



UNITED WAY
Benton &
Franklin Counties

UNITED IS THE WAY

Together, We Can Help Young People
Realize Their Full Potential.

2024

December 31, 2024 and 2023

Financial Statements & Independent Auditor's Report



INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Benton and Franklin Counties
Kennewick, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Benton and Franklin Counties (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Benton and Franklin Counties as of December 31, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of United Way of Benton and Franklin Counties and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 of Benton and Franklin Counties' 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 of Benton and Franklin Counties' 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.



CliftonLarsonAllen LLP

Tri-Cities, Washington
June 19, 2025

United Way of Benton & Franklin Counties

Statements of Financial Position

December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,184,932	\$ 1,219,053
Campaign pledges receivable, net	444,037	581,003
Prepaid expenses	31,613	40,514
Grants receivable	63,264	64,731
Other assets	34,765	29,958
Total current assets	<u>1,758,611</u>	<u>1,935,259</u>
Cash value of life insurance	357,515	329,735
Investments	3,526,036	3,715,398
Land, building, and equipment, net	<u>212,452</u>	<u>252,645</u>
TOTAL ASSETS	<u><u>\$ 5,854,614</u></u>	<u><u>\$ 6,233,037</u></u>
LIABILITIES		
Accounts payable and other accrued liabilities	\$ 209,441	\$ 168,738
Community funding payable	76,500	165,000
Donor designations payable	360,747	455,938
Total liabilities	<u>646,688</u>	<u>789,676</u>
NET ASSETS		
Without donor restrictions	4,316,564	4,526,752
With donor restrictions	891,362	916,609
Total net assets	<u>5,207,926</u>	<u>5,443,361</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,854,614</u></u>	<u><u>\$ 6,233,037</u></u>

United Way of Benton & Franklin Counties

Statement of Activities and Changes in Net Assets

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Gross campaign results (Jan - Dec 2024)	\$ -	\$ 1,151,299	\$ 1,151,299
Less donor designations	-	(330,277)	(330,277)
Less provision for uncollectible	-	(54,676)	(54,676)
Net campaign revenue	-	766,346	766,346
Other revenue			
Administrative fees	33,754	-	33,754
Other contributions and grants	441,762	-	441,762
Investment income, net	315,824	27,780	343,604
Fundraising income	175,188	-	175,188
In-kind contributions	156,825	-	156,825
Miscellaneous income	2,549	-	2,549
Net assets released from restrictions	819,373	(819,373)	-
TOTAL REVENUE	1,945,275	(25,247)	1,920,028
EXPENSES			
Program services			
Community funding services	239,881	-	239,881
Community impact	322,887	-	322,887
Youth & childhood success	747,027	-	747,027
Total program services	1,309,795	-	1,309,795
Supporting services			
Management and general	413,138	-	413,138
Fundraising	432,530	-	432,530
Total supporting services	845,668	-	845,668
TOTAL EXPENSES	2,155,463	-	2,155,463
CHANGES IN NET ASSETS	(210,188)	(25,247)	(235,435)
NET ASSETS, BEGINNING OF YEAR	4,526,752	916,609	5,443,361
NET ASSETS, END OF YEAR	\$ 4,316,564	\$ 891,362	\$ 5,207,926

United Way of Benton & Franklin Counties

Statement of Activities and Changes in Net Assets

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Gross campaign results (Jan - Dec 2023)	\$ -	\$ 1,321,169	\$ 1,321,169
Less donor designations	-	(445,451)	(445,451)
Less provision for uncollectible	-	(70,063)	(70,063)
Net campaign revenue	-	805,655	805,655
Other revenue			
Administrative fees	43,803	-	43,803
Other contributions and grants	420,143	-	420,143
Investment income, net	343,399	16,386	359,785
Fundraising income	215,907	-	215,907
In-kind contributions	149,538	-	149,538
Miscellaneous income	23,945	-	23,945
Net assets released from restrictions	892,594	(892,594)	-
TOTAL REVENUE	2,089,329	(70,553)	2,018,776
EXPENSES			
Program services			
Community funding services	381,292	-	381,292
Community impact	364,111	-	364,111
Youth & childhood success	607,536	-	607,536
Total program services	1,352,939	-	1,352,939
Supporting services			
Management and general	381,196	-	381,196
Fundraising	486,556	-	486,556
Total supporting services	867,752	-	867,752
TOTAL EXPENSES	2,220,691	-	2,220,691
CHANGES IN NET ASSETS	(131,362)	(70,553)	(201,915)
NET ASSETS, BEGINNING OF YEAR	4,658,114	987,162	5,645,276
NET ASSETS, END OF YEAR	\$ 4,526,752	\$ 916,609	\$ 5,443,361

