

**UNITED WAY OF
THURSTON COUNTY**

Audited Financial Statements, Supplementary
Information and Reports on Internal
Control and Compliance

June 30, 2022 and 2021

UNITED WAY OF THURSTON COUNTY

**Audited Financial Statements, Supplementary Information
and Reports on Internal Control and Compliance**

June 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
United Way of Thurston County
Olympia, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Way of Thurston County (a nonprofit organization) ("United Way"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS and *Government 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 United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for a reasonable period of time.

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

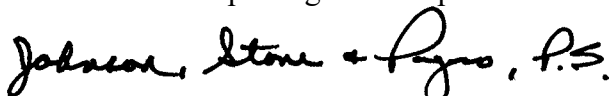
Other Matters

Supplementary 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, 2022, 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 U.S. GAAS. In our opinion, 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 March 23, 2023 on our consideration of United Way'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 United Way'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's internal control over financial reporting and compliance.



JOHNSON, STONE & PAGANO, P.S.

March 23, 2023

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 712,821	\$ 817,993
Certificates of deposit	63,352	63,036
Campaign pledges receivable		
2021/2022 campaign, net of allowance of \$44,119	184,041	205,305
2020/2021 campaign, net of allowance of \$44,951	56,417	111,746
Other receivables	25,236	16,100
Property and equipment - net	288,865	326,585
Community Foundation endowments	<u>288,865</u>	<u>326,585</u>
TOTAL ASSETS	\$ <u>1,330,732</u>	\$ <u>1,540,765</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 51,268	\$ 41,533
Due to designated agencies	66,542	60,935
Long-term debt		<u>109,735</u>
Total Liabilities	117,810	212,203
NET ASSETS		
Without donor restrictions		
Undesignated	816,935	909,440
Board-designated reserve	<u>150,000</u>	<u>150,000</u>
Total Net Assets without Donor Restrictions	966,935	1,059,440
With donor restrictions	<u>245,987</u>	<u>269,122</u>
Total Net Assets	<u>1,212,922</u>	<u>1,328,562</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,330,732</u>	\$ <u>1,540,765</u>

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

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Current campaign			
Contributions received in current period	\$ 483,022	\$ 216,679	\$ 699,701
Less donor designations	(67,766)		(67,766)
Less donor provisions for uncollectibles	<u>(41,973)</u>		<u>(41,973)</u>
Net Current Campaign Revenues	373,283	216,679	589,962
Prior campaign			
Contributions adjusted in current period	914		914
Contributions received in prior period (released from restrictions)	<u>238,857</u>	<u>(238,857)</u>	
Net Prior Campaign Revenues	239,771	(238,857)	914
Campaign revenue received for next fiscal period		<u>26,578</u>	<u>26,578</u>
Total Contributions	613,054	4,400	617,454
Disaster income	1,123,227		1,123,227
Grants and contracts	254,494		254,494
Other contributions	117,220		117,220
Service fees	16,867		16,867
Investment loss	(36,884)		(36,884)
Sponsorships	91,400		91,400
Release of restriction on contributions	<u>27,535</u>	<u>(27,535)</u>	
Total Revenues and Other Support	2,206,913	(23,135)	2,183,778

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

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
EXPENSES			
Program services			
Gross funds awarded/distributed	\$ 1,235,380		\$ 1,235,380
Less donor designations	<u>(67,766)</u>		<u>(67,766)</u>
Net Funds Awarded/Distributed	1,167,614		1,167,614
Community services	<u>757,740</u>		<u>757,740</u>
Total Program Services	1,925,354		1,925,354
Supporting services			
General and administrative	326,776		326,776
Fundraising	<u>47,288</u>		<u>47,288</u>
Total Supporting Services	<u>374,064</u>		<u>374,064</u>
Total Expenses	<u>2,299,418</u>		<u>2,299,418</u>
CHANGE IN NET ASSETS	(92,505)	\$ (23,135)	(115,640)
Net Assets at Beginning of Year	<u>1,059,440</u>	<u>269,122</u>	<u>1,328,562</u>
NET ASSETS AT END OF YEAR	<u>\$ 966,935</u>	<u>\$ 245,987</u>	<u>\$ 1,212,922</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, 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 provisions for uncollectibles	<u>(43,684)</u>		<u>(43,684)</u>
Net Current Campaign Revenues	373,505	238,857	612,362
Prior campaign			
Contributions received 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 provisions for uncollectibles	<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 FUNCTIONAL EXPENSES

