

**UNITED WAY OF
THURSTON COUNTY**

Audited Financial Statements

June 30, 2021 and 2020

UNITED WAY OF THURSTON COUNTY

Audited Financial Statements

June 30, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT 1-2

AUDITED FINANCIAL STATEMENTS

Statements of Financial Position.....3
Statements of Activities 4-7
Statements of Functional Expenses..... 8-9
Statements of Cash Flows10
Notes to Financial Statements..... 11-20

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards.....21
Notes to Schedule of Expenditures of Federal Awards22

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 23-24
Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance 25-26
Schedule of Findings and Questioned Costs..... 27



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Independent Auditor's Report

Board of Directors
United Way of Thurston County
Olympia, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Thurston County (a nonprofit organization) ("United Way"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 United Way'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 United Way's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Thurston County as of June 30, 2021 and 2020, 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.

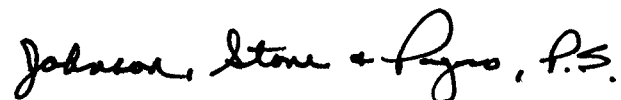
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2021, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 February 23, 2022, on our consideration of United Way of Thurston County'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 solely 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 United Way of Thurston County'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 United Way of Thurston County's internal control over financial reporting and compliance.



JOHNSON, STONE & PAGANO, P.S.

February 23, 2022

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 817,993	\$ 781,638
Certificates of deposit	63,036	62,722
Campaign pledges receivable		
2020/2021 campaign, net of allowance of \$44,951,		
2019/2020 campaign, net of allowance of \$54,539	205,305	224,507
Other receivables	111,746	25,530
Other assets		2,600
Property and equipment - net	16,100	12,381
Community Foundation endowments	<u>326,585</u>	<u>263,190</u>
TOTAL ASSETS	\$ <u>1,540,765</u>	\$ <u>1,372,568</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 41,533	\$ 103,723
Due to designated agencies	60,935	59,328
Long-term debt	<u>109,735</u>	<u>109,735</u>
Total Liabilities	212,203	272,786
NET ASSETS		
Without donor restrictions		
Undesignated	909,440	672,552
Board-designated reserve	<u>150,000</u>	<u>150,000</u>
Total Net Assets without Donor Restrictions	1,059,440	822,552
With donor restrictions	<u>269,122</u>	<u>277,230</u>
Total Net Assets	<u>1,328,562</u>	<u>1,099,782</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,540,765</u>	\$ <u>1,372,568</u>

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

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Current campaign			
Contributions received in current period	\$ 488,578	\$ 238,857	\$ 727,435
Less donor designations	(71,389)		(71,389)
Less donor provisions for uncollectibles	<u>(43,684)</u>		<u>(43,684)</u>
Net Current Campaign Revenues	373,505	238,857	612,362
Prior campaign			
Contributions adjusted in current period	(9,913)		(9,913)
Contributions received in prior period (released from restrictions)	<u>239,604</u>	<u>(239,604)</u>	
Net Prior Campaign Revenues	229,691	(239,604)	(9,913)
Campaign revenue received for next fiscal period		<u>33,627</u>	<u>33,627</u>
Total Contributions	603,196	32,880	636,076
Disaster income	2,759,838		2,759,838
Grants and contracts	243,809		243,809
Other contributions	109,735		109,735
Service fees	19,412		19,412
Investment income	64,184		64,184
Sponsorships	62,000		62,000
Miscellaneous	9,032		9,032
Release of restriction on contributions	<u>40,988</u>	<u>(40,988)</u>	
Total Revenues and Other Support	3,912,194	(8,108)	3,904,086