United Way of Benton & Franklin Counties

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services				Support Services			Total
	Community Funding Services	Community Impact	Youth & Childhood Success	Total Program Services	Management and General	Fundraising	Total Support Services	2024
Community funds awarded	\$ 202,300	\$ -	\$ -	\$ 202,300	\$ -	\$ -	\$ -	\$ 202,300
Salaries	16,875	187,670	444,413	648,958	238,353	207,053	445,406	1,094,364
Employment taxes and benefits	4,825	47,859	77,884	130,568	68,151	56,375	124,526	255,094
Total salaries, taxes and benefits	21,700	235,529	522,297	779,526	306,504	263,428	569,932	1,349,458
Occupancy	819	7,136	581	8,536	1,180	1,554	2,734	11,270
Communication	214	2,375	1,603	4,192	3,016	2,564	5,580	9,772
Insurance	248	2,763	1,865	4,876	3,509	2,840	6,349	11,225
Dues and subscriptions	134	1,488	1,008	2,630	5,063	7,108	12,171	14,801
Marketing and advertising	38	510	1,352	1,900	535	783	1,318	3,218
Printing and supplies	7,835	8,456	95,068	111,359	9,515	15,124	24,639	135,998
Postage	75	798	546	1,419	1,633	1,537	3,170	4,589
Conferences and transportation	71	1,439	7,229	8,739	1,608	2,012	3,620	12,359
Professional fees	1,760	19,588	14,560	35,908	53,757	20,588	74,345	110,253
Repairs and maintenance	890	7,823	829	9,542	1,650	1,965	3,615	13,157
Special events	372	4,153	2,833	7,358	294	52,195	52,489	59,847
Payments to affiliates	328	3,646	2,462	6,436	4,631	3,748	8,379	14,815
Other expenses	-	-	1,256	1,256	120	4,007	4,127	5,383
Total cash expenses	236,784	295,704	653,489	1,185,977	393,015	379,453	772,468	1,958,445
Marketing and advertising	-	-	13,678	13,678	-	-	-	13,678
Printing and supplies	19	216	77,213	77,448	33	939	972	78,420
Professional fees	-	-	-	-	15,755	-	15,755	15,755
Repairs and maintenance	89	772	63	924	128	168	296	1,220
Special events	67	747	510	1,324	-	46,428	46,428	47,752
Total non-cash expenses	175	1,735	91,464	93,374	15,916	47,535	63,451	156,825
Total expenses before depreciation	236,959	297,439	744,953	1,279,351	408,931	426,988	835,919	2,115,270
Depreciation	2,922	25,448	2,074	30,444	4,207	5,542	9,749	40,193
Total functional expenses	\$ 239,881	\$ 322,887	\$ 747,027	\$ 1,309,795	\$ 413,138	\$ 432,530	\$ 845,668	\$ 2,155,463

