

**UNITED WAY OF WHATCOM COUNTY**

Financial Statements  
June 30, 2024 and 2023

DRAFT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Way of Whatcom County  
Bellingham, Washington

### **Opinion**

We have audited the accompanying financial statements of United Way of Whatcom County (the Agency, a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of the Agency as of June 30, 2023, were audited by other auditors whose report dated May 14, 2024, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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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 generally accepted auditing standards, 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 the Agency'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 the Agency'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.

*Greenwood Ohlund*

Seattle, Washington  


**UNITED WAY OF WHATCOM COUNTY**

STATEMENTS OF FINANCIAL POSITION  
June 30, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	\$ 428,247	\$ 1,052,978
Investments	1,559,350	979,896
Contributions and grants receivable, net	452,431	431,595
Prepaid expenses and other assets	14,391	31,566
Total current assets	2,454,419	2,496,035
Investments Held for Endowment	91,675	83,313
Property and Equipment, net	16,644	29,044
Total assets	\$ 2,562,738	\$ 2,608,392
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 54,093	\$ 63,892
Net Assets		
Without donor restrictions	2,394,509	2,461,187
With donor restrictions	114,136	83,313
Total net assets	2,508,645	2,544,500
Total liabilities and net assets	\$ 2,562,738	\$ 2,608,392

*See accompanying notes to financial statements.*

**UNITED WAY OF WHATCOM COUNTY**

STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Contributions and grants	\$ 1,236,489	\$ 22,461	\$ 1,258,950	\$ 1,309,081	\$ -	\$ 1,309,081
Investment return	107,507	8,362	115,869	71,416	-	71,416
Other income	-	-	-	65,361	-	65,361
Net assets released from restrictions	-	-	-	-	-	-
<b>Total support and revenue</b>	<b>1,343,996</b>	<b>30,823</b>	<b>1,374,819</b>	<b>1,445,858</b>	<b>-</b>	<b>1,445,858</b>
<b>Expenses</b>						
Program services	992,683	-	992,683	996,920	-	996,920
General and administrative	175,548	-	175,548	215,376	-	215,376
Fundraising	242,443	-	242,443	188,503	-	188,503
<b>Total expenses</b>	<b>1,410,674</b>	<b>-</b>	<b>1,410,674</b>	<b>1,400,799</b>	<b>-</b>	<b>1,400,799</b>
<b>Change in net assets</b>	<b>(66,678)</b>	<b>30,823</b>	<b>(35,855)</b>	<b>45,059</b>	<b>-</b>	<b>45,059</b>
Net Assets, beginning of year	2,461,187	83,313	2,544,500	2,416,128	83,313	2,499,441
Net Assets, end of year	\$ 2,394,509	\$ 114,136	\$ 2,508,645	\$ 2,461,187	\$ 83,313	\$ 2,544,500

*See accompanying notes to financial statements.*

**UNITED WAY OF WHATCOM COUNTY**

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2024 and 2023

	2024				2023			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Grants to others	\$ 722,341	\$ -	\$ -	\$ 722,341	\$ 740,166	\$ -	\$ -	\$ 740,166
Salaries, taxes and benefits	165,654	71,172	179,026	415,852	170,394	121,482	142,077	433,953
Professional fees	34,775	23,383	24,967	83,125	34,033	48,455	2,120	84,608
Uncollectible accounts	-	35,673	-	35,673	-	-	-	-
Other	11,960	10,122	8,586	30,668	5,225	5,585	10,489	21,299
Repairs and maintenance	11,567	9,787	8,304	29,658	10,759	9,104	7,725	27,588
Occupancy	11,143	9,428	8,000	28,571	11,109	9,399	7,975	28,483
Depreciation and amortization	7,220	6,109	5,183	18,512	7,336	6,206	5,267	18,809
Dues paid to United Way Network	16,354	-	-	16,354	6,224	5,265	4,469	15,958
Advertising	3,712	3,141	2,665	9,518	5,082	4,300	3,649	13,031
Insurance	2,845	2,407	2,042	7,294	2,677	2,266	1,922	6,865
Travel	2,026	1,715	1,455	5,196	1,408	1,192	1,011	3,611
Staff and volunteer development	1,716	1,452	1,232	4,400	1,572	1,330	1,128	4,030
Information technology	1,370	1,159	983	3,512	935	792	671	2,398
<b>Total expenses</b>	<b>\$ 992,683</b>	<b>\$ 175,548</b>	<b>\$ 242,443</b>	<b>\$ 1,410,674</b>	<b>\$ 996,920</b>	<b>\$ 215,376</b>	<b>\$ 188,503</b>	<b>\$ 1,400,799</b>