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

UNITED WAY OF THURSTON COUNTY
STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
EXPENSES			
Program services			
Gross funds awarded/distributed	\$ 2,804,465		\$ 2,804,465
Less donor designations	<u>(71,389)</u>		<u>(71,389)</u>
Net Funds Awarded/Distributed	2,733,076		2,733,076
Community services	<u>638,649</u>		<u>638,649</u>
Total Program Services	3,371,725		3,371,725
Supporting services			
General and administrative	246,314		246,314
Fundraising	<u>57,267</u>		<u>57,267</u>
Total Supporting Services	<u>303,581</u>		<u>303,581</u>
Total Expenses	<u>3,675,306</u>		<u>3,675,306</u>
CHANGE IN NET ASSETS	236,888	\$ (8,108)	228,780
Net Assets at Beginning of Year	<u>822,552</u>	<u>277,230</u>	<u>1,099,782</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,059,440</u>	<u>\$ 269,122</u>	<u>\$ 1,328,562</u>

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

UNITED WAY OF THURSTON COUNTY
STATEMENTS OF ACTIVITIES (Continued)
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Current campaign			
Contributions received in current period	\$ 614,318	\$ 239,604	\$ 853,922
Less donor designations	(78,670)		(78,670)
Less provisions for uncollectibles	(50,929)		(50,929)
Net Current Campaign Revenues	484,719	239,604	724,323
Prior campaign			
Contributions received in current period	(6,053)		(6,053)
Contributions received in prior period (released from restrictions)	333,552	(333,552)	
Net Prior Campaign Revenues	327,499	(333,552)	(6,053)
Campaign revenue received for next fiscal period		17,345	17,345
Total Contributions	812,218	(76,603)	735,615
Disaster income	691,438		691,438
Grants and contracts	254,714		254,714
Special events	17,942		17,942
Other contributions		2,000	2,000
Service fees	19,343		19,343
Investment income	4,374		4,374
In-kind revenue	1,600		1,600
Sponsorships	65,010		65,010
Miscellaneous	2,302		2,302
Release of restriction on contributions	99,491	(99,491)	
Total Revenues and Other Support	1,968,432	(174,094)	1,794,338

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

UNITED WAY OF THURSTON COUNTY
STATEMENTS OF ACTIVITIES (Continued)
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES			
Program services			
Gross funds awarded/distributed	\$ 966,570		\$ 966,570
Less donor provisions for uncollectibles	<u>(78,670)</u>		<u>(78,670)</u>
Net Funds Awarded/Distributed	887,900		887,900
Community services	<u>454,946</u>		<u>454,946</u>
Total Program Services	1,342,846		1,342,846
Supporting services			
General and administrative	196,772		196,772
Fundraising	<u>244,026</u>		<u>244,026</u>
Total Supporting Services	<u>440,798</u>		<u>440,798</u>
Total Expenses	<u>1,783,644</u>		<u>1,783,644</u>
CHANGE IN NET ASSETS	184,788	\$ (174,094)	10,694
Net Assets at Beginning of Year	<u>637,764</u>	<u>451,324</u>	<u>1,089,088</u>
NET ASSETS AT END OF YEAR	<u>\$ 822,552</u>	<u>\$ 277,230</u>	<u>\$ 1,099,782</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, 2021 with Comparative Totals for 2020