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

United Way of Benton & Franklin Counties

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services				Support Services			Total
	Community Funding Services	Community Impact	Youth & Childhood Success	Total Program Services	Management and General	Fundraising	Total Support Services	2023
Community funds awarded	\$ 330,000	\$ -	\$ -	\$ 330,000	\$ -	\$ -	\$ -	\$ 330,000
Salaries	24,346	203,099	371,959	599,404	214,562	200,095	414,657	1,014,061
Employment taxes and benefits	6,831	57,001	67,675	131,507	60,201	51,268	111,469	242,976
Total salaries, taxes and benefits	31,177	260,100	439,634	730,911	274,763	251,363	526,126	1,257,037
Occupancy	852	7,418	604	8,874	1,227	1,616	2,843	11,717
Communication	333	2,781	1,673	4,787	2,937	2,396	5,333	10,120
Insurance	349	2,917	1,606	4,872	3,080	2,513	5,593	10,465
Dues and subscriptions	1,140	1,810	1,153	4,103	4,201	11,839	16,040	20,143
Marketing and advertising	339	828	9,071	10,238	783	764	1,547	11,785
Printing and supplies	8,857	15,643	62,005	86,505	10,114	18,186	28,300	114,805
Postage	114	952	531	1,597	1,411	2,006	3,417	5,014
Conferences and transportation	153	1,655	15,307	17,115	2,101	6,067	8,168	25,283
Professional fees	2,597	21,686	13,750	38,033	51,315	18,606	69,921	107,954
Repairs and maintenance	896	7,800	717	9,413	1,444	1,810	3,254	12,667
Special events	353	3,349	1,635	5,337	419	77,285	77,704	83,041
Payments to affiliates	667	5,556	3,058	9,281	5,866	4,786	10,652	19,933
Other expenses	-	-	1,338	1,338	127	4,000	4,127	5,465
Total cash expenses	377,827	332,495	552,082	1,262,404	359,788	403,237	763,025	2,025,429
Marketing and advertising	150	2,751	9,771	12,672	-	664	664	13,336
Printing and supplies	-	-	43,181	43,181	1,995	-	1,995	45,176
Professional fees	-	-	-	-	14,693	-	14,693	14,693
Repairs and maintenance	92	803	65	960	133	175	308	1,268
Special events	38	317	176	531	-	76,438	76,438	76,969
Total non-cash expenses	280	3,871	53,193	57,344	16,821	77,277	94,098	151,442
Total expenses before depreciation	378,107	336,366	605,275	1,319,748	376,609	480,514	857,123	2,176,871
Depreciation	3,185	27,745	2,261	33,191	4,587	6,042	10,629	43,820
Total functional expenses	<u>\$ 381,292</u>	<u>\$ 364,111</u>	<u>\$ 607,536</u>	<u>\$ 1,352,939</u>	<u>\$ 381,196</u>	<u>\$ 486,556</u>	<u>\$ 867,752</u>	<u>\$ 2,220,691</u>

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

United Way of Benton & Franklin Counties

Statement of Cash Flows

Years ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (235,435)	\$ (201,915)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	40,193	43,820
Unrealized (gain) loss on investments	(181,184)	15,195
Realized (gain) loss on investments	(10,781)	(266,174)
Credit loss expense	54,676	70,063
Net increase in cash value of life insurance	(27,780)	(16,386)
Changes in assets and liabilities:		
Campaign pledges receivable	82,290	(26,183)
Prepaid expenses	8,901	(3,866)
Grants receivable	1,467	(39,322)
Other assets	(4,807)	(6,227)
Accounts payable and other accrued liabilities	40,703	27,130
Community funding payable	(88,500)	(22,500)
Donor designations payable	(95,191)	46,084
Total adjustments	(180,013)	(178,367)
Net cash used by operating activities	(415,448)	(380,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	411,851	1,682,549
Purchase of investments	(30,524)	(1,570,692)
Purchase of equipment	-	(1,534)
Net cash provided by investing activities	381,327	110,323
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,121)	(269,959)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,219,053	1,489,012
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,184,932	\$ 1,219,053

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 1 - ORGANIZATION

United Way of Benton & Franklin Counties collaborates to support a foundation for the well-being, safety, and academic success of children, from birth through middle school. Since 1958, our partnerships with donors, nonprofit organizations, businesses, and volunteers have continued to build a stronger community. Here's a snapshot of our impact in 2024:

23,676 local children and their parents/caregivers received services through our grants to nonprofits including:

- 21,405 children and their families accessed food, shelter, diapers, and basic needs.
- 1,975 children received support for health, wellness, and academic success.
- 296 parents/caregivers were provided with training and support.

1,221 middle-schoolers received in-school support and 350 chronically absent students were mentored through our **Attendance Matters**® mentoring program. The goal of the program is to increase school attendance, which often also increases grades. Over half of mentored students, who had been absent 2-9 days per month at the start of the program, were no longer chronically absent at the end of the school year.

6,986 local children (ages birth through 5) received free books, mailed to their homes each month through our partnership with the **Dolly Parton Imagination Library**. To increase early literacy and kindergarten readiness rates, we raise funds to support 5 years of monthly books for each local infant who is enrolled.

\$164,360 in FEMA Emergency Food and Shelter funds to support urgent local needs were placed by our United Way, bringing the total to nearly \$1.5 million in these funds we've placed with local nonprofits over the last 6 years.