*See accompanying notes to financial statements.*

## UNITED WAY OF WHATCOM COUNTY

### STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (35,855)	\$ 45,059
Adjustments to reconcile change in net assets to net cash flows for operating activities		
Depreciation and amortization	18,512	18,809
Realized and unrealized gain on investments	(78,819)	(58,113)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(20,836)	41,624
Prepaid expenses and other assets	17,175	8,304
Accounts payable and accrued expenses	(9,799)	(99,438)
Net cash flows from operating activities	(109,622)	(43,755)
Cash Flows from Investing Activities		
Purchases of investments	(583,817)	(5,899)
Sales of investments	74,820	-
Purchase of property and equipment	(6,112)	(7,803)
Net cash flows from investing activities	(515,109)	(13,702)
<b>Net change in cash and cash equivalents</b>	<b>(624,731)</b>	<b>(57,457)</b>
Cash and Cash Equivalents, beginning of the year	1,052,978	1,110,435
Cash and Cash Equivalents, end of the year	\$ 428,247	\$ 1,052,978

*See accompanying notes to financial statements.*

# UNITED WAY OF WHATCOM COUNTY

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies

#### *Organization*

United Way of Whatcom County (the Agency) is organized to solicit and receive contributions and, through member agencies, provide services to the community of Whatcom County in the promotion of the health and welfare of its members. The Agency also acts as a member of the United Way Network (an affiliate organization).

#### *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. Actual results could differ from the estimated amounts.

#### *Basis of Presentation*

The financial statements of the Agency have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets, depending on the existence and nature of donor restrictions: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed stipulations. Net Assets with donor are subject to donor-imposed stipulations that will be met either by actions of the Agency or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates be maintained in perpetuity.

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

	<u>2024</u>	<u>2023</u>
Net assets with purpose restrictions		
Grantmaking	\$ 22,461	\$ -
Net assets with endowment restrictions		
Unappropriated endowment earnings	8,362	-
Perpetual restrictions	<u>83,313</u>	<u>83,313</u>
Total net assets with endowment restrictions	<u>91,675</u>	<u>83,313</u>
	<u>\$ 114,136</u>	<u>\$ 83,313</u>

#### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents (including those held within the Agency's investment pool). At times, balances exceed federally insured limits; however, the Agency does not believe it is exposed to any significant credit risk.

# UNITED WAY OF WHATCOM COUNTY

## NOTES TO FINANCIAL STATEMENTS

### *Fair Value Measurements*

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

### *Investments*

Certificates of deposit are recorded at cost plus accrued interest. Investments in mutual funds are stated at fair value using Level 1 inputs in the fair value hierarchy.

Investments are composed of the following at June 30:

	2024	2023
Cash and cash equivalents - money market funds	\$ 4,386	\$ 10,394
Certificates of deposit	481,145	-
Bond mutual funds	465,996	451,818
Equity mutual funds	699,498	600,997
	\$ 1,651,025	\$ 1,063,209

Investments are presented in the statements of financial position as follows at June 30:

	2024	2023
Investments	\$ 1,559,350	\$ 979,896
Investments held for endowment	91,675	83,313
	\$ 1,651,025	\$ 1,063,209

Investment return consists of interest and dividends, realized and unrealized gains and losses, net of external investment fees.

**UNITED WAY OF WHATCOM COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

*Contributions and Grants Receivable*

Contributions and grants receivable consist of unconditional promises to give from donors. Contributions and grants receivable due within one year are recorded at net realizable value. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions and grants receivable. The allowance for uncollectible receivables was \$56,533 and \$70,915 at June 30, 2024 and 2023, respectively.

At June 30, 2024, employee pledges and a matching company pledge from one company represented 36% of contributions receivable. No such concentrations existed at June 30, 2023.

*Property and Equipment*

The Agency capitalizes property and equipment in excess of \$500 and a life in excess of three years. Property and equipment are carried at cost if purchased or, if donated, at fair value at the date of donation. Depreciation of furniture and equipment is computed using the straight-line method based on the estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the shorter of the useful life of the improvements or the lease term, resulting in a useful life of 10 years.