Year Ended June 30, 2022 with Comparative Totals for 2021

	Program Services			Support Services		Total	
	Distributions	Community Services	Total Program Services	General and Administrative	Fundraising	2022	2021
COMPENSATION AND RELATED EXPENSES							
Salaries and wages		\$ 475,586	\$ 475,586	\$ 151,435	\$ 26,840	\$ 653,861	\$ 543,217
Payroll taxes		37,234	37,234	14,031	2,698	53,963	45,758
Benefits		58,277	58,277	21,960	4,223	84,460	76,070
Total Compensation and Related Expenses		571,097	571,097	187,426	33,761	792,284	665,045
Professional fees				69,025		69,025	17,016
Meetings and events		11,796	11,796	4,444	855	17,095	6,733
Office expenses		8,134	8,134	3,065	589	11,788	16,415
Computer expense		16,348	16,348	6,160	1,185	23,693	13,151
Postage and printing		573	573	215	42	830	3,628
Occupancy		36,018	36,018	13,572	2,610	52,200	48,200
Insurance		3,567	3,567	1,344	259	5,170	5,671
Agreements and licensing		46,433	46,433	17,496	3,365	67,294	72,443
Miscellaneous		6,222	6,222	2,345	451	9,018	17,725
Contracted services							26,400
Marketing		28,432	28,432	10,714	2,060	41,206	2,356
Auto expense		821	821	309	60	1,190	960
Supplies		2,323	2,323	875	168	3,366	3,159
Staff and board development		1,043	1,043	392	76	1,511	150
Membership dues		15,773	15,773	5,943	1,143	22,859	27,285
Volunteers		4,611	4,611	1,737	334	6,682	9,645
Distributions, net of donor designations	\$ 1,167,614		1,167,614			1,167,614	2,733,076
Total Functional Expenses Before Depreciation	1,167,614	753,191	1,920,805	325,062	46,958	2,292,825	3,669,058
Depreciation		4,549	4,549	1,714	330	6,593	6,248
TOTAL EXPENSES	\$ 1,167,614	\$ 757,740	\$ 1,925,354	\$ 326,776	\$ 47,288	\$ 2,299,418	\$ 3,675,306

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, 2021

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

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

UNITED WAY OF THURSTON COUNTY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from various donors for		
Annual campaign	\$ 797,884	\$ 788,667
Grants and contracts	309,823	228,527
Other contributions	7,485	
Disaster income	1,123,227	2,688,904
Cash received from		
Investment income	520	475
Service fees	16,867	19,412
Miscellaneous		9,032
Cash payment for		
Allocations and grants	(1,167,614)	(2,733,076)
Designated agencies	(62,159)	(69,782)
Employees and supplies	<u>(1,115,476)</u>	<u>(995,572)</u>
Net Cash Used by Operating Activities	(89,443)	(63,413)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(15,729)</u>	<u>(9,967)</u>
Net Cash Used by Investing Activities	(15,729)	(9,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt		<u>109,735</u>
Net Cash Provided by Financing Activities		<u>109,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(105,172)	36,355
Cash and Cash Equivalents at Beginning of Year	<u>817,993</u>	<u>781,638</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 712,821</u>	<u>\$ 817,993</u>

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

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

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

Basis of Presentation

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

Net Assets without Donor Restrictions

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

Net Assets with Donor Restrictions

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

Cash and Cash Equivalents

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

Campaign Pledges and Designations

Campaign pledges receivable consist of unconditional promises to give. An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2022 and 2021 are from corporations and individuals.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022 and 2021

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% for the years ended June 30, 2022 and 2021. 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, 2022. For the year ended June 30, 2021, 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, 2022 and 2021

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, 2022 and 2021.

