

UNITED WAY OF WHATCOM COUNTY

Financial Statements
June 30, 2025 and 2024

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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 statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 positions of the Agency as of June 30, 2025 and 2024, 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.

Basis for Opinion

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

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
October 14, 2025

UNITED WAY OF WHATCOM COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

| ASSETS | 2025 | 2024 |
|---|---------------------|---------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 330,126 | \$ 428,247 |
| Investments | 1,691,465 | 1,559,350 |
| Contributions and grants receivable, net | 402,863 | 452,431 |
| Prepaid expenses and other assets | 5,810 | 14,391 |
| Total current assets | 2,430,264 | 2,454,419 |
| Investments Held for Endowment | 95,679 | 91,675 |
| Right-of-Use Asset - Operating Lease | 56,573 | - |
| Property and Equipment, net | 6,841 | 16,644 |
| Total assets | <u>\$ 2,589,357</u> | <u>\$ 2,562,738</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 53,449 | \$ 54,093 |
| Operating lease liability | 11,348 | - |
| Total current liabilities | 64,797 | 54,093 |
| Operating Lease Liability, less current portion | 45,706 | - |
| Total liabilities | 110,503 | 54,093 |
| Net Assets | | |
| Without donor restrictions | 2,383,175 | 2,394,509 |
| With donor restrictions | 95,679 | 114,136 |
| Total net assets | 2,478,854 | 2,508,645 |
| Total liabilities and net assets | <u>\$ 2,589,357</u> | <u>\$ 2,562,738</u> |

See accompanying notes to financial statements.

UNITED WAY OF WHATCOM COUNTY

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2025 and 2024

| | 2025 | | | 2024 | | |
|---------------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | | | | |
| Contributions and grants | \$ 1,287,860 | \$ 27,050 | \$ 1,314,910 | \$ 1,236,489 | \$ 22,461 | \$ 1,258,950 |
| Investment return | 116,638 | 4,004 | 120,642 | 107,507 | 8,362 | 115,869 |
| Net assets released from restrictions | 49,511 | (49,511) | - | - | - | - |
| Total support and revenue | 1,454,009 | (18,457) | 1,435,552 | 1,343,996 | 30,823 | 1,374,819 |
| Expenses | | | | | | |
| Program services | 1,006,028 | - | 1,006,028 | 992,683 | - | 992,683 |
| General and administrative | 178,983 | - | 178,983 | 175,548 | - | 175,548 |
| Fundraising | 280,332 | - | 280,332 | 242,443 | - | 242,443 |
| Total expenses | 1,465,343 | - | 1,465,343 | 1,410,674 | - | 1,410,674 |
| Change in net assets | (11,334) | (18,457) | (29,791) | (66,678) | 30,823 | (35,855) |
| Net Assets, beginning of year | 2,394,509 | 114,136 | 2,508,645 | 2,461,187 | 83,313 | 2,544,500 |
| Net Assets, end of year | <u>\$ 2,383,175</u> | <u>\$ 95,679</u> | <u>\$ 2,478,854</u> | <u>\$ 2,394,509</u> | <u>\$ 114,136</u> | <u>\$ 2,508,645</u> |

See accompanying notes to financial statements.

UNITED WAY OF WHATCOM COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2025 and 2024

