

# United Way of Pierce County

Financial Report  
December 31, 2018

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United Way  
of Pierce County

## Management Certifications

I hereby certify that:

1. I have reviewed the audited financial statements of United Way of Pierce County for the year ended December 31, 2018.
2. Based on my knowledge, these financial statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the financial statements, in light of the circumstances under which statements were made, not misleading.
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way of Pierce County as of and for the year ended December 31, 2018.

A handwritten signature in black ink, appearing to read "Dona Ponopinto", written over a horizontal line.

Dona Ponopinto  
President

A handwritten date "4/25/19" in black ink, written over a horizontal line.

Date

A handwritten signature in black ink, appearing to read "Peter J. Grignon", written over a horizontal line.

Peter J Grignon  
Chief Financial Officer

A handwritten date "4/25/19" in black ink, written over a horizontal line.

Date



RSM US LLP

## Independent Auditor's Report

To the Board of Directors  
United Way of Pierce County  
Tacoma, Washington

### Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Pierce County, which comprise the balance sheet as of December 31, 2018 and 2017, the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Pierce County as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As described in Note 1 to the financial statements, United Way of Pierce County has restated net assets as of January 1, 2017, due to implementation of Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and due to implementation of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

*RSM US LLP*

Tacoma, Washington  
May 16, 2019

United Way of Pierce County

Balance Sheets  
December 31, 2018 and 2017

	2018	2017 (as restated)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,295,618	\$ 2,508,793
Promises receivable, less allowance for uncollectibles	1,331,699	1,927,053
Prepaid expenses	70,600	75,108
Investments	888,258	799,048
<b>Total current assets</b>	<u>4,586,175</u>	<u>5,310,002</u>
Property, plant and equipment, net	<u>2,571,787</u>	<u>2,752,492</u>
Other assets:		
Long-term investments	4,215,561	4,490,236
Other	86,117	88,133
<b>Total other assets</b>	<u>4,301,678</u>	<u>4,578,369</u>
<b>Total assets</b>	<u>\$ 11,459,640</u>	<u>\$ 12,640,863</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 86,723	\$ 92,531
Agency funds payable	270,560	449,447
Other payables	-	8,964
<b>Total current liabilities</b>	<u>357,283</u>	<u>550,942</u>
Deferred rent	26,400	52,800
<b>Total liabilities</b>	<u>383,683</u>	<u>603,742</u>
Net assets without donor restrictions:		
Board designated	7,169,498	7,461,015
Undesignated	1,040,788	1,205,213
<b>Total net assets without donor restrictions</b>	<u>8,210,286</u>	<u>8,666,228</u>
Net assets with donor restrictions	<u>2,865,671</u>	<u>3,370,893</u>
<b>Total net assets</b>	<u>11,075,957</u>	<u>12,037,121</u>
<b>Total liabilities and net assets</b>	<u>\$ 11,459,640</u>	<u>\$ 12,640,863</u>

See notes to financial statements.

**United Way of Pierce County**

**Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>			
Campaign results additional (17-18 campaign)	\$ 2,319,778	\$ -	\$ 2,319,778
Release of 17-18 campaign from restriction	1,557,577	(1,557,577)	-
Less donor designation	(1,112,895)	-	(1,112,895)
Less provisions for uncollectible	(156,921)	-	(156,921)
<b>Net campaign revenue (17-18 campaign)</b>	<b>2,607,539</b>	<b>(1,557,577)</b>	<b>1,049,962</b>
Gross campaign results (18-19 campaign)	-	1,669,481	1,669,481
Less donor designations	-	(338,490)	(338,490)
Less provisions for uncollectible	-	(24,347)	(24,347)
<b>Net campaign revenue (18-19 campaign)</b>	<b>-</b>	<b>1,306,644</b>	<b>1,306,644</b>
Grants	258,211	743,945	1,002,156
Collection of prior year campaign over previously estimated uncollectibles	77,682	-	77,682
Designations from other United Ways	801	-	801
Other public support	22,790	-	22,790
Event income	46,000	-	46,000
Designation fees collected	102,294	-	102,294
Campaign executive sponsorship	56,500	-	56,500
In-kind advertising	120,000	-	120,000
Gifts in-kind donations	682,989	-	682,989
Program income - Betye Martin Baker Human Service Center	405,336	-	405,336
Net assets released from restriction	995,727	(995,727)	-
<b>Total revenue (releases)</b>	<b>5,375,869</b>	<b>(502,715)</b>	<b>4,873,154</b>

