,815
Donor designations payable	3,595,131	6,132,184
Paycheck Protection Program loan	<u>1,826,037</u>	<u>1,826,037</u>
Total Liabilities	11,350,793	13,729,771
Net Assets:		
Without donor restrictions-		
Undesignated, available for operations	17,954,068	9,997,889
Invested in property and equipment	7,131,319	7,601,769
Designated for endowments	<u>8,370,558</u>	<u>6,640,892</u>
Total net assets without donor restrictions	33,455,945	24,240,550
With donor restrictions	<u>31,340,736</u>	<u>41,481,830</u>
Total Net Assets	<u>64,796,681</u>	<u>65,722,380</u>
Total Liabilities and Net Assets	<u>\$ 76,147,474</u>	<u>\$ 79,452,151</u>

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Public Support, Revenues and Gains and Losses:				
Gross campaign results	\$ 35,972,037	\$ 4,395,180	\$ 40,367,217	\$ 42,196,945
Less donor designations	<u>(18,185,928)</u>		<u>(18,185,928)</u>	<u>(16,008,796)</u>
Net campaign revenue	17,786,109	4,395,180	22,181,289	26,188,149
Grants	48,978,540	844,376	49,822,916	30,711,587
Paycheck Protection Program loan forgiveness	1,826,037		1,826,037	
Sponsorships	370,514		370,514	427,476
In-kind contributions	9,641		9,641	80,373
Income distribution from Administrative Endowment	6,830,179		6,830,179	6,536,874
Other income	464,693		464,693	592,029
Change in value of beneficial interest	2,227,600	1,595,571	3,823,171	608,527
Net assets released from restriction	<u>16,976,221</u>	<u>(16,976,221)</u>		
Total Public Support, Revenues and Gains and Losses	95,469,534	(10,141,094)	85,328,440	65,145,015
Expenses:				
Program services-				
Gross funds awarded and designated	88,105,904		88,105,904	46,855,851
Less donor designations	<u>(18,185,928)</u>		<u>(18,185,928)</u>	<u>(16,008,796)</u>
Net funds awarded	69,919,976		69,919,976	30,847,055
Other program expenses	<u>6,777,972</u>		<u>6,777,972</u>	<u>8,728,253</u>
Total program services	76,697,948		76,697,948	39,575,308
Supporting services-				
Management and general	3,536,144		3,536,144	4,164,633
Fundraising	<u>6,020,047</u>		<u>6,020,047</u>	<u>6,611,073</u>
Total supporting services	<u>9,556,191</u>		<u>9,556,191</u>	<u>10,775,706</u>
Total Expenses	86,254,139		86,254,139	50,351,014
Change in Net Assets	9,215,395	(10,141,094)	(925,699)	14,794,001
Net assets, beginning of year	<u>24,240,550</u>	<u>41,481,830</u>	<u>65,722,380</u>	<u>50,928,379</u>
Net Assets, End of Year	<u>\$ 33,455,945</u>	<u>\$ 31,340,736</u>	<u>\$ 64,796,681</u>	<u>\$ 65,722,380</u>

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Program Services			Supporting Services			2021 Total Expenses	2020 Total Expenses
	Net Funds Awarded	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Net funds awarded	\$ 69,919,976	\$ -	\$ 69,919,976	\$ -	\$ -	\$ -	\$ 69,919,976	\$ 30,847,055
Salaries and wages		4,316,240	4,316,240	1,971,604	3,913,138	5,884,742	10,200,982	9,648,819
Payroll taxes and employee benefits		897,861	897,861	242,262	987,058	1,229,320	2,127,181	2,096,056
Professional fees and contract services		473,190	473,190	275,530	234,342	509,872	983,062	2,888,185
United Way affiliates		126,926	126,926	472,445	105,771	578,216	705,142	555,000
Informational material		151,878	151,878	67,847	131,256	199,103	350,981	280,011
Equipment rental and maintenance		134,944	134,944	49,069	119,378	168,447	303,391	312,159
Special events		75,251	75,251	42,750	87,763	130,513	205,764	346,698
Miscellaneous		41,678	41,678	8,311	136,067	144,378	186,056	235,907
Conferences, staff training and development		7,650	7,650	105,550	5,692	111,242	118,892	24,602
Postage		75,634	75,634	12,604	27,665	40,269	115,903	60,174
Occupancy		26,374	26,374	59,716	24,352	84,068	110,442	208,186
Newsletters and publications		57,332	57,332	12,628	23,841	36,469	93,801	88,541
Supplies		68,274	68,274	8,866	15,788	24,654	92,928	727,787
Insurance		18,857	18,857	42,697	17,412	60,109	78,966	69,220
Local transportation and other staff expenses		76,049	76,049				76,049	259,874
Telephone		49,982	49,982	8,159	15,011	23,170	73,152	60,827
In-kind					9,641	9,641	9,641	80,373
	69,919,976	6,598,120	76,518,096	3,380,038	5,854,175	9,234,213	85,752,309	48,789,474
Depreciation		179,852	179,852	156,106	165,872	321,978	501,830	1,561,540
Total 2021 Functional Expenses	\$ 69,919,976	\$ 6,777,972	\$ 76,697,948	\$ 3,536,144	\$ 6,020,047	\$ 9,556,191	\$ 86,254,139	
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