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 121,983	\$ 121,983
Furniture and equipment	<u>75,586</u>	<u>69,474</u>
	197,569	191,457
Less: Accumulated depreciation and amortization	<u>(180,925)</u>	<u>(162,413)</u>
	<u>\$ 16,644</u>	<u>\$ 29,044</u>

*Contribution and Grant Revenue Recognition*

The Agency recognizes contributions and grants when a cash or noncash gift is received or pledged, provided the pledge is unconditional. Conditional contributions and grants, that is, those with a measurable performance-related barrier or other measurable barrier and a right of return, are recognized as revenue when the conditions have been substantially met.

Contributions from individual employees and a matching company pledge from one company represented 18% of total support and revenue for the year ended June 30, 2024. Except as noted below, no such concentrations existed for the year ended June 30, 2023.

During the year ended June 30, 2023, the Agency met the conditions of and received \$180,658 of grants under the Internal Revenue Service Employer Retention Credit program. The Agency recognized this award to contributions and grants revenue in the statement of activities.

# UNITED WAY OF WHATCOM COUNTY

## NOTES TO FINANCIAL STATEMENTS

### *Contributed Services*

Accounting standards provide that services contributed by professionals and craftsmen that require specialized skills should be recognized as in-kind income and expense. Contributed services that do not require specialized skills are not recognized. The Agency receives many hours of volunteer services each year which do not meet the criteria for being recorded as contribution revenue.

### *Functional Allocation of 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. Salaries, taxes and benefits, professional fees, repairs and maintenance and other are allocated based on actual costs incurred by function. Occupancy and depreciation and amortization are allocated based on estimates of use of space and resources.

### *Income Taxes*

The Agency is a nonprofit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

### *Reclassifications*

Certain prior year balances have been reclassified in order to conform to the current year presentation.

### *Subsequent Events*

The Agency has evaluated subsequent events through the date these financial statements were available to be issued, which was [REDACTED].

### **Note 2 – Liquidity and Availability of Resources**

The Board of Directors informally designates a minimum of a three-month reserve for operational and allocation requirements in a contingency fund.

The following financial assets held by the Agency could readily be made available within one year of the statement of financial position to meet general expenditures at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 428,247	\$ 1,052,978
Investments	1,651,025	1,063,209
Contributions and grants receivable, net	452,431	431,595
	<u>2,531,703</u>	<u>2,547,782</u>
Less: Amounts not available for general use within one year		
Net assets with endowment restrictions	<u>(91,675)</u>	<u>(83,313)</u>
	<u>\$ 2,440,028</u>	<u>\$ 2,464,469</u>

**UNITED WAY OF WHATCOM COUNTY**

NOTES TO FINANCIAL STATEMENTS

**Note 3 – Endowment**

The Agency’s endowment includes a donor-restricted endowment held for the purpose of supporting the general operations of the Agency. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Board of Directors of the Agency has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (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, the Agency classifies as net assets with perpetual donor restrictions, the original value of gifts donated to the donor-restricted endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with donor restrictions for purpose until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA and the Agency’s spending policy.

In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the Agency and the donor-restricted endowment fund,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the Agency, and
- 7) The investment policies of the Agency.

Endowment net assets consist of the following:

	With Donor Restrictions		
	Unappropriated Endowment		Total
	Earnings	Perpetual	
Endowment net assets, June 30, 2022	\$ -	\$ 83,313	\$ 83,313
Investment return	11,351	-	11,351
Appropriations for expenditure	(11,351)	-	(11,351)
Endowment net assets, June 30, 2023	-	83,313	83,313
Investment return	8,362	-	8,362
Appropriations for expenditure	-	-	-
Endowment net assets, June 30, 2024	\$ 8,362	\$ 83,313	\$ 91,675

# UNITED WAY OF WHATCOM COUNTY

## NOTES TO FINANCIAL STATEMENTS

### *Investment Objectives*

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

### *Spending Policy*

The current-year spending from the endowment fund is determined annually at the discretion of the Board of Directors based on the performance of the endowment fund and needs of the Agency. Any net earnings (including interest, dividends, and capital appreciation, less fees) in excess of the amounts released for spending shall be retained and invested in the endowment in a manner consistent with the endowment's investment policy.

### *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 the Agency to retain as a fund of perpetual duration. There was no such deficiency as of June 30, 2024 or 2023.

### **Note 4 – Benefit Plan**

The Agency maintains an SEP IRA plan covering all employees who satisfy certain eligibility requirements. The Agency made contributions totaling \$26,370 and \$24,594 for the years ended June 30, 2024 and 2023, respectively.

### **Note 5 – Subsequent Event – Operating Lease**

Subsequent to year end, the Agency entered into a noncancellable operating lease agreement for office space. The lease is effective December 2024 and terminates November 2029, requiring monthly payments ranging from \$2,956 to \$3,327.