(Continued)

**United Way of Pierce County**

**Statement of Activities and Changes in Net Assets (Continued)  
Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Expenditures:</b>			
Community program services:			
Distributions to community nonprofits	\$ 2,643,375	\$ -	\$ 2,643,375
Less donor designations	(1,112,895)	-	(1,112,895)
<b>Net funds distributed</b>	<b>1,530,480</b>	<b>-</b>	<b>1,530,480</b>
Gifts in-kind distributed to community nonprofits	688,872	-	688,872
Community Impact	733,103	-	733,103
Betye Martin Baker Human Service Center	381,658	-	381,658
2-1-1 HelpLine	527,688	-	527,688
Gifts in-kind program expenses	58,322	-	58,322
Volunteer engagement	101,968	-	101,968
<b>Total community program services</b>	<b>4,022,091</b>	<b>-</b>	<b>4,022,091</b>
Supporting services:			
Management and general	525,100	-	525,100
Fundraising	647,290	-	647,290
Marketing and community education, including in-kind advertising	336,159	-	336,159
Dues for national and state United Way organizations	58,762	-	58,762
<b>Total supporting services</b>	<b>1,567,311</b>	<b>-</b>	<b>1,567,311</b>
<b>Total expenditures</b>	<b>5,589,402</b>	<b>-</b>	<b>5,589,402</b>
<b>Operating deficit</b>	<b>(213,533)</b>	<b>(502,715)</b>	<b>(716,248)</b>
Non-operating items:			
Unrealized loss on investments	(498,547)	(20,944)	(519,491)
Realized gain on investments	12,796	-	12,796
Investment income	243,342	18,437	261,779
<b>Total non-operating items</b>	<b>(242,409)</b>	<b>(2,507)</b>	<b>(244,916)</b>
<b>Decrease in net assets</b>	<b>(455,942)</b>	<b>(505,222)</b>	<b>(961,164)</b>
Net assets:			
Beginning of year	8,666,228	3,370,893	12,037,121
End of year	<b>\$ 8,210,286</b>	<b>\$ 2,865,671</b>	<b>\$ 11,075,957</b>

See notes to financial statements.

**United Way of Pierce County**

**Statement of Activities and Changes in Net Assets (as restated)  
Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total (as restated)
Public support and revenue:			
Campaign results additional (16-17 campaign)	\$ 3,082,139	\$ -	\$ 3,082,139
Release of 16-17 campaign from restriction	1,701,086	(1,701,086)	-
Less donor designation	(1,726,305)	-	(1,726,305)
Less provisions for uncollectible	(166,511)	-	(166,511)
<b>Net campaign revenue (16-17 campaign)</b>	<b>2,890,409</b>	<b>(1,701,086)</b>	<b>1,189,323</b>
Gross campaign results (17-18 campaign)	-	2,044,082	2,044,082
Less donor designations	-	(450,812)	(450,812)
Less provisions for uncollectible	-	(35,693)	(35,693)
<b>Net campaign revenue (17-18 campaign)</b>	<b>-</b>	<b>1,557,577</b>	<b>1,557,577</b>
Grants	328,677	1,618,548	1,947,225
Collection of prior year campaign over previously estimated uncollectibles	81,296	-	81,296
Designations from other United Ways	4,538	-	4,538
Other public support	26,821	-	26,821
Event income	47,400	-	47,400
Designation fees collected	109,069	-	109,069
Campaign executive sponsorship	49,000	-	49,000
In-kind advertising	100,000	-	100,000
Gifts in-kind donations	1,158,205	-	1,158,205
Program income - Betye Martin Baker Human Service Center	381,836	-	381,836
Net assets released from restriction	499,386	(499,386)	-
<b>Total revenue</b>	<b>5,676,637</b>	<b>975,653</b>	<b>6,652,290</b>

