

**UNITED WAY OF
THURSTON COUNTY**

Audited Financial Statements

June 30, 2024 and 2023

UNITED WAY OF THURSTON COUNTY

Audited Financial Statements

June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
United Way of Thurston County
Olympia, Washington

Opinion

We have audited the financial statements of United Way of Thurston County (a nonprofit organization) ("United Way"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2023 Financial Statements Restated

As discussed in Note 10 to the financial statements, the June 30, 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for one year after the date that the financial statements are issued.

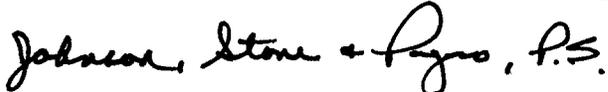
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.


JOHNSON, STONE & PAGANO, P.S.
Fircrest, Washington

February 28, 2025

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023 (Restated)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 328,130	\$ 410,931
Certificates of deposit	66,204	64,027
Campaign pledges receivable		
2023/2024 campaign, net of allowance of \$32,194,		
2022/2023 campaign, net of allowance of \$32,102	210,905	146,039
Due from Community Foundation	304,482	
Other receivables	59,000	243,699
Prepaid expenses and other assets	4,889	5,353
Operating right-of-use assets, net	194,543	235,932
Property and equipment, net	10,276	17,236
Community Foundation investments	<u>37,739</u>	<u>315,555</u>
TOTAL ASSETS	\$ <u>1,216,168</u>	\$ <u>1,438,772</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 78,740	\$ 16,286
Due to designated agencies	93,902	114,178
Operating lease liabilities	<u>197,616</u>	<u>239,106</u>
Total Liabilities	370,258	369,570
NET ASSETS		
Without donor restrictions		
Undesignated	585,664	683,017
Board-designated reserve		<u>150,000</u>
Total Net Assets without Donor Restrictions	585,664	833,017
With donor restrictions	<u>260,246</u>	<u>236,185</u>
Total Net Assets	<u>845,910</u>	<u>1,069,202</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,216,168</u>	\$ <u>1,438,772</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Current campaign			
Contributions received in current period	\$ 210,142	\$ 147,506	\$ 357,648
Less donor designations	(47,058)		(47,058)
Less provisions for uncollectibles	(23,258)		(23,258)
Net Current Campaign Revenues	139,826	147,506	287,332
Prior campaign			
Contributions adjusted in current period	11,314		11,314
Contributions received in prior period (released from restrictions)	152,129	(152,129)	
Net Prior Campaign Revenues	163,443	(152,129)	11,314
Campaign revenue received for next fiscal period		114,912	114,912
Total Contributions	303,269	110,289	413,558
Grants and contracts	32,000		32,000
Other contributions	17,500		17,500
Service fees	11,735		11,735
Net investment income	39,950		39,950
Sponsorships	70,000		70,000
Special events	8,775		8,775
Release of restriction on contributions	86,228	(86,228)	
Total Revenues and Other Support	569,457	24,061	593,518

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
EXPENSES			
Program services			
Gross funds awarded/distributed	\$ 121,781		\$ 121,781
Less donor designations	<u>(47,058)</u>		<u>(47,058)</u>
Net Funds Awarded/Distributed	74,723		74,723
Community services	<u>179,718</u>		<u>179,718</u>
Total Program Services	254,441		254,441
Supporting services			
General and administrative	453,937		453,937
Fundraising	<u>108,432</u>		<u>108,432</u>
Total Supporting Services	<u>562,369</u>		<u>562,369</u>
Total Expenses	<u>816,810</u>		<u>816,810</u>
CHANGE IN NET ASSETS	(247,353)	\$ 24,061	(223,292)
Net Assets at Beginning of Year	<u>833,017</u>	<u>236,185</u>	<u>1,069,202</u>
NET ASSETS AT END OF YEAR	<u>\$ 585,664</u>	<u>\$ 260,246</u>	<u>\$ 845,910</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)

