

UNITED WAY OF COWLITZ COUNTY
REVIEWED FINANCIAL STATEMENTS

March 31, 2021

UNITED WAY OF COWLITZ COUNTY

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Independent Accountants' Review Report

To the Board of Directors
UNITED WAY OF COWLITZ COUNTY
Longview, Washington

We have reviewed the accompanying financial statements of United Way of Cowlitz County (a nonprofit organization), which comprise the statement of financial position as of March 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2020 Financial Statements

We have previously audited United Way of Cowlitz County's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived. We have not performed any auditing procedures since that date.

GL Booth · JG Davis & Associates, PLLC

GL Booth · JG Davis & Associates, PLLC
Longview, Washington
September 30, 2021

UNITED WAY OF COWLITZ COUNTY
STATEMENT OF FINANCIAL POSITION
March 31, 2021
(With Comparative Totals as of March 31, 2020)

Assets

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 245,614	\$ 239,622
Contributions receivable, net	97,542	171,720
Prepaid expenses	4,805	4,459
Furniture and equipment, net	-	228
Endowment investments	195,432	152,746
	<u>\$ 543,393</u>	<u>\$ 568,775</u>

Liabilities and Net Assets

LIABILITIES		
Accounts payable	\$ 6,129	\$ 3,803
Accrued payroll liabilities	9,246	5,511
Payable to donor designated agencies	11,173	22,279
	<u>26,548</u>	<u>31,593</u>
 NET ASSETS		
Without donor restrictions	281,777	316,231
With donor restrictions	235,068	220,951
	<u>516,845</u>	<u>537,182</u>
	<u>\$ 543,393</u>	<u>\$ 568,775</u>

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

UNITED WAY OF COWLITZ COUNTY

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2021

(With Comparative Totals For the Year Ended March 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Combined Total</u>	
			<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE				
Public Support				
Gross campaign results	\$ 315,364	\$ 2,874	\$ 318,238	\$ 369,459
Less donor designations	(14,475)	-	(14,475)	(21,292)
Gross campaign revenue	<u>300,889</u>	<u>2,874</u>	<u>303,763</u>	<u>348,167</u>
Less provision for uncollectible	(15,257)	-	(15,257)	(35,994)
Campaign revenue	285,632	2,874	288,506	312,173
In-kind support	19,719	-	19,719	24,241
Grants	86,724	45,230	131,954	59,473
Special event revenue, gross	<u>41,237</u>	<u>25,920</u>	<u>67,157</u>	<u>55,552</u>
Total support	<u>433,312</u>	<u>74,024</u>	<u>507,336</u>	<u>451,439</u>
Revenue				
Service fees	1,006	-	1,006	202
Investment income (loss)	49,457	-	49,457	(14,565)
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Total revenue (loss)	<u>50,463</u>	<u>-</u>	<u>50,463</u>	<u>(14,358)</u>
Total support and revenue before reclassifications	483,775	74,024	557,799	437,081
NET ASSETS RELEASED FROM RESTRICTIONS	<u>59,907</u>	<u>(59,907)</u>	<u>-</u>	<u>-</u>
Total support and revenue and reclassifications	<u>543,682</u>	<u>14,117</u>	<u>557,799</u>	<u>437,081</u>
EXPENSES				
Program services	435,149	-	435,149	413,141
General and administrative	69,305	-	69,305	76,614
Fund raising	<u>73,682</u>	<u>-</u>	<u>73,682</u>	<u>102,151</u>
Total expenses	<u>578,136</u>	<u>-</u>	<u>578,136</u>	<u>591,906</u>
CHANGE IN NET ASSETS	<u>(34,454)</u>	<u>14,117</u>	<u>(20,337)</u>	<u>(154,825)</u>
NET ASSETS, beginning of year	<u>316,231</u>	<u>220,951</u>	<u>537,182</u>	<u>692,007</u>
NET ASSETS, end of year	<u>\$ 281,777</u>	<u>\$ 235,068</u>	<u>\$ 516,845</u>	<u>\$ 537,182</u>