(Continued)

**United Way of Pierce County**

**Statement of Activities and Changes in Net Assets (as restated) (Continued)**  
**Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total (as restated)
Expenditures:			
Community program services:			
Distributions to community nonprofits	\$ 2,925,395	\$ -	\$ 2,925,395
Less donor designations	(1,726,305)	-	(1,726,305)
<b>Net funds distributed</b>	<b>1,199,090</b>	<b>-</b>	<b>1,199,090</b>
Gifts in-kind distributed to community nonprofits	1,175,937	-	1,175,937
Community Impact	741,261	-	741,261
Betye Martin Baker Human Service Center	390,568	-	390,568
2-1-1 HelpLine	433,335	-	433,335
Retired Senior Volunteer Program	40,846	-	40,846
Gifts in-kind program expenses	58,905	-	58,905
Volunteer engagement	103,262	-	103,262
<b>Total community program services</b>	<b>4,143,204</b>	<b>-</b>	<b>4,143,204</b>
Supporting services:			
Management and general	539,955	-	539,955
Fundraising	682,334	-	682,334
Marketing and community education, including in-kind advertising	308,411	-	308,411
Dues for national and state United Way organizations	60,597	-	60,597
<b>Total supporting services</b>	<b>1,591,297</b>	<b>-</b>	<b>1,591,297</b>
<b>Total expenditures</b>	<b>5,734,501</b>	<b>-</b>	<b>5,734,501</b>
<b>Operating income</b>	<b>(57,864)</b>	<b>975,653</b>	<b>917,789</b>
Non-operating items:			
Unrealized gain on investments	460,457	20,429	480,886
Realized gain on investments	57,477	-	57,477
Investment income	153,919	15,832	169,751
<b>Total non-operating items</b>	<b>671,853</b>	<b>36,261</b>	<b>708,114</b>
<b>Increase in net assets</b>	<b>613,989</b>	<b>1,011,914</b>	<b>1,625,903</b>
Net assets:			
Beginning of year	8,052,239	2,358,979	10,411,218
End of year	<b>\$ 8,666,228</b>	<b>\$ 3,370,893</b>	<b>\$ 12,037,121</b>

See notes to financial statements.

## United Way of Pierce County

### Statements of Cash Flows Years Ended December 31, 2018 and 2017

	2018	2017 (as restated)
Cash flows from operating activities:		
Cash received from donors and grantors	\$ 3,873,488	\$ 5,449,028
Cash received from tenants	405,336	381,836
Cash paid to agencies	(1,709,367)	(1,372,981)
Cash paid to employees and related employee benefits	(2,160,885)	(2,116,458)
Cash paid to suppliers	(548,194)	(1,467,976)
Investment income	261,779	169,751
<b>Net cash provided by operating activities</b>	<b>122,157</b>	<b>1,043,200</b>
Cash flows from investing activities:		
Purchase of furniture and equipment	(14,102)	(17,967)
Purchase of investments	(756,391)	(601,229)
Proceeds from investment sales	435,161	493,079
<b>Net cash used in investing activities</b>	<b>(335,332)</b>	<b>(126,117)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(213,175)</b>	<b>917,083</b>
Cash and cash equivalents:		
Beginning of year	2,508,793	1,591,710
End of year	<u>\$ 2,295,618</u>	<u>\$ 2,508,793</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ (961,164)	\$ 1,625,903
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	194,704	200,485
Amortization	2,016	4,890
Deferred rent	(26,400)	(26,400)
Realized gain on investments	(12,796)	(57,477)
Unrealized loss (gain) on investments	519,491	(480,886)
Loss on disposal	103	5,669
Changes in assets and liabilities:		
Promises receivable less allowance for uncollectibles	595,354	(201,584)
Prepaid expenses	4,508	160,091
Accounts payable and accrued expenses and agency funds payable	(193,659)	(187,491)
<b>Net cash provided by operating activities</b>	<b>\$ 122,157</b>	<b>\$ 1,043,200</b>

See notes to financial statements.