See accompanying notes.

UNITED WAY OF KING COUNTY

Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (925,699)	\$ 14,794,001
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	501,830	1,561,540
Paycheck Protection Program loan forgiveness	(1,826,037)	
Net gains on beneficial interests	(3,830,174)	(608,527)
Investment return	(69,374)	(256,022)
Loss on disposal of property and equipment		908
Changes in certain assets and liabilities:		
Contributions and grants receivable	404,350	(1,211,084)
Other assets	(538,312)	(29,911)
Accounts payable, accrued liabilities, and grants payable	1,984,112	1,378,114
Donor designations payable	(2,537,053)	(2,108,824)
Net Cash (Used in) Provided by Operating Activities	(6,836,357)	13,520,195
Cash Flows From Investing Activities:		
Purchase of investments	(32,426,946)	(35,873,873)
Proceeds from sale of investments	33,477,411	25,925,938
Purchase of property and equipment	(31,380)	(415,630)
Net Cash Provided by (Used in) Investing Activities	1,019,085	(10,363,565)
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	(5,817,272)	4,982,667
Cash and cash equivalents balance, beginning of year	7,153,283	2,170,616
Cash and Cash Equivalents Balance, End of Year	\$ 1,336,011	\$ 7,153,283

See accompanying notes.

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for 2020)

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, 2021, the Organization had two major donors that accounted for approximately 45% of net contributions and grants receivable and one major donor that accounted for 54% of the Organization's public support and revenue. During the year ended June 30, 2020, the Organization had two major donors that accounted for approximately 25% of net contributions and grants receivable and one major donor that accounted for 12% of the Organization's public support and revenue.

Basis of Presentation - The Organization has presented an unclassified statement of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to their nearness of their maturity and resulting use of cash. 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.

Contributions and Grant Receivable - Contributions and grants, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are met. Conditional contributions and grants for which conditions had not yet been met totaled \$13,995,779 and \$1,713,695 at June 30, 2021 and 2020, respectively. The unrecognized amounts of these grants and contributions will be recognized as revenue in future periods when, and if, the related conditions are met.

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, 2021
(With Comparative Totals for 2020)**

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.

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

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

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

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

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

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

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for 2020)

Note 1 - Continued

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.

During the year ended June 30, 2021, the Organization recognized in-kind contribution revenue totaling \$9,641 of goods and services. During the year ending June 30, 2020, the Organization recognized in-kind contribution revenue totaling \$80,373 of goods and services.

Functional Allocation of Expenses - Costs that benefit one function of the Organization are directly charged to that function for financial statement reporting purposes. Certain categories of expenses are attributable to more than one program or supporting service of the Organization. Those expenses include insurance, occupancy, and depreciation, which are allocated based on headcount information in each department. Remaining expenses are allocated based on 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, 2020, from which the summarized information was derived.