United Way Annual Campaign

United Way solicits donations and campaign pledges from businesses and individuals living or working within Benton and Franklin Counties, Washington. The annual fundraising campaign is United Way's principal source of revenue and can be affected by economic conditions. A decrease in contributions could affect our ability to provide services to the community.

240+ not-for-profit organizations received gifts designated to them by local donors. As a service to donors, we provide the safe and convenient "Donor Choice Program." We ensure each agency designated to receive funds, is in good standing with the IRS, is registered with the Secretary of State as a 501(c)3 organization and complies with the USA Patriot Act.

Grants and Contracts

Serve Washington Grants – Our United Way received \$349,432 in 2024 and \$376,704 in 2023 in Serve Washington grants to support our **Attendance Matters**® mentoring program. These funds enable us to recruit, train, equip, and supervise AmeriCorps members who manage our mentoring programs to increase school attendance among chronically absent middle schoolers in 6 local school districts.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of United Way of Benton & Franklin Counties have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

United Way of Benton & Franklin Counties reports information regarding its financial position and activities to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets without donor restrictions – Net assets presently available for use by United Way of Benton & Franklin Counties at the discretion of management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of United Way of Benton & Franklin Counties. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

United Way recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions upon which they depend have been met. A portion of United Way's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the occurrence of allowable qualifying expenses. Amounts received are recognized as revenue when United Way has incurred expenditures in compliance with specific contract or grant provisions.

United Way recognizes revenue from administrative fees when the services are provided. The performance obligation of delivering this service is simultaneously received and consumed, therefore, the revenue is recognized over time.

United Way records fundraising income equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions, whose restrictions are met in the same reporting period, are reported as without donor restrictions.

Gifts of goods, services, or equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Total contributed goods, services, or equipment recognized as revenue amounted to \$156,825 and \$149,538 for the years ended December 31, 2024 and 2023, respectively.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

United Way recognized contributed professional services in the amount of \$15,755 and \$14,693 for the years ended December 31, 2024 and 2023, respectively. Recognized contributed services were related to financial planning, and audit & accounting services.

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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

United Way manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the United Way has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is limited due to high historical collection rates.

Functional Allocation of Expenses

The costs of providing program services and other costs are reported on a functional basis in the statement of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support service centers that benefit from such costs. Payroll and related costs are allocated to functional cost centers based upon the time personnel devote to each cost center. Other costs are allocated based on reasonable estimates determined by management. All allocation methods are reviewed and revised when necessary to reflect changes in the nature, level of activities, and the delivery of services.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit, and highly liquid short-term investments with maturity of 90 days or less at the time of acquisition. United Way regularly maintains cash balances in excess of federally insured limits.

Promises to Give

Pledges for contributions are recorded when received and allowances are provided for amounts estimated to be uncollectible (see Note 3).

Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are presented in the financial statements at fair market value, with the resulting realized and unrealized gains and losses included in the statement of activities and changes in net assets. The United Way investment policy identifies an acceptable and appropriate investment strategy. Emphasis is placed on capital growth, preservation of purchasing power and diversification of risk.

Land, Building, and Equipment

Land, building, and equipment with costs of \$1,500 or more are recorded at cost for purchased items and estimated fair market value for assets donated. Depreciation is determined using the straight-line method based on estimated useful lives of 3 to 35 years. Assets received with donor restrictions whose restrictions are met in the same year they are received are reported as without donor restriction. Gifts of long-lived assets or gifts of cash restricted to purchase long-lived assets without stipulations about how long the assets must be used are reported as without donor restriction.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

United Way categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that United Way can access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

Subsequent to initial recognition, United Way may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. United Way has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

There have been no changes in the methodologies used on December 31, 2024 and 2023.

Income Taxes

Under provisions of Section 501(c)(3) of the Internal Revenue Code, United Way is exempt from federal income taxes, except for net income from unrelated business activities. As of December 31, 2024 and 2023, United Way had no unrelated business activities subject to federal income tax.

Management has evaluated United Way's tax positions and concluded that United Way had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of ASC 740-10.

Advertising

Costs incurred for advertising are expensed when incurred. Advertising costs for the years ending December 31, 2024 and 2023 were \$3,218 and \$11,785, respectively. In-kind advertising costs for the years ended December 31, 2024 and 2023 were \$13,678 and \$13,336 respectively.