**United Way of Pierce County**

**Statement of Functional Expenses  
Year Ended December 31, 2018**

	Community Program Services					
	Net Funds Distributed to Community Nonprofits	Gifts In-Kind Distributed to Community Nonprofits	Community Impact	Betye Martin Baker Human Service Center	2-1-1 HelpLine	Gifts In-Kind Program Expenses
Salaries	\$ -	\$ -	\$ 482,689	\$ -	\$ 331,977	\$ 32,621
Employee health and retirement benefits	-	-	65,772	-	75,219	8,815
Payroll taxes	-	-	28,717	-	26,010	2,486
<b>Total salaries and related expenses</b>	-	-	577,178	-	433,206	43,922
Professional fees and contract services	-	-	36,226	-	45,770	-
Supplies	-	-	11,706	-	4,206	324
Telephone, fax and internet	-	-	2,058	-	5,007	424
Postage and shipping	-	-	345	-	240	88
Occupancy	-	-	2,572	225,863	3,472	7,863
Equipment rental and maintenance	-	-	50,635	-	11,798	1,171
Printing publications and awards	-	-	5,413	-	609	288
Auto allowances and travel	-	-	7,825	-	5,772	1,369
Conferences, events and meetings	-	-	25,356	-	9,812	343
Dues	-	-	3,100	-	-	1,680
In-kind advertising	-	-	-	-	-	-
Miscellaneous	-	-	10	-	111	-
Depreciation and amortization	-	-	10,679	155,795	7,685	850
United Way dues	-	-	-	-	-	-
Gifts in-kind distributed to community nonprofits	-	688,872	-	-	-	-
Net funds distributed to community nonprofits	1,530,480	-	-	-	-	-
<b>Total functional expenses</b>	<b>\$ 1,530,480</b>	<b>\$ 688,872</b>	<b>\$ 733,103</b>	<b>\$ 381,658</b>	<b>\$ 527,688</b>	<b>\$ 58,322</b>

Community Program Services  
(Continued)

Supporting Services

Volunteer Engagement	Total Community Program Services	Management and General	Fundraising	Marketing and Community Education, Including In-Kind Advertising	Dues for National and State United Way Organizations	Total Supporting Services	Total Expenditures
\$ 68,306	\$ 915,593	\$ 300,237	\$ 458,604	\$ 88,652	\$ -	\$ 847,493	\$ 1,763,086
15,259	165,065	59,010	78,568	15,975	-	153,553	318,618
5,148	62,361	21,468	31,578	6,207	-	59,253	121,614
88,713	1,143,019	380,715	568,750	110,834	-	1,060,299	2,203,318
26	82,022	84,259	895	41,575	-	126,729	208,751
3,341	19,577	2,078	4,019	723	-	6,820	26,397
426	7,915	3,040	2,687	1,505	-	7,232	15,147
67	740	(1,126)	2,721	564	-	2,159	2,899
761	240,531	1,801	3,215	772	-	5,788	246,319
4,793	68,397	15,505	12,755	5,936	-	34,196	102,593
433	6,743	1,688	7,897	28,436	-	38,021	44,764
1,785	16,751	5,029	8,984	210	-	14,223	30,974
138	35,649	12,649	19,414	22,455	-	54,518	90,167
-	4,780	2,543	6,213	-	-	8,756	13,536
-	-	-	-	120,000	-	120,000	120,000
-	121	9,272	310	-	-	9,582	9,703
1,485	176,494	7,647	9,430	3,149	-	20,226	196,720
-	-	-	-	-	58,762	58,762	58,762
-	688,872	-	-	-	-	-	688,872
-	1,530,480	-	-	-	-	-	1,530,480
\$ 101,968	\$ 4,022,091	\$ 525,100	\$ 647,290	\$ 336,159	\$ 58,762	\$ 1,567,311	\$ 5,589,402