	Program Services			Support Services		Total	
	Distributions	Community Services	Total Program Services	General and Administrative	Fundraising	2021	2020
COMPENSATION AND RELATED EXPENSES							
Salaries and wages		\$ 378,508	\$ 378,508	\$ 131,793	\$ 32,916	\$ 543,217	\$ 498,328
Payroll taxes		31,161	31,161	11,680	2,917	45,758	41,737
Benefits		51,804	51,804	19,417	4,849	76,070	86,986
Total Compensation and Related Expenses		461,473	461,473	162,890	40,682	665,045	627,051
Professional fees				17,016		17,016	17,842
Meetings and events		4,585	4,585	1,719	429	6,733	7,783
Office expenses		11,179	11,179	4,190	1,046	16,415	9,913
Computer expense		8,956	8,956	3,357	838	13,151	8,053
Postage and printing		2,471	2,471	926	231	3,628	5,071
Occupancy		32,824	32,824	12,303	3,073	48,200	47,600
Insurance		3,862	3,862	1,447	362	5,671	1,531
Agreements and licensing		49,334	49,334	18,491	4,618	72,443	50,605
Miscellaneous		12,070	12,070	4,525	1,130	17,725	12,771
Contracted services		17,979	17,979	6,738	1,683	26,400	60,456
Marketing		1,605	1,605	601	150	2,356	1,585
Auto expense		654	654	245	61	960	3,874
Supplies		2,151	2,151	806	202	3,159	7,319
Staff and board development		102	102	38	10	150	825
Travel							1,719
Membership dues		18,581	18,581	6,965	1,739	27,285	16,394
Volunteers		6,568	6,568	2,462	615	9,645	8,811
Distributions, net of donor designations	\$ 2,733,076		2,733,076			2,733,076	887,900
Total Functional Expenses Before Depreciation	2,733,076	634,394	3,367,470	244,719	56,869	3,669,058	1,777,103
Depreciation		4,255	4,255	1,595	398	6,248	6,541
TOTAL EXPENSES	\$ 2,733,076	\$ 638,649	\$ 3,371,725	\$ 246,314	\$ 57,267	\$ 3,675,306	\$ 1,783,644

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, 2020

	Program Services		Support Services			
	Distributions	Community Services	Total Program Services	General and Administrative	Fundraising	Total
COMPENSATION AND RELATED EXPENSES						
Salaries and wages		\$ 266,295	\$ 266,295	\$ 98,160	\$ 133,873	\$ 498,328
Payroll taxes		20,744	20,744	8,881	12,112	41,737
Benefits		43,233	43,233	18,509	25,244	86,986
Total Compensation and Related Expenses		330,272	330,272	125,550	171,229	627,051
Professional fees				17,842		17,842
Meetings and events		3,868	3,868	1,656	2,259	7,783
Office expenses		4,927	4,927	2,109	2,877	9,913
Computer expense		4,002	4,002	1,714	2,337	8,053
Postage and printing		2,520	2,520	1,079	1,472	5,071
Occupancy		23,658	23,658	10,129	13,813	47,600
Insurance		761	761	326	444	1,531
Agreements and licensing		25,151	25,151	10,768	14,686	50,605
Miscellaneous		6,347	6,347	2,718	3,706	12,771
Contracted services		30,047	30,047	12,865	17,544	60,456
Marketing		788	788	337	460	1,585
Auto expense		1,925	1,925	825	1,124	3,874
Supplies		3,638	3,638	1,557	2,124	7,319
Staff and board development		410	410	176	239	825
Travel		854	854	366	499	1,719
Membership dues		8,148	8,148	3,488	4,758	16,394
Volunteers		4,379	4,379	1,875	2,557	8,811
Distributions, net of donor designations	\$ 887,900		887,900			887,900
Total Functional Expenses Before Depreciation	887,900	451,695	1,339,595	195,380	242,128	1,777,103
Depreciation		3,251	3,251	1,392	1,898	6,541
TOTAL EXPENSES	\$ 887,900	\$ 454,946	\$ 1,342,846	\$ 196,772	\$ 244,026	\$ 1,783,644

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

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from various donors for		
Annual campaign	\$ 788,667	\$ 990,876
Grants and contracts	228,527	256,300
Special events		17,942
Other contributions		3,600
Disaster income	2,688,904	691,438
Cash received from		
Investment income	475	409
Service fees	19,412	19,343
Miscellaneous	9,032	2,302
Cash payment for		
Allocations and grants	(2,733,076)	(887,900)
Designated agencies	(69,782)	(87,960)
Employees and supplies	(995,572)	(850,444)
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	(63,413)	155,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(9,967)</u>	<u>(6,537)</u>
Net Cash Used by Investing Activities	(9,967)	(6,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	<u>109,735</u>	<u>109,735</u>
Net Cash Provided by Financing Activities	<u>109,735</u>	<u>109,735</u>
Net Increase in Cash and Cash Equivalents	36,355	259,104
Cash and Cash Equivalents at Beginning of Year	<u>781,638</u>	<u>522,534</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 817,993</u>	<u>\$ 781,638</u>

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

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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. It 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, 2021 and 2020 are from corporations and individuals.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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 as net assets released from restrictions.