Income Taxes

Under provisions of Section 501(c)(3) of the Internal Revenue Code, United Way is exempt from federal income taxes, except for net income from unrelated business activities. As of December 31, 2024 and 2023, United Way had no unrelated business activities subject to federal income tax.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 3 - CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable are composed of the following on December 31:

	2024	2023
Campaign pledges receivable	\$ 568,777	\$ 717,760
Less allowance for uncollectible pledges	124,740	136,757
Campaign pledges receivable, net	<u>\$ 444,037</u>	<u>\$ 581,003</u>

The allowance for uncollectible pledges is based upon a historical average pledge loss and is adjusted for current economic factors as determined appropriate by management. The allowance is applied to the gross campaign, including donor designations.

NOTE 4 - LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consisted of the following on December 31:

	2024	2023
Land	\$ 52,000	\$ 52,000
Building	913,785	913,785
Equipment	241,119	241,119
	<u>\$ 1,206,904</u>	<u>\$ 1,206,904</u>
Less accumulated depreciation	994,452	954,259
Land, building and equipment, net	<u>\$ 212,452</u>	<u>\$ 252,645</u>

Depreciation expense amounted to \$40,193 and \$43,820 for the years ended December 31, 2024 and 2023, respectively.

NOTE 5 - COMMUNITY FUNDING AND DONOR DESIGNATIONS PAYABLE

Community Funding

United Way of Benton & Franklin Counties' Community Impact funding process includes an open bid invitation. Volunteers evaluate bids against minimum criteria which included, among others, alliance with the Community Impact Strategic Plan, meeting outcomes and prior experience. The open bid process is a multi-year funding cycle. Programs are evaluated to stated outcomes to determine funding continuation year.

Community funding payable consisted of the following on December 31:

	2024	2023
Community Impact funding	<u>\$ 76,500</u>	<u>\$ 165,000</u>

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 5 - COMMUNITY FUNDING AND DONOR DESIGNATIONS PAYABLE (Continued)

Donor Designations

Cash contributions and pledges designated by donors to specific organizations are considered agency transactions as defined by ASC 958. As such, United Way considers these amounts raised on behalf of others.

Donor designations payable consisted of the following on December 31:

	2024	2023
Community Agencies	\$ 201,222	\$ 287,229
Alexis de Tocqueville	159,525	167,364
Combined Fund Drive	-	1,345
	<u>\$ 360,747</u>	<u>\$ 455,938</u>

NOTE 6 - NET ASSETS

The establishment and maintenance of reserves is a prudent business practice. Adequate reserves without donor restrictions enable United Way to support strategic business practices, and to manage cash flow interruptions due to deficiencies in revenue attainment, larger than expected pledge receivable write-offs, business interruption with a major employer, or community disaster. The Board of Directors has designated net assets without donor restrictions for the following purposes:

Working Capital Fund

The intent of the working capital reserve fund is to effectively manage and address current ongoing financial obligations such as budgeted expenses and agency and community services payments. The Working Capital Fund is fully funded.

Operating Reserve Fund

The intent of the operating reserve is to meet the operating needs of the organization. Funds may also be used for unanticipated, unbudgeted operating needs not covered by annual revenue. The Operating Reserve Fund is fully funded.

Community Investment Reserve Fund

This fund is used to meet strategic or emergent community needs identified by the Board of Directors. The Community Investment Reserve Fund is fully funded.

Capital Asset Fund

Amounts have been designated for new and replacement capital purchases as approved by the Board of Directors. In 2018, the Board approved additional funding for a major capital renewal project to renovate United Way's 25-year-old office and training center. The funding base is \$100,000 for the years ended December 31, 2024 and 2023.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 6 - NET ASSETS (Continued)

New Programs/Emerging Needs

Amounts designated to this fund are for new programs and needs not covered by the current community impact funding process. This fund is not restricted to current United Way service providers. Multi-year provisional grants for a new program are permissible. A process separate from the routine annual allocations process is utilized to request, screen, and evaluate proposals, and recommend funding for new program areas. The funding basis shall be as designated by the Board of Directors.

United Way Quasi Endowment

In 1991, the Board of Directors created a permanent fund where annual investment income from the quasi-endowment funds would be used to underwrite the cost of administration, pledge loss, and fundraising expenses. This would allow the proceeds of an annual fundraising campaign to be utilized for community needs. Investment income from the United Way Endowment should be retained in the fund until the minimum endowment objective is reached. The board-designated endowment funds are included in net assets without donor restrictions. Donor-designated endowment funds are included in net assets with donor restrictions. The Board of Directors determines the funding basis.