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.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The purpose of the new standard is to increase the transparency and comparability in financial reporting by requiring lessees to report an asset and a corresponding liability on the statement of financial position for most leases. Lessor accounting for leases was substantially unchanged. The ASU's requirements are broadly applicable, will be effective for years beginning after December 15, 2021, and will require a modified retrospective application approach for existing leases whereby the effects of implementing the new standard will be applied to the earliest period presented. Management is currently evaluating how the new requirements will affect United Way's financial statements.

Subsequent Events

United Way has evaluated for subsequent events through March 23, 2023, 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, 2022, United Way's cash balance at one financial institution exceeded the insurance limit by approximately \$290,390. United Way has not experienced any losses related to these cash balances.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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 7% and 6% of annual campaign pledges for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021, three corporate campaigns had pledges comprising approximately 27% and 26%, respectively, of total annual campaign pledges. For the year ended June 30, 2022 and 2021, one individual had pledges comprising approximately 6% and 11% of total annual campaign pledges, respectively.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 712,821	\$ 817,993
Certificates of deposit	63,352	63,036
Campaign pledges receivable	184,041	205,305
Other receivables	56,417	111,746
Community Foundation endowments	<u>288,865</u>	<u>326,585</u>
Total Financial Assets	1,305,496	1,524,665
Less financial assets not available for general expenditures		
Board-designated reserve	(150,000)	(150,000)
Net assets with donor restrictions	<u>(245,987)</u>	<u>(269,122)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>909,509</u>	\$ <u>1,105,543</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Equipment and furniture	\$ 165,449	\$ 149,720
Less accumulated depreciation	<u>140,213</u>	<u>133,620</u>
Property and Equipment, net	\$ <u>25,236</u>	\$ <u>16,100</u>

Depreciation expense totaled \$6,593 and \$6,248 for the years ended June 30, 2022 and 2021, 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	
	<u>Unrestricted</u>	Board- <u>Designated</u>	<u>Duration</u>	<u>Total</u>
June 30, 2022				
Pam Toal Leadership Fund	\$ 13,813		\$ 25,000	\$ 38,813
General Endowment Fund	<u>89,527</u>	\$ <u>150,000</u>	<u>10,525</u>	<u>250,052</u>
	\$ <u>103,340</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>288,865</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>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>		With Donor	
	<u>Unrestricted</u>	<u>Board- Designated</u>	Restrictions for Perpetual Duration	<u>Total</u>
<u>June 30, 2022</u>				
Endowment net assets at beginning of year	\$ 141,060	\$ 150,000	\$ 35,525	\$ 326,585
Investment loss, net	<u>(32,456)</u>	_____	_____	<u>(32,456)</u>
Appropriation of endowment for expenses	<u>(5,264)</u>	_____	_____	<u>(5,264)</u>
Endowment Net Assets at End of Year	\$ <u>103,340</u>	\$ <u>150,000</u>	\$ <u>35,525</u>	\$ <u>288,865</u>
<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>

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022 and 2021, 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 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, and is recorded in revenue and other support as other contributions.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Net assets with purpose or time restrictions		
Next fiscal year campaign receivable	\$ 1,854	\$ 7,481
Current year campaign receivable	182,187	197,824
Next fiscal year campaign cash received	<u>26,421</u>	<u>28,292</u>
	210,462	233,597
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>245,987</u>	 \$ <u>269,122</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 2022 was \$270.

Minimum future lease payments on the operating leases as of June 30, 2022 are as follows:

2023	\$ 50,835
2024	34,806
2025	<u>1,930</u>
	\$ <u>87,568</u>

Rent expense for these leases for June 30, 2022 and 2021 was \$56,063 and \$52,705, respectively.

UNITED WAY OF THURSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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. United Way did not make any contributions to the plan for the years ended June 30, 2022 and 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 2022 and 2021, most special events were cancelled or postponed due to the COVID-19 pandemic. There were no special event revenues or expenses for the years ended June 30, 2022 and 2021.

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.