Community Foundation Endowments

The carrying value of the Community Foundation of South Puget Sound (the "Community Foundation") endowments is based upon the stated value of the endowments as reported to United Way by the Community Foundation, in amounts United Way reasonably expects to receive upon liquidation of the endowment investments. As such, the Community Foundation endowments 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, 2021 and 2020

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 9% and 16% for the years ended June 30, 2021 and 2020. 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 year ended June 30, 2021. For the year ended June 30, 2020, United Way received \$1,600 in donated materials.

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, 2021 and 2020

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. 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, 2021 and 2020.

Use of Estimates

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

Change in Accounting Principle

During the year ended June 30, 2021, United Way adopted the requirements of Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 - *Revenue from Contracts with Customers*, Topic 606 ("ASU 2014-09"). In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 has had no material effect on the change in net assets balances, by classification, as previously reported.

Subsequent Events

United Way has evaluated for subsequent events through February 23, 2022, the date the financial statements were available to be issued.

Concentration of Risk

Accounts maintained at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, United Way's cash balance at one financial institution exceeded the insurance limit by approximately \$469,240. United Way has not experienced any losses related to these cash balances.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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

Concentration of Risk (Continued)

The employee payroll deduction program of the State of Washington comprises approximately 6% and 10% of annual campaign pledges for the years ended June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, three company campaigns had pledges comprising approximately 26% and 25%, respectively, of total annual campaign pledges. For the year ended June 30, 2021, one individual had pledges comprising approximately 11% of total annual campaign pledges.

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 balance sheet date, comprise the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 817,993	\$ 781,638
Certificates of deposit	63,036	62,722
Campaign pledges receivable	205,305	224,507
Other receivables	111,746	25,530
Community Foundation endowments	<u>326,585</u>	<u>263,190</u>
Total Financial Assets	1,524,665	1,357,587
Less financial assets not available for general expenditures		
Board-designated reserve	150,000	150,000
Net assets with donor restrictions	<u>269,122</u>	<u>277,230</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>1,105,543</u>	\$ <u>930,357</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Equipment and furniture	\$ 149,720	\$ 139,753
Less accumulated depreciation	<u>133,620</u>	<u>127,372</u>
Property and Equipment, net	\$ <u>16,100</u>	\$ <u>12,381</u>

Depreciation expense totaled \$6,248 and \$6,541 for the years ended June 30, 2021 and 2020, respectively.

NOTE 4 - COMMUNITY FOUNDATION ENDOWMENTS

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>		With Donor Restrictions for Perpetual Duration	<u>Total</u>
	<u>Unrestricted</u>	Board- <u>Designated</u>		
June 30, 2021				
Pam Toal Leadership Fund	\$ 18,882		\$ 25,000	\$ 43,882
General Endowment Fund	<u>122,178</u>	\$ <u>150,000</u>	<u>10,525</u>	<u>282,703</u>
	\$ <u>141,060</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>326,585</u>
June 30, 2020				
Pam Toal Leadership Fund	\$ 10,364		\$ 25,000	\$ 35,364
General Endowment Fund	<u>67,301</u>	\$ <u>150,000</u>	<u>10,525</u>	<u>227,826</u>
	\$ <u>77,665</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>263,190</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4 - COMMUNITY FOUNDATION ENDOWMENTS (Continued)