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

UNITED WAY OF COWLITZ COUNTY
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2021
(With Comparative Totals For the Year Ended March 31, 2020)

	Program Services	General and Administrative	Fund Raising	<u>Total</u> 2021	<u>Total</u> 2020
Gross funds awarded	\$ 271,808	\$ -	\$ -	\$ 271,808	\$ 279,305
Less donor designations	<u>(14,475)</u>	<u>-</u>	<u>-</u>	<u>(14,475)</u>	<u>(21,292)</u>
Net funds awarded	257,333	-	-	257,333	258,013
Payments to affiliates	2,630	3,175	3,266	9,071	5,798
Rent and utilities	7,788	3,115	4,673	15,576	14,901
Salaries	61,682	22,430	28,037	112,149	111,191
Payroll taxes	6,133	2,230	2,788	11,151	12,584
Retirement benefits	2,816	1,024	1,280	5,120	5,213
Professional fees	-	27,154	-	27,154	19,950
Donated goods	10,845	-	8,874	19,719	16,844
Donated professional fees	-	-	-	-	7,397
Contracted services	450	1,050	-	1,500	1,500
Supplies	25	13	13	51	3,338
Telephone	1,305	653	1,305	3,263	3,170
Postage	356	356	474	1,186	1,009
Insurance	219	1,753	219	2,191	2,197
Computer support	2,873	2,156	2,156	7,185	4,348
Equipment maintenance	885	885	1,180	2,950	3,773
Conferences and meetings	-	200	-	200	1,214
Dues and subscriptions	290	-	290	580	369
Miscellaneous	190	381	191	762	194
Bank charges	-	2,214	-	2,214	1,204
Depreciation	80	80	68	228	228
Direct campaign costs	-	-	2,014	2,014	14,538
Program supplies	79,249	-	-	79,249	76,266
Special event direct costs	-	-	16,854	16,854	25,964
Licenses and permits	<u>-</u>	<u>436</u>	<u>-</u>	<u>436</u>	<u>703</u>
	<u>\$ 435,149</u>	<u>\$ 69,305</u>	<u>\$ 73,682</u>	<u>\$ 578,136</u>	<u>\$ 591,906</u>

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

UNITED WAY OF COWLITZ COUNTY

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2021
(With Comparative Totals For the Year Ended March 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (20,337)	\$ (154,825)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	228	228
Endowment (earnings) loss	(49,363)	14,677
Contributions restricted for endowment	-	(43,920)
Changes in assets and liabilities:		
Contributions receivable	74,178	60,487
Prepaid expenses	(346)	(2,211)
Accounts payable	2,326	2,051
Accrued payroll liabilities	3,735	(116)
Payable to donor designated agencies	<u>(11,106)</u>	<u>(14,712)</u>
Net cash used by operating activities	<u>(685)</u>	<u>(138,341)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investments	-	(43,920)
Withdrawal from investments	<u>6,677</u>	<u>6,404</u>
Net cash provided (used) by investing activities	<u>6,677</u>	<u>(37,516)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment contributions	<u>-</u>	<u>43,920</u>
Net cash provided by financing activities	<u>-</u>	<u>43,920</u>
NET INCREASE (DECREASE) IN CASH	5,992	(131,937)
CASH, beginning of year	<u>239,622</u>	<u>371,559</u>
CASH, end of year	<u><u>\$ 245,614</u></u>	<u><u>\$ 239,622</u></u>

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

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of Cowlitz County (dba United Way of Cowlitz & Wahkiakum Counties) is focused on the human service needs of the community in the areas of health, education and financial stability, specifically aimed at achieving the following goals: All adults and youth in Cowlitz and Wahkiakum Counties are healthy; All students will graduate high school prepared for diverse post-secondary opportunities and beyond and All families are financially stable. United Way creates impacts in the Cowlitz/Wahkiakum community via funding specific non-profit programs that align with United Way defined goals under health, education and income through an annual campaign, application and review process. The organization established a “Community Impact Fund” to support the top priority goal “All students will graduate high school prepared for diverse post-secondary opportunities and beyond.” The fund, along with very specific strategies, initiatives and collaborations, will advance progress towards the goal. Furthermore, United Way is the Community Affiliate of Dolly Parton’s Imagination Library program, which enhances early learner literacy, uplifts the two-county Kindergarten assessment scores and increases family engagement time. United Way also provides training and technical support to the local non-profit sector; facilitates the Federal funding process for the Emergency Food & Shelter Program when Cowlitz County receives an award; and operates as a volunteer resource and project coordinator.