Year Ended June 30, 2023 (Restated)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Current campaign			
Contributions received in current period	\$ 272,996	\$ 152,129	\$ 425,125
Less donor designations	(50,439)		(50,439)
Less provisions for uncollectibles	<u>(25,447)</u>		<u>(25,447)</u>
Net Current Campaign Revenues	197,110	152,129	349,239
Prior campaign			
Contributions adjusted in current period	(1,352)		(1,352)
Contributions received in prior period (released from restrictions)	<u>216,679</u>	<u>(216,679)</u>	
Net Prior Campaign Revenues	215,327	(216,679)	(1,352)
Campaign revenue received for next fiscal period		<u>77,689</u>	<u>77,689</u>
Total Contributions	412,437	13,139	425,576
Disaster income	587,400		587,400
Grants and contracts	269,688		269,688
Other contributions	3,766		3,766
Service fees	10,759		10,759
Net investment income	27,996		27,996
Sponsorships	80,000		80,000
Release of restriction on contributions	<u>12,416</u>	<u>(12,416)</u>	
Total Revenues and Other Support	1,404,462	723	1,405,185

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)

Year Ended June 30, 2023 (Restated)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
EXPENSES			
Program services			
Gross funds awarded/distributed	\$ 767,452		\$ 767,452
Less donor designations	<u>(50,439)</u>		<u>(50,439)</u>
Net Funds Awarded/Distributed	717,013		717,013
Community services	<u>298,772</u>		<u>298,772</u>
Total Program Services	1,015,785		1,015,785
Supporting services			
General and administrative	412,066		412,066
Fundraising	<u>67,439</u>		<u>67,439</u>
Total Supporting Services	<u>479,505</u>		<u>479,505</u>
Total Expenses	<u>1,495,290</u>		<u>1,495,290</u>
CHANGE IN NET ASSETS	(90,828)	\$ 723	(90,105)
Net Assets at Beginning of Year	926,286	235,462	1,161,748
Effect of FASB Topic 842, Leases, Adoption	<u>(2,441)</u>		<u>(2,441)</u>
NET ASSETS AT END OF YEAR	<u>\$ 833,017</u>	<u>\$ 236,185</u>	<u>\$ 1,069,202</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024 with Comparative Totals for 2023

	Program Services			Support Services		Total	
	Distributions	Community Services	Total Program Services	General and Administrative	Fundraising	2024	2023
COMPENSATION AND RELATED EXPENSES							
Salaries and wages		\$ 134,857	\$ 134,857	\$ 229,154	\$ 59,625	\$ 423,636	\$ 388,477
Payroll taxes		6,042	6,042	23,102	6,397	35,541	33,566
Benefits		10,309	10,309	39,418	10,916	60,643	50,989
Total Compensation and Related Expenses		151,208	151,208	291,674	76,938	519,820	473,032
Professional fees				53,261	1,300	54,561	126,964
Meetings and events		1,197	1,197	4,575	1,268	7,040	2,499
Office expenses		1,678	1,678	6,417	1,777	9,872	10,641
Computer expense		2,949	2,949	11,276	3,123	17,348	10,127
Postage and printing		502	502	1,917	531	2,950	1,104
Occupancy		8,216	8,216	31,414	8,702	48,332	48,732
Insurance		934	934	3,572	989	5,495	2,749
Agreements and licensing		2,115	2,115	8,086	2,240	12,441	33,350
Miscellaneous		1,467	1,467	5,609	1,554	8,630	8,127
Marketing		4,722	4,722	18,052	5,001	27,775	26,668
Auto expense		344	344	1,314	364	2,022	577
Supplies		438	438	1,677	464	2,579	2,987
Staff and board development		602	602	2,301	637	3,540	3,949
Membership dues		2,163	2,163	8,268	2,291	12,722	15,273
Volunteers							3,498
Distributions, net of donor designations	\$ 74,723		74,723			74,723	717,013
Total Functional Expenses Before Depreciation	74,723	178,535	253,258	449,413	107,179	809,850	1,487,290
Depreciation		1,183	1,183	4,524	1,253	6,960	8,000
TOTAL EXPENSES	<u>\$ 74,723</u>	<u>\$ 179,718</u>	<u>\$ 254,441</u>	<u>\$ 453,937</u>	<u>\$ 108,432</u>	<u>\$ 816,810</u>	<u>\$ 1,495,290</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended June 30, 2023