Strategic Initiative Fund

The strategic initiative fund was established in 2021 to fund direct community impact initiatives to fill gaps in services needed for long-term change in Benton and Franklin Counties. The strategic initiative fund is fully funded.

Community Impact Endowment Amount Available for Distribution

In 2013, United Way received an endowed gift of \$442,064. In 2024 and 2023, earnings in the amount of \$-0- and \$32,407, respectively, were approved for distribution.

Net assets without donor restrictions are composed of the following on December 31:

	2024	2023
Board Designated:		
Working Capital Fund	\$ 566,759	\$ 658,247
Operating Reserve Fund	439,037	424,240
Community Investment Reserve Fund	50,575	82,500
Capital Asset Fund	100,000	100,000
New Programs/Emerging Needs	73,713	73,713
United Way Quasi Endowment - General	1,991,646	1,813,248
Strategic Initiative Fund	481,011	638,087
Accumulated Reserve Fund	401,370	484,071
Investment in Land, Building, and Equipment (net)	212,453	252,646
	<u>\$ 4,316,564</u>	<u>\$ 4,526,752</u>

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 6 - NET ASSETS (Continued)

Net assets with donor restrictions are restricted for the following purposes on December 31:

	2024	2023
Subject to expenditure for specific purpose or period:		
Time restricted current year campaign results	\$ 83,292	\$ 125,065
Programmatic support, grant funds received	6,194	17,447
Total subject to expenditure for specific purpose or period	89,486	142,512
Endowments subject to United Way's spending policy:		
Investments in perpetuity to support:		
General Endowment – Cash Value of Life Insurance	357,514	329,735
General Endowment	2,299	2,299
Community Impact Endowment	442,063	442,063
Endowments subject to United Way's spending policy	801,876	774,097
	<u>\$ 891,362</u>	<u>\$ 916,609</u>

Net assets with donor restrictions released on December 31:

	2024	2023
Time restrictions met during campaign	\$ 808,119	\$ 888,974
Programmatic support, grant funds used	11,254	3,620
	<u>\$ 819,373</u>	<u>\$ 892,594</u>

NOTE 7 - RETIREMENT PLAN

On July 1, 2020 United Way adopted the Columbia Basin Non-Profit Association 401(k) Qualified Retirement Multi-Employer Plan to provide employees with the opportunity to save for retirement on a tax-advantaged basis. Prior to July 1, 2020 United Way participated in a tax-deferred annuity retirement plan that was subject to the provisions of Section 403(b) of the Internal Revenue Code.

Employees of United Way meeting the prescribed length of service and age requirements are covered under provisions of the Plan. Nondiscretionary contributions are 5% of qualified compensation. United Way also provided a percentage match not to exceed 7% of qualified compensation. Total retirement plan expense was \$70,031 and \$64,537, respectively, for the years ended December 31, 2024 and 2023.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 8 - FAIR VALUE DISCLOSURES

United Way uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how United Way measures fair value, refer to Note 2, Summary of Significant Accounting Policies.

Financial Instruments Recorded at Fair Value

The fair values of available-for-sale investments are estimated based on quoted prices in active markets for identical assets. The following tables present the fair value hierarchy for the balance of the assets and liabilities of United Way measured at fair value on a recurring basis as of December 31:

2024				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Exchange-Traded funds	\$ 2,140,214	\$ 2,140,214	\$ -	\$ -
Mutual funds	<u>1,385,822</u>	<u>1,385,822</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,526,036</u>	<u>\$ 3,526,036</u>	<u>\$ -</u>	<u>\$ -</u>
2023				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Bonds	\$ 5	\$ 5	\$ -	\$ -
Exchange-Traded funds	2,034,781	2,034,781	-	-
Mutual funds	<u>1,680,612</u>	<u>1,680,612</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,715,398</u>	<u>\$ 3,715,398</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 9 - ENDOWMENTS

United Way's endowments consist of mutual funds, bond funds, and capital markets and were established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 9 – ENDOWMENTS (Continued)