Last fiscal year, in response to the declaration of COVID as a global pandemic, United Way created several temporary COVID-related programs. These programs were designed to provide additional support to those local organizations most affected by government measures taken to mitigate the consequences of the pandemic. These programs have continued into the current fiscal year, and potentially beyond, depending upon the duration of current mitigation measures.

Basis of Accounting

The financial statements of United Way have been prepared in accordance with accounting principles generally accepted in the United States of America.

Statement Presentation

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with United Way’s financial statements for the year ended March 31, 2020, from which the summarized information was derived.

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Public Support

Contributions are generally available for unrestricted use in the current year unless specifically restricted by the donor. Unconditional promises to give are recorded as receivables and revenue when the promise to give is made and are recorded at their net realizable value.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Donated services that do not meet these criteria are not included in the statement of activities.

Some contributions are received by United Way for which the donor has specified a third party beneficiary and does not explicitly grant United Way the unilateral power to redirect the use of the contribution. These contributions are not included as contributions in the statement of activities in accordance with generally accepted accounting principles. These contributions are recorded in a liability account until paid by United Way.

Use of Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses as reflected in the financial statements. Actual results could differ from these estimates.

Cash

Cash consists of resources deposited in demand deposits and money market funds.

Investments

Investments are composed of mutual funds and marketable securities and are stated at fair value. Realized gains or losses and the unrealized appreciation or depreciation on endowment investments are shown in the statement of activities as net assets without donor restrictions. This amount also includes the portion of earnings that has been appropriated for expenditure by the board of directors.

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Allowance for Uncollectible Contributions

An allowance for uncollectible contributions is provided based on management's evaluation of potential uncollectible contributions receivable at year end. Management makes this determination based on the past history of contribution collections. Uncollected contributions from the prior year's campaign are written off to the allowance for uncollectible contributions at the end of the current year (uncollected 2020 campaign contributions are written off on March 31, 2021).

Furniture and Equipment

United Way's policy for furniture and equipment acquisition is to capitalize purchases in excess of \$2,500. Purchased furniture and equipment in excess of this amount are stated at cost and donated furniture and equipment are recorded at estimated fair market value when received. Depreciation is computed on the straight-line basis using estimated useful lives of five years.

The cost of repairs and maintenance is expensed as incurred; the cost of renewals, replacements and betterments is capitalized. When assets are sold or retired, the related cost and accumulated depreciation are removed from the property accounts, and the resulting gain or loss is reflected in the statement of activities.

Net Assets with Donor Restrictions

Contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. United Way records contributions whose restrictions are met in the same reporting period as unrestricted support.

Endowment contributions are included in net assets with donor restrictions, which represents the fair value of the original gift as of the date that gift was made.

The State of Washington has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides a set of prudent management and investment standards that apply to all investment decisions by a charity and provides spending rules that apply to a charity's endowment funds. United Way has adopted a policy for disbursement of endowment funds. The Board of Directors has determined that the entire endowment fund is subject to gift instruments restricting the contributions to the endowment fund and earnings on the endowment fund are subject to the policy for disbursement of endowment funds. Under terms of the policy, the Board of Directors has the ability to use the earnings from the endowment fund for distributions to agencies. The endowment earnings are classified as net assets without donor restrictions because they are appropriated for expenditure by the Board of Directors, and are no longer subject to donor restrictions.

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Endowment Investment and Spending Policies

United Way has adopted investment and spending policies for endowment funds to provide for the preservation of the endowment principal and for the use of endowment earnings for distribution to agencies.