SUPPLEMENTARY INFORMATION

UNITED WAY OF THURSTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipient</u>	<u>Federal</u>
U.S. Department of the Treasury				
Passed through Thurston County, WA Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ <u>915,713</u>	\$ <u>926,620</u>
Total U.S. Department of the Treasury			<u>915,713</u>	<u>926,620</u>
Corporation for National and Community Service				
Retired and Senior Volunteer Program	94.002			65,316
Volunteers in Service America	94.013			<u>25,000</u>
Total Corporation for National and Community Service				<u>90,316</u>
U.S. Department of Homeland Security				
Passed through Thurston County, WA Disaster grants - Public Assistance (Presidentially Declared Disasters)	97.036	UW2021CV19		<u>166,802</u>
Total U.S. Department of Homeland Security				<u>166,802</u>
TOTAL FEDERAL AWARDS			<u>\$ 915,713</u>	<u>\$ 1,183,738</u>

UNITED WAY OF THURSTON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

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, 2022. 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 21.027 to the following subrecipients:

Boys and Girls Club	\$ 158,156
YMCA	200,000
ROOF Community Services	69,400
Senior Services for the South Sound	149,358
Thurston County Food Bank	<u>338,799</u>
TOTAL SUBAWARDS	\$ <u>915,713</u>

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*

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 ("U.S. GAAS") 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, 2022, 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 March 23, 2023.

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.

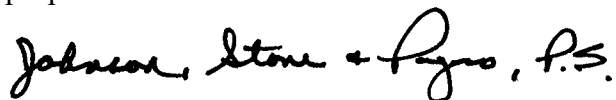
Board of Directors
United Way of Thurston County

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.

March 23, 2023

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

Opinion on Each Major Federal Program

We have audited United Way of Thurston County's ("United Way") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); 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 Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 United Way's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* require the auditor to perform limited procedures on United Way's response to the noncompliance findings identified in our audit as described in the accompanying schedule of findings and questioned costs. United Way's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

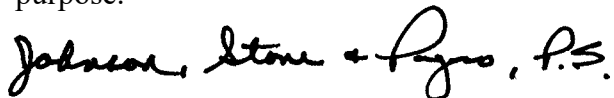
Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we considered to be significant deficiencies.

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 a 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. We considered the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* require the auditor to perform limited procedures on United Way's response to the internal control over compliance findings identified in our audit as described in the accompanying schedule of findings and questioned costs. United Way's response was not subjected to the other 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.

March 23, 2023

UNITED WAY OF THURSTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

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?	Yes
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)?	Yes

Identification of major programs

<u>ALN</u>	<u>Federal Agency</u>	<u>Federal Program or Cluster</u>
21.027	U.S. Department of the Treasury	Coronavirus State and Local Fiscal Recovery Funds

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

Section II - Financial Statement Findings

No matters were reported.

UNITED WAY OF THURSTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-001 Procurement, Suspension and Debarment

Federal Program Information

Funding Agency: U.S. Department of the Treasury

Federal ALN: 21.027

Criteria

Per OMB guidance, non-federal entities are prohibited from contracting with parties that are suspended or debarred, or whose principals are suspended or debarred. The guidance also requires the entities to follow documented procurement procedures.

Condition

There is no policy in place for conflicts of interest, as well as procurement procedures to determine whether vendors are suspended or debarred.

Context

Per our review of vendors over the applicable threshold, there was no documentation of having been reviewed for procurement, suspension or debarment.

Cause

Staff were not aware of the specific compliance requirements and procedures for procurement, suspension and debarment status.

Effect

Purchases may occur that do not follow the policy, and contracts to vendors that had been suspended or debarred could be awarded and not detected.

Auditor's Recommendations

United Way should include a provision in contracts with respect to suspension and debarment, communicate all requirements for procurement to staff and establish procedures to verify vendors are not suspended or debarred.

UNITED WAY OF THURSTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2022-002 Subrecipient Monitoring

Federal Program Information

Funding Agency: U.S. Department of Treasury

Federal ALN: 21.027

Criteria

Per OMB guidance, non-federal entities are required to monitor the use of funds provided to subrecipients. Subrecipients are those non-federal entities that receive funds that are not the end users of the funds.

Condition

United Way of Thurston County did not produce evidence of subrecipient monitoring of the appropriate use of funds and program updates of the subrecipients.