	Program Services		Support Services			
	Distributions	Community Services	Total Program Services	General and Administrative	Fundraising	Total
COMPENSATION AND RELATED EXPENSES						
Salaries and wages		\$ 189,267	\$ 189,267	\$ 162,561	\$ 36,649	\$ 388,477
Payroll taxes		13,930	13,930	15,809	3,827	33,566
Benefits		21,160	21,160	24,016	5,813	50,989
Total Compensation and Related Expenses		224,357	224,357	202,386	46,289	473,032
Professional fees				126,054	910	126,964
Meetings and events		1,037	1,037	1,177	285	2,499
Office expenses		4,416	4,416	5,012	1,213	10,641
Computer expense		4,203	4,203	4,770	1,154	10,127
Postage and printing		458	458	520	126	1,104
Occupancy		20,652	20,652	22,608	5,472	48,732
Insurance		1,141	1,141	1,295	313	2,749
Agreements and licensing		13,840	13,840	15,708	3,802	33,350
Miscellaneous		3,373	3,373	3,828	926	8,127
Marketing		11,067	11,067	12,561	3,040	26,668
Auto expense		239	239	272	66	577
Supplies		1,240	1,240	1,406	341	2,987
Staff and board development		1,639	1,639	1,860	450	3,949
Membership dues		6,338	6,338	7,194	1,741	15,273
Volunteers		1,452	1,452	1,647	399	3,498
Distributions, net of donor designations	\$ 717,013		717,013			717,013
Total Functional Expenses Before Depreciation	717,013	295,452	1,012,465	408,298	66,527	1,487,290
Depreciation		3,320	3,320	3,768	912	8,000
TOTAL EXPENSES	<u>\$ 717,013</u>	<u>\$ 298,772</u>	<u>\$ 1,015,785</u>	<u>\$ 412,066</u>	<u>\$ 67,439</u>	<u>\$ 1,495,290</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023 (Restated)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from various donors for		
Annual campaign and sponsorships	\$ 465,750	\$ 594,017
Grants and contracts	216,699	82,407
Special events	8,775	
Other contributions	17,500	3,500
Disaster income		587,400
Cash received from		
Investment income	1,480	631
Service fees	11,735	10,759
Miscellaneous		266
Cash payment for		
Allocations and grants	(74,723)	(717,013)
Designated agencies	(67,334)	(53,977)
Employees and supplies	<u>(672,310)</u>	<u>(809,880)</u>
Net Cash Used by Operating Activities	(92,428)	(301,890)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Community Foundation endowments	<u>9,627</u>	<u> </u>
Net Change in Cash and Cash		
Equivalents	(82,801)	(301,890)
Cash and Cash Equivalents at		
Beginning of Year	<u>410,931</u>	<u>712,821</u>
CASH AND CASH EQUIVALENTS AT END OF		
YEAR	<u>\$ 328,130</u>	<u>\$ 410,931</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF CASH FLOWS (Continued)

Years Ended June 30, 2024 and 2023 (Restated)

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Changes in net assets	\$ (223,292)	\$ (90,105)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Noncash lease expense	(101)	733
Depreciation	6,960	8,000
Allowance for uncollectible accounts	92	(13,712)
Realized and unrealized gain on investments	(36,293)	(26,690)
(Increase) decrease in operating assets		
Certificates of deposit	(2,177)	(675)
Campaign pledges receivable	(64,958)	51,714
Other receivables	184,699	(187,282)
Prepaid expenses and other assets	464	(5,353)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	62,454	(34,982)
Due to designated agencies	<u>(20,276)</u>	<u>(3,538)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (92,428)</u>	<u>\$ (301,890)</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Thurston County ("United Way") is a nonprofit organization organized under the laws of the State of Washington. It is an exempt organization under the Internal Revenue Code, Section 501(c)(3). United Way's mission is to mobilize the caring power of our community to fight for the health, education and financial stability of every person in Thurston County. Its vision is that every child grows up with hope and the opportunity to succeed; income equity is growing, poverty is rare; all community members are thriving, healthy and safe. United Way achieves this vision through three initiatives. United Way raises and invests philanthropic dollars in helping fund nonprofit organizations that successfully address the community's most critical social issues. United Way also inspires and supports individuals, organizations and businesses that want to make a difference through volunteering. Finally, it serves as the catalyst to bring different community stakeholders together to address the long-term causes of social problems in health, education and financial stability.

A summary of United Way's significant accounting policies follows.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. United Way is required to report information regarding its financial position and activities according to two classes of net assets based on the absence or existence and nature of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed stipulations that can be fulfilled by actions of United Way pursuant to those stipulations, or that expire by the passage of time, and net assets subject to donor-imposed stipulations that are to be maintained in perpetuity by United Way. Generally, the donors of such assets permit United Way to use all, or part, of the income earned on the assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, United Way considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of checking, savings and money market accounts.