United Way of Pierce County

Statement of Functional Expenses  
Year Ended December 31, 2017

	Community Program Services						
	Net Funds Distributed to Community Nonprofits	Gifts In-Kind Distributed to Community Nonprofits	Community Impact	Betye Martin Baker Human Service Center	2-1-1 HelpLine	Retired Senior Volunteer Program	Gifts In-Kind Program Expenses
Salaries	\$ -	\$ -	\$ 467,692	\$ -	\$ 288,815	\$ 9,124	\$ 35,704
Employee health and retirement benefits	-	-	60,383	-	60,757	2,186	10,963
Payroll taxes	-	-	27,084	-	21,998	690	2,693
<b>Total salaries and related expenses</b>	-	-	555,159	-	371,570	12,000	49,360
Professional fees and contract services	-	-	26,321	-	6,472	1,234	-
Supplies	-	-	20,908	-	4,436	57	278
Telephone, fax and internet	-	-	2,459	-	4,221	98	385
Postage and shipping	-	-	350	-	43	364	105
Occupancy	-	-	2,833	231,898	3,824	4,081	2,584
Equipment rental and maintenance	-	-	43,403	-	12,538	-	2,072
Printing publications and awards	-	-	15,060	-	3,915	406	14
Auto allowances and travel	-	-	16,541	-	6,128	20,596	1,269
Conferences, events and meetings	-	-	43,399	-	11,831	668	178
Dues	-	-	2,500	-	1,150	663	1,680
In-kind advertising	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Depreciation and amortization	-	-	12,328	158,670	7,207	679	980
United Way dues	-	-	-	-	-	-	-
Gifts in-kind distributed to community nonprofits	-	1,175,937	-	-	-	-	-
Net funds distributed to community nonprofits	1,199,090	-	-	-	-	-	-
<b>Total functional expenses</b>	<b>\$ 1,199,090</b>	<b>\$ 1,175,937</b>	<b>\$ 741,261</b>	<b>\$ 390,568</b>	<b>\$ 433,335</b>	<b>\$ 40,846</b>	<b>\$ 58,905</b>

Community Program Services  
(Continued)

Supporting Services

Volunteer Engagement	Total Community Program Services	Management and General	Fundraising	Marketing and Community Education, Including In-Kind Advertising	Dues for National and State United Way Organizations	Total Supporting Services	Total Expenditures
\$ 62,255	\$ 863,590	\$ 312,822	\$ 464,394	\$ 92,334	\$ -	\$ 869,550	\$ 1,733,140
13,566	147,855	64,817	82,892	14,481	-	162,190	310,045
4,415	56,880	22,016	32,290	6,514	-	60,820	117,700
80,236	1,068,325	399,655	579,576	113,329	-	1,092,560	2,160,885
208	34,235	69,032	767	26,013	-	95,812	130,047
5,464	31,143	3,912	4,880	1,650	-	10,442	41,585
385	7,548	2,772	2,419	1,580	-	6,771	14,319
79	941	2,626	1,957	907	-	5,490	6,431
709	245,929	(451)	3,542	850	-	3,941	249,870
9,996	68,009	17,595	13,325	4,826	-	35,746	103,755
281	19,676	2,318	28,239	19,447	-	50,004	69,680
2,374	46,908	6,626	10,374	117	-	17,117	64,025
1,763	57,839	16,175	17,705	36,207	-	70,087	127,926
50	6,043	3,001	6,965	-	-	9,966	16,009
-	-	-	-	100,000	-	100,000	100,000
-	-	7,714	1,237	19	-	8,970	8,970
1,717	181,581	8,980	11,348	3,466	-	23,794	205,375
-	-	-	-	-	60,597	60,597	60,597
-	1,175,937	-	-	-	-	-	1,175,937
-	1,199,090	-	-	-	-	-	1,199,090
\$ 103,262	\$ 4,143,204	\$ 539,955	\$ 682,334	\$ 308,411	\$ 60,597	\$ 1,591,297	\$ 5,734,501