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 without 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.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>		With Donor	
	<u>Unrestricted</u>	<u>Board-</u>	Restrictions	
		<u>Designated</u>	for Perpetual	<u>Total</u>
			Duration	
<u>June 30, 2021</u>				
Endowment net assets at beginning of year	\$ 77,665	\$ 150,000	\$ 35,525	\$ 263,190
Investment return, net	<u>68,169</u>	_____	_____	<u>68,169</u>
Appropriation of endowment for expenses	<u>(4,774)</u>	_____	_____	<u>(4,774)</u>
Endowment Net Assets at End of Year	\$ <u>141,060</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>326,585</u>
<u>June 30, 2020</u>				
Endowment net assets at beginning of year	\$ 74,014	\$ 150,000	\$ 35,525	\$ 259,539
Investment return, net	7,953	_____	_____	7,953
Appropriation of endowment for expenses	<u>(4,302)</u>	_____	_____	<u>(4,302)</u>
Endowment Net Assets at End of Year	\$ <u>77,665</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>263,190</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4 - COMMUNITY FOUNDATION ENDOWMENTS (Continued)

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 accounting principles generally accepted in the United States of America, deficiencies of this nature are to be reported. There were no such amounts to report for the years ended June 30, 2021 and 2020, respectively.

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 - LONG-TERM DEBT

In April 2020, United Way entered into an unsecured term note payable agreement with a bank totaling \$109,735, bearing interest at 1.00%, maturing April 2022. The term note payable was entered into in conjunction with the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") Paycheck Protection Program ("PPP"), later modified by the PPP Flexibility Act. The unpaid principal balance on the note was \$109,735 at June 30, 2020. The loan was forgiven in full, totaling \$109,735, on December 30, 2020, and is recorded in revenue and other support as other contributions.

In January 2021, United Way entered into an unsecured term note payable agreement with a bank totaling \$109,735, bearing interest at 1.00%, maturing January 2026. The term note payable was entered into in conjunction with the PPP second draw made available by the CARES Act and the PPP Flexibility Act. The loan was forgiven in full, totaling \$109,735, on September 1, 2021.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Net assets with purpose or time restrictions		
Next fiscal year campaign receivable	\$ 7,481	\$ 148
Current year campaign receivable	197,824	224,359
Next fiscal year campaign cash received	<u>28,292</u>	<u>17,198</u>
	233,597	241,705
Net assets restricted in perpetuity held in		
Community Foundation endowments		
Pam Toal Leadership Fund	25,000	25,000
General Endowment Fund	<u>10,525</u>	<u>10,525</u>
	<u>35,525</u>	<u>35,525</u>
 Total Net Assets with Donor Restrictions	 \$ <u>269,122</u>	 \$ <u>277,230</u>

NOTE 7 - OPERATING LEASES

Office

United Way has a lease agreement for an office facility with monthly payments of \$3,967 through March 1, 2024.

Equipment

United Way has two lease agreements, each for a copier. The first lease was signed on March 29, 2017, with monthly payments of \$309 through March 2020. The lease was renewed beginning April 2020, with monthly payments of \$214 through March 2025.

The second lease was signed on March 29, 2019, with monthly payments of \$55 through June 2022. The combined monthly rental rate for 2021 was \$270.

Minimum future lease payments on the operating leases as of June 30, 2021 are as follows:

2022	\$ 50,835
2023	50,835
2024	34,803
2025	<u>1,930</u>
	\$ <u>138,403</u>

Rent expense for these leases for June 30, 2021 and 2020 was \$52,705 and \$51,686, respectively.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 8 - PENSION PLAN

United Way has established a Simplified Employee Pension Plan available to all permanent employees when certain eligibility requirements are met. United Way may make discretionary contributions. For the year ended June 30, 2020, United Way made contributions to the plan of \$18,127. United Way did not make any contributions to the plan for the year ended June 30, 2021.