Adoption of New Accounting Standard - For the year ended June 30, 2021, 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*, with respect to 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 made prospectively beginning in fiscal year 2021 and accordingly, no changes have been made to net asset balances reported in the fiscal year 2020 financial statements. 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 January 25, 2022, 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, 2021
(With Comparative Totals for 2020)

Note 2 - Contributions and Grants Receivable

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

	<u>2021</u>	<u>2020</u>
Within one year	\$ 23,864,337	\$ 17,956,318
Between one and five years	<u>11,294,167</u>	<u>18,369,712</u>
	35,158,504	36,326,030
Less-		
Discount to present value	(272,530)	(496,095)
Allowance for uncollectible accounts	<u>(800,497)</u>	<u>(1,340,108)</u>
Total Contributions and Grants Receivable, Net	<u>\$ 34,085,477</u>	<u>\$ 34,489,827</u>

As of June 30, 2021, contributions and grants to be received between one and five years are discounted using a rate of 0.07% to 2.73% through the expected term of the contributions and grants receivable.

Note 3 - Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Land	\$ 2,352,000	\$ 2,352,000
Office building and improvements	7,577,419	7,577,419
Furniture, fixtures and equipment	9,146,632	9,132,818
Property and equipment not yet placed in service	<u>281,070</u>	<u>263,503</u>
	19,357,121	19,325,740
Less accumulated depreciation	<u>(12,225,802)</u>	<u>(11,723,971)</u>
Total Property and Equipment, Net	<u>\$ 7,131,319</u>	<u>\$ 7,601,769</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>2021</u>	<u>2020</u>
Beneficial interest in assets held by The Seattle Foundation	\$ 8,370,558	\$ 6,640,892
Beneficial interest in perpetual trust - Egtvedt Trust (19.16%)	6,288,524	4,932,517
Beneficial interest in perpetual trust - Egtvedt Trust (1.50%)	<u>1,122,203</u>	<u>882,637</u>
	<u>\$ 15,781,285</u>	<u>\$ 12,456,046</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

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, 2021 and 2020 was \$2,970,614 and \$2,276,981, respectively. The Organization has recorded a beneficial interest of \$213,494 and \$168,478 in the UWKC Endowment Fund as of June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Beginning fair value	\$ 163,309,243	\$ 168,228,346
Contributions		18
Investment return	49,528,014	2,195,195
Distribution to Organization	(7,024,713)	(6,720,010)
Fees and expenses	<u>(411,644)</u>	<u>(394,306)</u>
Ending Fair Value	<u>\$ 205,400,900</u>	<u>\$ 163,309,243</u>

UNITED WAY OF KING COUNTY

Notes to Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for 2020)

Note 4 - Continued

The Organization has recorded a beneficial interest of \$8,157,064 and \$6,472,414 in the Administrative Endowment as of June 30, 2021 and 2020, which represents funds transferred by the Organization to the Administrative Endowment, with no donor obligation to do so. Also, included in the Administrative Endowment fund fair values above is a portion of the Organization's beneficial interest in the Egtvedt Trust (19.16%), which the Organization designated to the Administrative Endowment and totals \$1,932,548 and \$1,610,737, as of June 30, 2021 and 2020, respectively.

Egtvedt Trusts - The Organization is also the beneficiary of charitable perpetual trusts (collectively, the Egtvedt Trusts) established by Clairmont L. and Evelyn S. Egtvedt in 1965 and 1977. The Organization has estimated interest of 1.50% and 19.16% in each trust, the fair value of the Organization's beneficial interest in both trusts combined is \$7,410,727 and \$5,815,154 as of June 30, 2021 and 2020, 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:

	2021	2020
Money market funds	\$ 10,512,931	\$ 9,529,188
Equity securities	6,378,646	6,378,646
U.S. treasury securities		1,459,899
Total Investments	\$ 16,891,577	\$ 17,367,733

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:

	2021	2020
Dividends and interest	\$ 53,223	\$ 161,665
Realized and unrealized gains	16,151	94,357
Total Investment Return	\$ 69,374	\$ 256,022

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, 2021
(With Comparative Totals for 2020)

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 - 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, 2021
(With Comparative Totals for 2020)

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, 2021			
	Level 1	Level 2	Level 3	Total
Investments-				
Money market funds	\$ 10,512,931	\$ -	\$ -	\$ 10,512,931
Equity securities	6,378,646			6,378,646
Total investments	16,891,577			16,891,577
Beneficial interests-				
Beneficial interest in assets held by others			8,370,558	8,370,558
Beneficial interest in trusts			7,410,727	7,410,727
Total beneficial interest in trusts and assets held by others			15,781,285	15,781,285
Total Assets at Fair Value	\$ 16,891,577	\$ -	\$ 15,781,285	\$ 32,672,862