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Nature of activities:** United Way of Pierce County (the Organization) is a Washington not-for-profit corporation organized for the purposes of assessing human service needs, developing financial resources from the public and private sectors, and investing those financial resources in urgent community human service needs in Pierce County, Washington, with an overarching vision of breaking the cycle of poverty for children and families. We have a bold goal: Together, with other community agencies, we will lift 15,000 households out of poverty, one family at a time by 2028.

**Basis of accounting:** The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting. Consequently, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net assets, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. The Organization's net assets and changes therein are classified into the two categories:

- Without donor restrictions – Net assets that are not subject to donor-imposed restrictions and represent expendable funds that are available for support to the Organization's operations. Certain of these amounts have been designated by the Board of Directors to be utilized for various programs.
- With donor restrictions – Net assets consist of contributions that have been restricted by the donor for specific purposes or are not available for use until a specific time. Also included in this category are net assets subject to donor-imposed restrictions that are to be maintained permanently.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of temporary donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

**Board-designated net assets:** The Organization's governance has directed that net assets without restrictions be further classified as either designated or undesignated. The Organization's board has designated the following as of December 31:

	2018	2017
Betye Martin Baker Human Service Center	\$ 2,929,820	\$ 2,904,789
Community Impact	130,834	141,534
Endowment	4,054,154	4,333,075
Equipment	54,690	81,617
Total board-designated net assets	<u>\$ 7,169,498</u>	<u>\$ 7,461,015</u>

The Betye Martin Baker Human Service Center is the Organization's building, including land net of depreciation, and its vision from inception in 1995 is to provide a home to other nonprofits who can benefit by reduced rent, thus putting more money into their mission. Equipment is the Organization's office furniture and equipment, net after depreciation, used to support the Organization's work. Community impact and endowment net assets are reserved for future investments in current and future poverty reduction strategies as well as basic needs.

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Net assets with donor restrictions:** The Organization has the following net assets with donor restrictions as of December 31 which are available for the following purposes:

	2018	2017 (as restated)
Campaign results, net	\$ 1,306,644	\$ 1,557,577
Education income and health	1,559,027	1,763,316
Housing	-	50,000
Total net assets with donor restriction	<u>\$ 2,865,671</u>	<u>\$ 3,370,893</u>

Net assets released from restrictions during the years ended December 31 are as follows:

	2018	2017
Donor restrictions satisfied:		
Release from prior campaign	\$ 1,557,577	\$ 1,701,086
Education income and health	995,727	499,386
Total net assets released from restrictions	<u>\$ 2,553,304</u>	<u>\$ 2,200,472</u>

**Use of estimates:** 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, and disclosure of contingent assets and liabilities, at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents:** For purposes of reporting cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash in depository institution accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

**Liquidity:** Financial assets available for general expenses, that is without donor or other restrictions limiting their use, within one year of the financial position date, are noted below. The Organization has a policy to maintain available cash to meet three months of normal operating expenses. As more fully described above, the Organization has an additional board-designated endowment which is available for general expenditures with board approval.

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Liquidity consist of the following at December 31:

	2018	2017
Cash and cash equivalents	\$ 2,295,618	\$ 2,508,793
Current investments	888,258	799,048
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 3,183,876</u>	<u>\$ 3,307,841</u>
Total current liabilities	<u>\$ 357,283</u>	<u>\$ 550,942</u>
Financial assets available to meet cash needs for general expenses within one year over liabilities ratio	8.9	6.0

In addition, as of December 31, 2018 and 2017, respectively, the organization had an additional \$4,054,154 and \$4,333,075 in board-designated endowment, which is available for general expenditures with board approval.