| | 2025 | | | | 2024 | | | |
|---------------------------------|---------------------|---------------------------|-------------------|---------------------|-------------------|---------------------------|-------------------|---------------------|
| | Program Services | General and Administrativ | Fundraising | Total | Program Services | General and Administrativ | Fundraising | Total |
| Grants to others | \$ 743,279 | \$ - | \$ - | \$ 743,279 | \$ 722,341 | \$ - | \$ - | \$ 722,341 |
| Salaries, taxes and benefits | 176,587 | 75,049 | 189,831 | 441,467 | 165,654 | 71,172 | 179,026 | 415,852 |
| Professional fees | 34,440 | 14,637 | 37,024 | 86,101 | 34,775 | 23,383 | 24,967 | 83,125 |
| Uncollectible accounts | - | 54,366 | - | 54,366 | - | 35,673 | - | 35,673 |
| Other | 12,284 | 13,205 | 5,221 | 30,710 | 11,960 | 10,122 | 8,586 | 30,668 |
| Occupancy | 7,636 | 8,209 | 14,068 | 29,913 | 11,143 | 9,428 | 8,000 | 28,571 |
| Repairs and maintenance | 10,334 | 4,392 | 11,109 | 25,835 | 11,567 | 9,787 | 8,304 | 29,658 |
| Dues paid to United Way Network | 5,211 | 2,215 | 5,602 | 13,028 | 16,354 | - | - | 16,354 |
| Advertising | 4,477 | 1,903 | 4,813 | 11,193 | 3,712 | 3,141 | 2,665 | 9,518 |
| Depreciation and amortization | 4,204 | 1,787 | 4,520 | 10,511 | 7,220 | 6,109 | 5,183 | 18,512 |
| Insurance | 3,130 | 1,330 | 3,365 | 7,825 | 2,845 | 2,407 | 2,042 | 7,294 |
| Travel | 2,164 | 920 | 2,327 | 5,411 | 2,026 | 1,715 | 1,455 | 5,196 |
| Information technology | 1,391 | 591 | 1,494 | 3,476 | 1,370 | 1,159 | 983 | 3,512 |
| Staff and volunteer development | 891 | 379 | 958 | 2,228 | 1,716 | 1,452 | 1,232 | 4,400 |
| Total expenses | \$ 1,006,028 | \$ 178,983 | \$ 280,332 | \$ 1,465,343 | \$ 992,683 | \$ 175,548 | \$ 242,443 | \$ 1,410,674 |

See accompanying notes to financial statements.

UNITED WAY OF WHATCOM COUNTY

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|--|-----------------|------------------|
| Cash Flows from Operating Activities | | |
| Cash received from donors | \$ 1,310,112 | \$ 1,202,441 |
| Cash received from interest and dividends | 55,785 | 37,050 |
| Cash paid to employees | (441,467) | (415,852) |
| Cash paid to grantees | (743,279) | (722,341) |
| Cash paid to vendors | (208,010) | (210,920) |
| Net cash flows from operating activities | (26,859) | (109,622) |
| Cash Flows from Investing Activities | | |
| Purchases of investments | (212,717) | (583,817) |
| Sales of investments | 141,455 | 74,820 |
| Purchase of property and equipment | - | (6,112) |
| Net cash flows from investing activities | (71,262) | (515,109) |
| Net change in cash and cash equivalents | (98,121) | (624,731) |
| Cash and Cash Equivalents, beginning of the year | 428,247 | 1,052,978 |
| Cash and Cash Equivalents, end of the year | \$ 330,126 | \$ 428,247 |

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>2025</u> | <u>2024</u> |
|--|------------------|-------------------|
| Net assets with purpose restrictions | | |
| Grantmaking | \$ - | \$ 22,461 |
| Net assets with endowment restrictions | | |
| Unappropriated endowment earnings | 12,366 | 8,362 |
| Perpetual restrictions | <u>83,313</u> | <u>83,313</u> |
| Total net assets with endowment restrictions | <u>95,679</u> | <u>91,675</u> |
| | <u>\$ 95,679</u> | <u>\$ 114,136</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:

| | 2025 | 2024 |
|--|--------------|--------------|
| Cash and cash equivalents - money market funds | \$ 12,641 | \$ 4,386 |
| Certificates of deposit | 517,903 | 481,145 |
| Bond mutual funds | 435,553 | 465,996 |
| Equity mutual funds | 821,047 | 699,498 |
| | \$ 1,787,144 | \$ 1,651,025 |

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

| | 2025 | 2024 |
|--------------------------------|--------------|--------------|
| Investments | \$ 1,691,465 | \$ 1,559,350 |
| Investments held for endowment | 95,679 | 91,675 |
| | \$ 1,787,144 | \$ 1,651,025 |

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 \$14,612 and \$56,533 at June 30, 2025 and 2024, respectively.