	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	15,907,834	1,459,899		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	\$ 15,907,834	\$ 1,459,899	\$ 12,456,046	\$ 29,823,779

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

Note 6 - Continued

The Organization does not have the ability to redeem its beneficial interests in trusts and assets held by others in the near term; these assets have been valued using Level 3 inputs in accordance with authoritative guidance. The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs for the years ended June 30, 2021 and 2020:

	Beneficial Interest in Trusts	Beneficial Interest in Assets Held by Others
	<u> </u>	<u> </u>
Balance, June 30, 2020	\$ 5,815,154	\$ 6,640,892
Total net realized and unrealized gains	1,838,781	2,016,456
Distributions	(219,913)	(278,019)
Fees	<u>(23,295)</u>	<u>(8,771)</u>
Balance, June 30, 2021	<u>\$ 7,410,727</u>	<u>\$ 8,370,558</u>
	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>

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 1.51% at June 30, 2021, with the principal due at April 1, 2022, the maturity date on the line of credit. There was no outstanding balance as of June 30, 2021 and 2020.

UNITED WAY OF KING COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)**

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%. 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. The Organization received forgiveness for the entirety of the outstanding loan balance on May 12, 2021 and recognized PPP loan forgiveness revenue of \$1,826,037 at that time.

Note 9 - Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Contributions and grants receivable (time restriction)	\$ 13,009,618	\$ 18,184,393
Program restrictions-		
Financial stability	5,095,070	4,353,613
Ending homelessness	4,923,448	5,401,353
COVID-19 Relief Fund	<u>901,873</u>	<u>7,727,317</u>
Total program restrictions	<u>10,920,391</u>	<u>17,482,283</u>
Total Subject to the Passage of Time or Expenditure for Specified Purpose	23,930,009	35,666,676
Beneficial Interests:		
Beneficial interest in perpetual trusts	<u>7,410,727</u>	<u>5,815,154</u>
Total Beneficial Interests	<u>7,410,727</u>	<u>5,815,154</u>
Total Net Assets With Donor Restrictions	<u>\$ 31,340,736</u>	<u>\$ 41,481,830</u>

Donor restricted net assets were released during the year ended June 30, 2021, by the passage of time and meeting of program restrictions.

Note 10 - Endowment Funds

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

Note 11 - Other Income

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

	Without Donor Restrictions	With Donor Restrictions	Total
Fees for designation processing	\$ 150,981	\$ -	\$ 150,981
Investment return	69,374		69,374
Event revenue	72,425		72,425
Receipts from other fundraising organizations	171,913		171,913
Total Other Income and Expenses	\$ 464,693	\$ -	\$ 464,693

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

Note 12 - Related Party Transactions

The Organization paid dues to the national and regional organizations, United Way Worldwide and United Ways of the Pacific Northwest, respectively, of \$705,142 and \$555,000 for the years ended June 30, 2021 and 2020, respectively.

The Organization also received campaign contributions from members of its board of directors of \$3,504,574 and \$5,908,482 for the years ended June 30, 2021 and 2020, respectively. Outstanding annual campaign contributions receivable due from these board members were \$71,840 and \$2,606,318 as of June 30, 2021 and 2020, respectively, some of which includes multi-year gifts.

UNITED WAY OF KING COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

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 \$276,584 and \$262,955 to the 403(b) Plan for the years ended June 30, 2021 and 2020, 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. A portion of the Organization's funding comes from government grants which usually reimburse the Organization after the expenses are incurred.

The Organization's Administrative and UWKC Endowment Funds also provide annual cash distributions to support the Organization's administrative costs. As of June 30, 2021, \$6,953,547 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,336,011	\$ 7,153,283
Contributions and grants receivable, net	34,085,477	34,489,827
Investments	16,891,577	17,367,733
Less long-term portion of contributions and grants receivable	(11,021,637)	(17,873,617)
Less donor designations payable	<u>(3,595,131)</u>	<u>(6,132,184)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 37,696,297</u>	<u>\$ 35,005,042</u>