**Promises receivable:** Donors typically pay total promises in installments over a 12-month period. The commencement date of payments will vary among donors; therefore, promises are usually collected within an 18-month cycle (campaign collection cycle). Unconditional promises to give that are expected to be collected within the campaign collection cycle are recorded at their net realizable value. Conditional promises to give are not included as support until such time as the conditions are substantially met and both the timing and the value of the promise are known with reasonable certainty.

All promises receivable are due within one campaign collection cycle. Allowances are provided by campaign year based on amounts estimated to be uncollectible, which are based on past collection experience. The allowance for uncollectibles for the current and prior year campaigns was estimated at \$181,268 and \$213,268 at December 31, 2018 and 2017, respectively.

**Property, plant and equipment:** Expenditures for fixed asset additions in excess of \$1,000 are capitalized at cost; the fair value of donated equipment is similarly capitalized. Depreciation is calculated on the straight-line and accelerated methods based on estimated useful lives of 5 to 10 years for equipment and 15 to 40 years for building and improvements. Contributed property and equipment are recorded at fair value at the date of donation.

**Investments:** Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with gains and losses included on the statements of activities and changes in net assets. Fair values are generally based on trading values on the open market.

Interest and other investment income are reported in the period earned as increases in net assets without donor restrictions unless the use of the assets is limited by donor-imposed restriction, in which case they are reported as increases in donor restricted net assets. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is donor restricted by explicit donor stipulation or law.

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Deferred rent:** The Organization has a contract with the State of Washington Department of Social and Health Services (DSHS) and has previously recorded a deferred rent liability of \$660,000, which is being amortized over the 25-year life of the responsibility to provide DSHS with space in the building. As of December 31, 2018 and 2017, the deferred rent liability is \$52,800 and \$79,200, respectively, of which \$26,400 is included in accounts payable and accrued expenses for both years.

**Support and revenue:** Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported on the statements of activities and changes in net assets as net assets released from restriction.

The Organization was a federation of the South Puget Sound Combined Federal Campaign (CFC) and did not charge any additional fees to the agencies that are attached to its federation other than those that are applied by law with CFC. Additionally, the Organization provided accounting and fundraising in support of CFC for a fee. The federal government changed the way they administer the CFC campaign. Starting in 2017, United Way of Pierce County was no longer under contract. The majority of the CFC pledges are recognized as designated, not as net campaign revenue in the year earned. The final 16-17 campaign included \$521,000 of estimated promises from the CFC.

The 18-19 campaign was in progress at December 31, 2018, and includes estimated designations totaling \$338,490. \$87,350 of the estimated designations from the 18-19 campaign were paid out by December 31, 2018. The remaining designations are included in agency funds payable in the accompanying financial statements. The majority of the designated funds from the 17-18 campaign have been paid out at December 31, 2018.

The 17-18 campaign was in progress at December 31, 2017, and includes estimated designations totaling \$450,812. \$85,000 of the estimated designations from the 17-18 campaign were paid out by December 31, 2017. The remaining designations are included in agency funds payable in the accompanying financial statements. The 16-17 campaign included \$521,000 of estimated promises from the CFC campaign as previously noted. The majority of the designated funds from the 16-17 campaign have been paid out at December 31, 2017.

**Payments and designations:** Donors may designate their gifts to specific nonprofit agencies. The nonprofit agencies are required to provide the Organization with documentation of their tax-exempt status and verify Patriot Act compliance. The collection of these contributions and distributions to donor-specified agencies are transactions in which the Organization is acting as an agent. These transactions are not reported on the statements of activities and changes in net assets as revenue and expenses but are included in total campaign results as a reduction to gross campaign results. Amounts collected related to donor-specified agencies and held at year-end are reported as agency funds payable.

**Functional expense cost allocation:** Salaries and payroll related costs are allocated to the various supporting and program services based on time and effort. These allocations are reviewed annually and changed as applicable to reflect changes in the activities of the Organization and its personnel. Nonpersonnel costs, other than depreciation and amortization, are allocated based on full time employee equivalents. General depreciation and amortization is spread to each functional area based on total costs for each program or supporting area with the exception of the Betye Martin Baker Human Service Center building where it is applied directly to that program.