At June 30, 2025, contributions and grants from two donors represented 54% of contributions and grants receivable. At June 30, 2024, contributions and grants from one donor represented 36% of contributions and grants receivable.

Leases

The Agency determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position.

ROU assets represent the Agency's right to use an underlying asset for the lease term, and lease liabilities represent the Agency's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Agency has elected to recognize payments for short-term leases with terms of 12 months or less as expense as incurred, and these leases are not included as ROU assets or lease liabilities on the statements of financial position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Agency has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Agency has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Property and Equipment

The Agency capitalizes property and equipment in excess of \$2,500 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.

UNITED WAY OF WHATCOM COUNTY

NOTES TO FINANCIAL STATEMENTS

Property and equipment consist of the following at June 30:

| | 2025 | 2024 |
|---|------------|------------|
| Leasehold improvements | \$ 121,983 | \$ 121,983 |
| Furniture and equipment | 50,552 | 75,586 |
| | 172,535 | 197,569 |
| Less: Accumulated depreciation and amortization | (165,694) | (180,925) |
| | \$ 6,841 | \$ 16,644 |

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 one donor represented 21% and 18% of total support and revenue for the years ended June 30, 2025, and June 30, 2024 respectively.

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.

UNITED WAY OF WHATCOM COUNTY

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

The Agency has evaluated subsequent events through the date these financial statements were available to be issued, which was October 14, 2025.

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 that could readily be made available within one year of the statement of financial position to meet general expenditures, less those due to donor restrictions are as follows at June 30:

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 330,126 | \$ 428,247 |
| Investments | 1,787,144 | 1,651,025 |
| Contributions and grants receivable, net | 402,863 | 452,431 |
| | 2,520,133 | 2,531,703 |
| Less: Amounts not available for general use within one year | | |
| Net assets with endowment restrictions | (95,679) | (91,675) |
| | <u>\$ 2,424,454</u> | <u>\$ 2,440,028</u> |

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.

UNITED WAY OF WHATCOM COUNTY

NOTES TO FINANCIAL STATEMENTS

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 Earnings | Perpetual | Total |
| 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 |
| Investment return | 4,004 | - | 4,004 |
| Appropriations for expenditure | - | - | - |
| Endowment net assets, June 30, 2025 | \$ 12,366 | \$ 83,313 | \$ 95,679 |

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.

UNITED WAY OF WHATCOM COUNTY

NOTES TO FINANCIAL STATEMENTS

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, 2025 or 2024.

Note 4 – Benefit Plan

The Agency maintains an SEP IRA plan covering all employees who satisfy certain eligibility requirements. The Agency made contributions totaling \$26,815 and \$26,370 for the years ended June 30, 2025 and 2024, respectively.

Note 5 – Lease Obligations

During the year ended June 30, 2025 the Agency entered into a lease for its office under a non-cancelable operating lease expiring November 2029. The Agency has recognized operating lease ROU assets and corresponding operating lease liabilities representing the payments required under these leases through maturity. ROU assets recognized in exchange for operating lease liabilities totaled \$63,328 during the year ended June 30, 2025.

Operating lease costs under this lease totaled approximately \$7,710 for the year ended June 30, 2025, and is included within occupancy in the statements of functional expenses. Net operating cash flows for the operating lease totaled \$7,690 during the year ended June 30, 2025.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows for the years ending June 30:

| | | |
|--|--|-----------|
| 2026 | | \$ 13,422 |
| 2027 | | 13,829 |
| 2028 | | 14,244 |
| 2029 | | 14,671 |
| 2030 | | 6,188 |
| | | 62,354 |
| Less: Weighted average imputed interest of 4.08% | | (5,300) |
| | | \$ 57,054 |

The operating lease liability is presented in the statements of financial position as follows at June 30:

| | 2025 | 2024 |
|---|-----------|------|
| Operating lease liability (a current liability) | \$ 11,348 | \$ - |
| Operating lease liability, less current portion | 45,706 | - |
| | \$ 57,054 | \$ - |