The investment objectives include the preservation of capital, providing for long-term growth and achieving a favorable return as compared to the inflation rate. The investment guidelines adopted to achieve these objectives are (1) there will be no individual stocks held in the portfolio, (2) gifts of stock will be sold immediately, (3) investments will be in no-load mutual funds, (4) asset allocation will be maintained at 60% income mutual funds and 40% growth mutual funds and (5) there will be an annual portfolio review.

The policy for disbursement of endowment funds calculates the amount of money annually distributed from the endowment fund to United Way agencies. The amount of the distribution will not exceed 5% of the December 31 endowment fund fair value and cannot reduce the endowment balance to less than the total endowment contributions, excluding earnings as of December 31. The distribution amount will be determined no later than the February Board of Directors meeting for inclusion in the agency allocations for that year.

Allocation of Functional Expenses

Each natural classification expense account is allocated to functional expense classifications based upon management's estimates of time, service and material provided for each function. Specific expenses that are readily identifiable to a single program or activity, such as donated goods and special event costs, are charged directly to that function. All other natural classifications are allocated across functions primarily based upon cost drivers such as square-footage, time, and effort spent. The functional expense classifications are program services, general and administrative, and fund raising activities.

Nonprofit Status

United Way has received a letter of determination from the Internal Revenue Service advising it qualifies as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the charitable contributions deduction for individual donors. As of March 31, 2021, the 2020, 2019 and 2018 information returns are open to Internal Revenue Service examination.

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

2. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of March 31, 2021 are as follows:

Campaign contributions receivable	\$ 117,542
Less allowance for uncollectible contributions	<u>(20,000)</u>
	<u>\$ 97,542</u>

3. FURNITURE AND EQUIPMENT

The capitalized amounts, related accumulated depreciation and book value of furniture and equipment as of March 31, 2021 are as follows:

	<u>Capitalized Amount</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment	\$ 13,436	\$ 13,436	\$ —
Furniture	<u>3,000</u>	<u>3,000</u>	<u>—</u>
	<u>\$ 16,436</u>	<u>\$ 16,436</u>	<u>\$ —</u>

Depreciation expense is \$228 for the year ended March 31, 2021.

4. ENDOWMENT FUND

An endowment fund is maintained for the investment of contributions that are donor designated to the endowment fund and for earnings on the invested funds. Donor designated contributions to the endowment fund total \$159,344, and are classified as net assets with donor restrictions. During the year, \$6,677 in endowment earnings were appropriated for unrestricted use by the Board of Directors. The endowment fund had a net increase in value of \$42,686 during the year ended March 31, 2021.

Changes in the endowment fund for the year ended March 31, 2021 are as follows:

Endowment fund, beginning of year	<u>\$ 152,746</u>
Net investment return	49,363
Withdrawals	<u>(6,677)</u>
Total change in endowment fund	<u>42,686</u>
Endowment fund, end of year	<u>\$ 195,432</u>

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

4. ENDOWMENT FUND, Continued

The composition of the endowment fund as of March 31, 2021 is as follows:

Net assets with donor restrictions	\$ 159,344
Net assets without donor restrictions	<u>36,088</u>
	<u>\$ 195,432</u>

5. FAIR VALUE MEASUREMENT

The United Way applies the authoritative guidance for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Endowment investments consist of mutual funds investing in debt and equity securities aggregating \$195,432 at March 31, 2021.

The underlying investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities.

The following table presents the assets that are measured at fair value on a recurring basis as of March 31, 2021, and are categorized using the three levels of the fair value hierarchy:

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

5. FAIR VALUE MEASUREMENT, Continued

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment investments	\$ <u>195,432</u>	\$ <u>195,432</u>	\$ <u>—</u>	\$ <u>—</u>

The following methods and assumptions were used to estimate the value of each class of financial instrument for which it is practicable to estimate that value. There have been no changes in the methods and assumptions used at March 31, 2021.

<u>Financial Instrument</u>	<u>Valuation Methods and Assumptions</u>
Mutual Funds	Valued at the net asset value of shares held at year end.