Campaign Pledges and Designations

Campaign pledges receivable consist of unconditional promises to give. An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2024 and 2023 are from corporations and individuals.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Campaign Pledges and Designations (Continued)

Community-wide care donations and pledges are recorded as revenues with donor restrictions in the campaign year and released into net assets without donor restrictions as time restrictions are satisfied in the subsequent year. Donor-designated pledges are accounted for as a liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by United Way but are reported as part of campaign results from which the amounts are then deducted to arrive at campaign revenue.

Provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management's estimates of current economic factors, applied to gross campaign revenue.

Donor-designated pledges are assessed a processing fee based on actual historical costs in accordance with United Way of America membership standards, as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designed Funds)*.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor-imposed stipulations. Support that is restricted by the donor (other than donor-designated gifts received through the annual campaign) is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Community Foundation Investments

The carrying value of the Community Foundation of South Puget Sound (the "Community Foundation") investments is based upon the stated value of the investments as reported to United Way by the Community Foundation, in amounts United Way reasonably expects to receive upon liquidation of the investments. As such, the Community Foundation investments are not reported at fair value.

Community Investment Grants and Donor Choice Designations

Community investment grants to support health and human service programs are determined through a review process by United Way committees composed of board members and community volunteers. Agencies that are awarded funding are notified in the spring of each year and are required to sign a memorandum of understanding.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Community Investment Grants and Donor Choice Designations (Continued)

Donor choice designations to other nonprofit organizations are subject to an administrative fee based on the previous year's functional expense overhead calculation. The administrative fee applied was 11% and 9% for the years ended June 30, 2024 and 2023, respectively. Donations to other United Ways in Washington and designations from major donors are processed at a reduced fee or without fee.

Property and Equipment

Property and equipment purchased in excess of \$1,000 with a useful life of two or more years are capitalized and stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property and equipment consist of computer equipment, office equipment and furniture.

Donated Property and Equipment

Donations of property and equipment are recorded as in-kind revenue at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a significant purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as in-kind revenue or contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated, or acquired, assets are placed in service as instructed by the donor. United Way reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Materials

Donated materials are reflected as in-kind revenue at their estimated values at the date of receipt. United Way did not receive donated materials for the years ended June 30, 2024 and 2023.

Donated Services

No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist United Way with allocations, Day of Caring and various committee assignments. United Way receives more than 1,000 volunteer hours per year.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on the annual time study method recommended by United Way of America in its publication *United Way of America Functional Expenses and Overhead Reporting Standards*. The costs of program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes

United Way is a nonprofit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. There was no income tax expense for the years ended June 30, 2024 and 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Concentration of Risk

Accounts maintained at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2024, cash balances did not exceed the insurance limit. United Way has not experienced any losses related to these cash balances.

The employee payroll deduction program of the State of Washington comprises approximately 7% of annual campaign pledges for both the years ended June 30, 2024 and 2023. For the years ended June 30, 2024 and 2023, two corporate campaigns had pledges comprising approximately 20% and 28%, respectively, of total annual campaign pledges. For the years ended June 30, 2024 and 2023, two individuals had pledges comprising approximately 16% and 10%, respectively, of total annual campaign pledges.

Reclassifications

Certain reclassifications have been made to the June 30, 2023 financial statements to conform to the June 30, 2024 presentation.

Subsequent Events

United Way has evaluated for subsequent events through February 28, 2025, the date the financial statements were available to be issued.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 328,130	\$ 410,931
Certificates of deposit	66,204	64,027
Campaign pledges receivable	210,905	146,039
Due from Community Foundation	304,482	
Other receivables	59,000	243,699
Community Foundation investments	<u>37,739</u>	<u>315,555</u>
Total Financial Assets	1,006,460	1,180,251
Less financial assets not available for general expenditures		
Board-designated reserve		(150,000)
Net assets with donor restrictions	<u>(260,246)</u>	<u>(236,185)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>746,214</u>	\$ <u>794,066</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Equipment and furniture	\$ 125,964	\$ 153,224
Less accumulated depreciation	<u>115,688</u>	<u>135,988</u>
Property and Equipment, net	\$ <u>10,276</u>	\$ <u>17,236</u>