NOTE 9 - 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 2021 and 2020, most special events were cancelled or postponed due to the COVID-19 pandemic (see Note 11). There were no special event revenues or expenses for the year ended June 30, 2021. Revenues and expenses from these events and projects consist of the following for the years ended June 30, 2020:

Revenue	\$ 17,942
Expenses	<u>10,116</u>
	\$ <u>7,826</u>

NOTE 10 - 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 11 - RISKS, COMMITMENTS AND UNCERTAINTIES

As of June 30, 2021, the world was in the midst of the COVID-19 pandemic. Significant uncertainty remains regarding the wide ranging effects of the pandemic subsequent to year-end. United Way is closely monitoring its operations, liquidity, capital and financial resources, and is actively working to minimize the current and future effects of this unprecedented situation. As of the date of issuance of these financial statements, the full impact of the pandemic to United Way's financial position or operations is not known.

SUPPLEMENTARY INFORMATION

UNITED WAY OF THURSTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal ALN	Pass-through Entity Identifying Number	Passed Through to Subrecipient	Federal
U.S. Department of the Treasury				
Passed through City of Lacey, WA COVID-19 Coronavirus Relief Funds	21.019	N/A	\$ 183,645	\$ 204,050
Passed through Thurston County, WA COVID-19 Coronavirus Relief Funds	21.019	03-2020-002 0001-000	<u>2,176,882</u>	<u>2,249,550</u>
Total U.S. Department of the Treasury			<u>2,360,527</u>	<u>2,453,600</u>
Corporation for National and Community Service				
Retired and Senior Volunteer Program	94.002			52,289
Volunteers in Service America	94.013		<u> </u>	<u>21,250</u>
Total Corporation for National and Community Service			<u> </u>	<u>73,539</u>
U.S. Department of Homeland Security				
Passed through Thurston County, WA Disaster grants - Public Assistance (Presidentially Declared Disasters)	97.036	UW2021CV19	<u> </u>	<u>70,934</u>
Total U.S. Department of Homeland Security			<u> </u>	<u>70,934</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,360,527</u>	<u>\$ 2,598,073</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of United Way of Thurston County under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of United Way of Thurston County, it is not intended to, and does not, present the financial position, statement of activities or cash flows of United Way of Thurston County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Pass-through entity is presented when applicable.
- 3) United Way of Thurston County has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - SUBAWARDS

United Way of Thurston County passed through federal awards under ALN 21.019 to the following subrecipients:

Boys and Girls Club	\$ 340,000
Family Support Center	253,713
Interfaith Works	312,500
Senior Services for the South Sound	144,279
SS Young Men's Christian Association	349,387
Thurston County Food Bank	647,500
Thurston County Schools	163,148
Catholic Community Services	<u>150,000</u>
TOTAL SUBAWARDS	\$ <u>2,360,527</u>

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Board of Directors
United Way of Thurston County
Olympia, Washington

We have audited, in accordance with the 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, the financial statements of United Way of Thurston County (a nonprofit organization) ("United Way"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

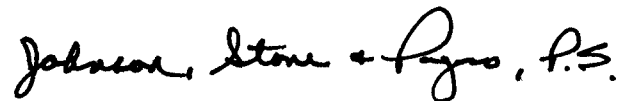
Board of Directors
United Way of Thurston County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JOHNSON, STONE & PAGANO, P.S.

February 23, 2022



1501 Regents Blvd., Suite 100
Fircrest, WA 98466-6060

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

Board of Directors
United Way of Thurston County
Olympia, Washington

Report on Compliance for Each Major Federal Program

We have audited United Way of Thurston County's ("United Way") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on United Way's major federal program for the year ended June 30, 2021. United Way of Thurston County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for United Way's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of United Way's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may still exist that were not identified.

United Way of Thurston County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. United Way of Thurston County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


JOHNSON, STONE & PAGANO, P.S.

February 23, 2022

UNITED WAY OF THURSTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings reported in this Schedule that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs

<u>ALN</u>	<u>Federal Agency</u>	<u>Federal Program or Cluster</u>
21.019	U.S. Department of the Treasury	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
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Auditee qualified as a low-risk auditee?	No
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Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.