While United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash	\$ 245,614
Pledges receivable	97,542
Endowment investments	<u>195,432</u>
 Total financial resources available within one year	 538,588
 Less net assets with donor restrictions	 <u>(235,068)</u>
 Total financial assets available within one year	 <u>\$ 303,520</u>

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of March 31, 2021:

Perpetual in nature:	
Donor restricted endowment contributions	\$ 159,344
Subject to expenditure for specified program:	
Restaurant and Bar Fund – Clark County	9,797
Flex Fund	2,200
COVID-19 Relief Fund	<u>63,727</u>
	<u>\$ 235,068</u>

8. LEASES

United Way leases office space under an agreement that expires June 30, 2022. The base monthly rent for the first year of the lease was \$708 and increases three percent each year for the term of the lease, or to \$801 per month for the calendar year 2022. In addition to the base monthly rent, the lease requires additional rent of \$6.75 per square foot of leased space for operating costs, which amounted to \$530 per month for the year ending March 31, 2021.

Rent expense, including the operating costs, was \$15,576 for the year ended March 31, 2021. Future minimum rental commitments for the lease are as follows:

<u>Year ending</u> <u>March 31,</u>	<u>Amount</u>
2022	\$ 15,808
2023	<u>3,996</u>
	<u>\$ 19,804</u>

9. RETIREMENT PLAN

United Way has adopted a simplified employee pension plan which covers substantially all employees beginning with their date of hire and provides for annual contributions to the plan at the discretion of the Board of Directors. Contributions to the plan of five percent of qualified salaries, aggregating \$5,120, were approved for the year ended March 31, 2021.

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

10. CONCENTRATIONS

Support

United Way receives a significant portion of its campaign contributions from individuals participating in United Way payroll deduction programs of employers in Cowlitz County. During the year ended March 31, 2021, two employers made contributions to United Way for amounts withheld from employees plus company matches that totaled approximately 15% of the total campaign revenue. A discontinuance of the United Way payroll deduction program by these employers or the matching programs by these companies could significantly impact the operations of United Way and the amount available for distribution to agencies.

In addition, United Way received two large grants and three individual pledges that make up 33% of total campaign revenue. Half of this amount came from nonrecurring grants related to the COVID relief funds, while the three individual pledges are from donors who have consistently provided similar contributions in prior years' campaigns.

11. DONOR SPECIFIED THIRD PARTY BENEFICIARIES

United Way received pledges of \$14,475 in the year ended March 31, 2021 for which donors specified to whom United Way was to distribute the contributions. When these pledges are made to United Way, they are recorded as a payable to the designated charity rather than as public support. When paid to the designated charity, the payment will reduce the payable rather than being included in the distributions to agencies.

12. PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

In April 2020, United Way applied for and was approved a \$25,000 loan under the Paycheck Protection program created as part of the relief efforts related to COVID-19 administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for ten months after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and is fully guaranteed by the Federal government.

In December 2020, the Organization's loan forgiveness application was approved. As a result, the loan was marked as paid in full and all future payment obligations cleared. The Organization has decided to record the loan forgiveness in accordance with FASB ASC 958-605, which specifies that governmental assistance in the form of loan forgiveness is considered a nonreciprocal contribution transaction. Under this guidance, the Organization will account for the loan forgiveness as a conditional grant for which all conditions were met. Therefore, the \$25,000 in proceeds are included in grant income.

UNITED WAY OF COWLITZ COUNTY
NOTES TO FINANCIAL STATEMENTS

March 31, 2021

13. RELATED PARTY TRANSACTIONS

A member of the Board of Directors is employed by the bank from which United Way received its Paycheck Protection Program loan proceeds in April 2020. The details of this loan are described in Note 12.

14. RISKS AND UNCERTANTIES

The COVID-19 pandemic continues to impact business operations at both the state and national levels in the United States. Statewide restrictions to mitigate the spread of the virus have been reduced as of the date on which the financial statements were available to be issued, but it is impossible to predict how restrictions may change in the future based upon new developments in the effort to control the spread of the virus. United Way is currently operating at full capacity, however, future enhanced restrictions could potentially impair the Organization's ability to obtain contributions and volunteers.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2021, the date on which the financial statements were available to be issued.