Context

Per our audit procedures, there was no documentation of activities that represent subrecipient monitoring as outlined in terms of agreements.

Cause

Insufficient time and resources available for conducting the procedures and administering the required monitoring.

Effect

Funds provided to subrecipients may have been used inappropriately or not in furtherance of the program objectives.

Auditor's Recommendations

United Way should communicate the compliance requires for staff involved in the distribution of funds to subrecipients. The staff should conduct the required procedures to monitor the use of funds, check status of programs and obtain regular updates sufficient to satisfy themselves regarding the appropriate use of funds in accordance with the requirements of the federal award and any related contracts.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

No matters were reported.

UNITED WAY OF THURSTON COUNTY

CORRECTIVE ACTION PLAN

Year Ended June 30, 2022



Executive Committee

President

Ryan Betz
Olympia Federal Savings

Vice President

Meghan Vu
Panorama

Past President

Omey Nandyal
Anonymously Yours
Foundation

Treasurer

Luke Minor
WAS29, Washington College
Savings Program

Secretary

Liz Davis Selsor
Providence St. Peter Hospital

Member At Large

Ron Bruchet
Community Volunteer

Board of Directors

Debora Albright
State Farm Insurance

Debra Clemens, PhD
North Thurston Public Schools

Dusti Demarest
The Olympian

Jim Leonard
Community Volunteer

Dr. Mike Matlock
The Olympia Free Clinic

Maria Robinson
Community Volunteer

David Schaffert
Thurston County Chamber

Charles Shelan
Community Volunteer

Jennifer Weldon
MultiCare Capital Medical Center

Executive Director

Chris Wells
United Way of Thurston County

Finding One: 2021-001 Procurement, Suspension and Debarment

Auditor's Recommendations:

The Organization should adopt Procurement Policy including a section concerning Federal Awards including a section on verifying the status of each potential sub-recipient before disbursement of Federal funds. Executive Director, Christian Wells, will review and approve this policy and UWTC Board of Directors will approve this policy.

Response:

Finance Director, Richele Center, will update the United Way of Thurston County's set of Finance policies with a Procurement Policy (PP), including a section concerning Federal Awards. Sub-Recipients will be verified before disbursement of Federal funds and sample language prepared for inclusion in contracts with sub-recipients that details this requirement. The new PP will include the following language.

Budget Managers who allocate Federal funding will be required to:

- Read and sign a document stating that they are aware of the Federal provisions requiring contract language around Suspension and Debarment
- Ensure that language exists in sub-recipient contracts
- Confirm with Finance Director that the sub-recipients have been checked prior to fund distribution using the SAM.gov registration.

Finance Director will develop a process for checking sub-recipient debarment status and include language outlining the program in the PP. Finance Director will be responsible for working with the Budget Manager to verify all sub-recipients have been checked for debarment prior to disbursing future Federal funding.

Timing of remediation completion: Finance Director, Richele Center, will complete by March 23, 2023.

Finding Two: 2021-002 Sub-recipient Monitoring

Auditor's Recommendations:

The Organization should communicate the compliance requirements for staff involved in the distribution of funds to sub-recipients. The staff should conduct the required procedures to monitor the use of funds, check status of programs and obtain regular updates sufficient to satisfy themselves regarding the appropriate use of funds in accordance with the requirements of the federal award and any related contracts.

Response:

Finance Director, Richele Center, will update the set of Finance policies with a Procurement Policy (PP), including a section concerning Federal Awards. This new section will include guidance for Budget Managers requiring them to create a system of monitoring the appropriate use of funds for each project / sub-recipient based on the specific federal award. Budget Managers will be responsible for creating and implementing a timeline, and procedures sufficient to ensure their confidence that funds are being used appropriately based on the contract. Budget Managers will maintain records of contacts and follow ups with sub-recipients. Budget Managers will provide documentation of monitoring to Finance Director, Richele Center, for auditing purposes.

Timing of Remediation Completion: This updated policy will be completed by, Finance Director, by Richele Center, March 23, 2023.

Special Thanks to Our Cornerstone Partners



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