Depreciation expense totaled \$6,960 and \$8,000 for the years ended June 30, 2024 and 2023, respectively.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 4 - COMMUNITY FOUNDATION INVESTMENTS

United Way has established endowment funds with the Community Foundation. Under the agreement with the Community Foundation, the Community Foundation will control the invested assets. Distributions are made available to United Way for purposes of acquiring or renovating a capital asset or in the event of unexpected financial need that is not expected to recur. Distributions of investment income, when available, will be made at least annually to United Way. It is United Way's policy that all gifts with perpetual donor restrictions are to be maintained by the Community Foundation.

The following is a schedule of endowments at June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor</u>		
	<u>Unrestricted</u>	<u>Board- Designated</u>	<u>Restrictions for Perpetual Duration</u>	<u>Total</u>
<u>June 30, 2024</u>				
Pam Toal Leadership Fund	\$ <u>12,739</u>	_____	\$ <u>25,000</u>	\$ <u>37,739</u>
	\$ <u>12,739</u>	\$ _____	\$ <u>25,000</u>	\$ <u>37,739</u>
<u>June 30, 2023</u>				
Pam Toal Leadership Fund	\$ 17,400		\$ 25,000	\$ 42,400
General Endowment Fund	<u>123,155</u>	\$ <u>150,000</u>	_____	<u>273,155</u>
	\$ <u>140,555</u>	\$ <u>150,000</u>	\$ <u>25,000</u>	\$ <u>315,555</u>

Interpretation of Relevant Law Applicable to Temporarily or Perpetually Restricted Funds
 Donor-restricted funds intended to be maintained in perpetuity are classified as net assets with donor restrictions and are subject to the Washington State Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Board of Directors has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the restricted endowment fund that is not classified as funds held in perpetuity would be considered restricted for time or purpose until those amounts are appropriated for expenditure by United Way in a manner consistent with the standard of prudence prescribed by UPMIFA.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 4 - COMMUNITY FOUNDATION INVESTMENTS (Continued)

Changes in endowment net assets for the years ended June 30, are as follows:

	<u>Without Donor Restrictions</u>	<u>Board-</u>	<u>With Donor</u>	
	<u>Unrestricted</u>	<u>Designated</u>	<u>Restrictions</u>	<u>Total</u>
			<u>for Perpetual</u>	
			<u>Duration</u>	
<u>2024</u>				
Endowment net assets at beginning of year	\$ 140,555	\$ 150,000	\$ 25,000	\$ 315,555
Investment income, net	41,244			41,244
Appropriation of endowment for operations	(164,109)	(150,000)		(314,109)
Appropriation of endowment expenses	<u>(4,951)</u>	<u> </u>	<u> </u>	<u>(4,951)</u>
Endowment Net Assets at End of Year	\$ <u>12,739</u>	\$ <u> </u>	\$ <u>25,000</u>	\$ <u>37,739</u>
<u>2023</u>				
Endowment net assets at beginning of year	\$ 113,865	\$ 150,000	\$ 25,000	\$ 288,865
Investment income, net	31,541			31,541
Appropriation of endowment for expenses	<u>(4,851)</u>	<u> </u>	<u> </u>	<u>(4,851)</u>
Endowment Net Assets at End of Year	\$ <u>140,555</u>	\$ <u>150,000</u>	\$ <u>25,000</u>	\$ <u>315,555</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires United Way to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are to be reported. There were no such amounts to report for the years ended June 30, 2024 and 2023, respectively.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 4 - COMMUNITY FOUNDATION INVESTMENTS (Continued)

Return Objectives and Risk Parameters

United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that United Way must hold in perpetuity and those maintained by the Community Foundation, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that are to be compared regularly to the performance of equity and fixed income market indices, while assuming a moderate level of investment risk. United Way expects its endowment funds, over time, to provide a reasonable rate of return.