Interpretation of Relevant Law

The Board of Directors of United Way has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 net assets with donor restrictions as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 donor-restricted endowment fund that is not classified as net assets with donor restrictions as is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net asset composition by type of fund as of December 31:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Endowment funds:			
Community Impact Endowment funds	\$ -	\$ 442,063	\$ 442,063
General Endowment funds	-	359,813	359,813
Board-designated Endowment funds	1,991,646	-	1,991,646
Total funds	<u>\$ 1,991,646</u>	<u>\$ 801,876</u>	<u>\$ 2,793,522</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Endowment funds:			
Community Impact Endowment funds	\$ -	\$ 442,063	\$ 442,063
General Endowment funds	-	332,034	332,034
Board-designated Endowment funds	1,813,248	-	1,813,248
Total funds	<u>\$ 1,813,248</u>	<u>\$ 774,097</u>	<u>\$ 2,587,345</u>

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 9 – ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended December 31:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,813,248	\$ 774,097	\$ 2,587,345
Distributions	(32,407)	-	(32,407)
Investment Return:			
Net investment income	210,805	27,779	238,584
Endowment net assets, end of year	<u>\$ 1,991,646</u>	<u>\$ 801,876</u>	<u>\$ 2,793,522</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,631,737	\$ 757,711	\$ 2,389,448
Investment Return:			
Net investment income	181,511	16,386	197,897
Endowment net assets, end of year	<u>\$ 1,813,248</u>	<u>\$ 774,097</u>	<u>\$ 2,587,345</u>

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 funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) 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 provides a balance that will enhance total return while avoiding undue risk concentration in any single asset class or category. The performance goal of the Endowment shall be measured as time-weighted rates of return compared to appropriate capital market indices.

Strategies Employed for Achieving Objectives

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.

Spending Policy

It is the policy of United Way to maintain a minimum principal value plus annual contributions adjusted for inflation at the end of each calendar year. This is consistent with United Way's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Once each Endowment goal has been achieved distribution amounts will be calculated annually per the Board Approved Endowment Policy. There is a minimum distribution of \$5,000 to help stabilize endowed funds in the event of weak market results or deflation and will maintain low administration costs. In establishing this policy, United Way considered the long-term expected return on its endowment.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 10 - RELATED PARTY TRANSACTIONS

United Way paid dues to the national organization, United Way Worldwide, of \$14,815 and \$19,933, respectively, for the years December 31, 2024 and 2023.

United Way received campaign contributions from members of its Board of Directors of \$52,729 and \$66,373, respectively, for the years December 31, 2024 and 2023.

NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS

For the years December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included the following:

	2024	2023
Printing and Supplies	\$ 78,420	\$ 45,176
Special Events	47,752	76,969
Professional Fees	15,755	14,693
Marketing and Advertising	13,678	13,336
Repairs and Maintenance	1,220	1,268
Total	<u>\$ 156,825</u>	<u>\$ 151,442</u>

Contributed marketing, advertising, printing and supplies revenues are valued using estimated U.S. wholesale prices of identical or similar products using pricing data under a "like-kind" methodology considering the condition and utility for use at the time of the contribution. Contributed items were used primarily in program related activities.

Professional fees include financial planning and audit & accounting services. Contributed professional services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services. These services were classified as management and general activities.

Special event contributions consisted of donated auction and event items for the annual Festival of Trees Fundraising Gala and were valued at fair value at the date of the gift.

No contributed nonfinancial assets for the years ended December 31, 2024 and 2023 were monetized and there were no donor-imposed restrictions.

United Way of Benton & Franklin Counties

Notes to Financial Statements

NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES

United Way's financial assets available within one year of the statement of financial position date for general expenditures are as follows on December 31:

	2024	2023
Cash and cash equivalent	\$ 1,184,932	\$ 1,219,053
Campaign pledges receivable, net	444,037	581,003
Grants receivable	63,264	64,731
Investments	3,526,036	3,715,398
Cash value of life insurance	357,515	329,735
Total financial assets available within one year	5,575,784	5,909,920
Less amounts unavailable for general expenditures within one year:		
Time restricted current year campaign results	83,292	125,065
Programmatic support, grant funds received	6,194	17,447
Endowments subject to United Way's spending policy	801,876	774,097
Total amounts unavailable for general expenditures within one year	891,362	916,609
Less amounts unavailable to management without Board approval:		
Board designated	4,104,111	4,274,106
Total amounts available for general expenditures within one year	\$ 580,311	\$ 719,205

As part of the United Way's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. United Way invests cash in excess of cash flow requirements in short-term investments.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 19, 2025, which is the date the financial statements were available to be issued.