Strategies Employed for Achieving Objective

To satisfy its long-term rate-of-return objectives, United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). United Way targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Net assets with purpose or time restrictions		
Next fiscal year campaign receivable	\$ 94,549	\$ 17,503
Current year campaign receivable	116,356	128,536
Next fiscal year campaign cash received	<u>24,341</u>	<u>65,146</u>
	235,246	211,185
Net assets restricted in perpetuity held in		
Community Foundation investments		
Pam Toal Leadership Fund	<u>25,000</u>	<u>25,000</u>
Total Net Assets with Donor Restrictions	\$ <u>260,246</u>	\$ <u>236,185</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 - OPERATING LEASES

Right-of-use ("ROU") assets represent United Way's right to use an underlying asset for the lease term and lease liabilities represent United Way's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, United Way uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The weighted-average discount rate is based on either the implicit rate, if available, or the incremental borrowing rates. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

United Way leases an office facility and equipment for various terms under long-term, non-cancelable operating lease agreements. The office facility lease expires in 2028, and the equipment lease expires in 2025. The leased office facility has an option to renew, which United Way exercised during 2023 and is included in the ROU asset and lease liability. Subsequent to renewal, the leased office facility provided for an increase in future minimum annual rental payments, based on a fixed rate defined in the lease agreement. The lease agreements generally require United Way to pay insurance and repairs, with the equipment lease agreement additionally requiring United Way to pay applicable taxes.

Total lease costs for the years ended June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 51,403	\$ 51,568
Variable lease costs	<u>1,270</u>	<u>1,309</u>
Total Lease Costs	\$ <u>52,673</u>	\$ <u>52,877</u>

The following table summarizes the supplemental cash flow information for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ <u>51,503</u>	\$ <u>51,568</u>
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	\$ <u> </u>	\$ <u>275,718</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 6 - OPERATING LEASES (Continued)

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term Operating leases	4.38 years	5.34 years
Weighted-average discount rate Operating leases	4.56%	4.54%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024:

	<u>Operating</u>
2025	\$ 50,958
2026	49,028
2027	49,028
2028	49,028
2029	<u>20,429</u>
Total Lease Payments	218,471
Less amounts representing interest	<u>(20,855)</u>
Present Value of Lease Liabilities	197,616
Less current portion of operating lease liabilities	<u>(42,827)</u>
Long-term Portion of Operating Lease Liabilities	\$ <u>154,789</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 7 - BENEFIT PLAN

United Way established a SIMPLE IRA on January 1, 2023, providing up to a 3% match of employee contributions, available to all permanent employees when certain eligibility requirements are met. United Way's contribution to the plan totaled \$9,520 and \$4,908 for the years ended June 30, 2024 and 2023, respectively.

NOTE 8 - SPECIAL EVENTS

United Way sponsors events and projects, including value-added services to the community, fundraising and award/recognition events. Management's intention is to have costs incurred covered by the contributions specifically solicited for each event or project. During 2024 special event income totaled \$8,775. During 2023, most special events were cancelled or postponed due to the COVID-19 pandemic. There were no special event revenues or expenses for the year ended June 30, 2023.

NOTE 9 - FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll taxes, benefits, meetings and events, office expenses, computer expenses, postage and printing, occupancy, insurance, agreements and licensing, miscellaneous, contracted services, marketing, auto expense, supplies, staff and board development, travel, membership dues and volunteers, which are allocated on the basis of management's estimates of time and effort.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2024, United Way discovered that previously issued financial statements included errors in the calculation of the amount due to designated agencies and classification of endowments between without donor restrictions and with donor restrictions. As a result of the correction of the errors, as of July 1, 2022, United Way decreased net assets at beginning of year - without donor restrictions by \$40,649 and decreased net assets at beginning of year - with donor restrictions by \$10,525 for the cumulative effect of the correction. The prior year change in net assets decreased by \$7,404.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 10 - PRIOR PERIOD ADJUSTMENT (Continued)

The effect on United Way's previously issued 2023 financial statements is summarized as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Financial Position			
Due to designated agencies	\$ 55,600	\$ 58,578	\$ 114,178
Net assets - without donor restrictions - undesignated	731,070	(48,053)	683,017
Net assets - with donor restrictions	246,710	(10,525)	236,185
Statement of Activities and Changes in Net Assets			
Gross funds awarded/distributed	760,048	7,404	767,452
Less donor designations	(43,035)	(7,404)	(50,439)
Net assets at beginning of year - without donor restrictions	966,935	(40,649)	926,286
Net assets at beginning of year - with donor restrictions	245,987	(10,525)	235,462
Net assets at end of year - without donor restrictions	881,070	(48,053)	833,017
Net assets at end of year - with donor restrictions	246,710	(10,525)	236,185