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Federal income taxes:** No provision for income taxes has been made in the financial statements since the Organization is exempt from federal income taxes under Internal Revenue Code, Section 501(c)(3). Forms 990 and 990-T, filed by the Organization, are subject to examination by the Internal Revenue Service, up to three years from the extended due date of each return. Generally, the Organization is no longer subject to income tax examinations for years prior to 2015.

**Recent accounting pronouncements:** In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of, and obtain the benefits from, the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented, with the option to elect certain practical expedients, as defined within ASU 2014-09; or (b) retrospective, with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures, as defined in ASU 2014-09. The Organization is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on the straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provided an additional transition option that allows companies to continue applying the guidance under the current lease standard in the comparative periods presented in the financial statements. ASU 2018-11 also provides lessors with a practical expedient, in certain circumstances, to not separate nonlease components from the associated lease component, similar to the expedient provided for lessees. In December 2018, the FASB issued ASU 2018-20, *Narrow-Scope Improvements for Lessors*. This ASU provides an election for lessors to exclude sales and related taxes from consideration in the contract, requires lessors to exclude from revenue and expense lessor costs paid directly to a third party by lessees, and clarifies lessors' accounting for variable payments related to both lease and nonlease components.

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Organization expects to adopt the guidance retrospectively at the beginning of the period of adoption, January 1, 2020, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented.

The new standard provides a number of practical expedients.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The Organization is currently evaluating the impact of this new standard on its financial statements. The adoption of ASU 2018-13 is not expected to have a material impact on the financial statements.

**Recent accounting pronouncements, adopted:** In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted.

	Without Donor Restriction	With Donor Restriction	Total (as restated)
Net asset classification as previously presented:			
Unrestricted	\$ 8,666,228	\$ -	\$ 8,666,228
Temporarily restricted	-	3,268,441	3,268,441
Permanently restricted	-	102,452	102,452
Net assets	<u>\$ 8,666,228</u>	<u>\$ 3,370,893</u>	<u>\$ 12,037,121</u>

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Early adoption is permitted. The Organization early adopted and retroactively adopted this standard during 2018. The restatement resulted in a reevaluation of grant agreements entered into during 2017 that changed the accounting from deferred grant revenue to recognition as grant revenue. As a summary of the impact of this restatement as a result of the adoption of ASU 2018-08 as of December 31, 2017 follows:

	2017 (as previously presented)	2017 (as restated)
Promises receivable, less allowance for uncollectibles	\$ 1,344,893	\$ 1,927,053
Deferred grant revenue	672,900	-
Grants	692,165	1,947,225
Net assets with donor restrictions	2,115,833	3,370,893

#### Note 2. Rental Income

The Organization has entered into noncancellable leases with the building's tenants. Lease terms vary from one year to 10 years, with options to extend up to five years, and maturity dates through 2023. The Organization is responsible for all taxes, repairs and maintenance related directly to the building, costs of which may be passed through to the tenants. Approximate future minimum rental receipts under the leases are as follows:

Years ending December 31:	
2019	\$ 300,000
2020	285,000
2021	102,000
2022	49,000
2023	14,000
	<u>\$ 750,000</u>

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 2. Rental Income (Continued)

Rental income earned totaled \$335,159 and \$316,476 at December 31, 2018 and 2017, respectively, and is included in program income on the accompanying statements of activities and changes in net assets. Tenants that have signed lease agreements with the Organization, requiring monthly rental payments as of December 31, 2018, are as follows:

Cares of Washington	\$	602
Child Care Aware		3,450
First 5 FUNdamentals		394
Children's Museum of Tacoma		18,648
Olympia Buddhist Center		1,286
Violent Crime Victim Services		729
Total monthly rent	<u>\$</u>	<u>25,109</u>

#### Note 3. Investments

Investments carried at fair value at December 31 consist of the following:

	Historical Cost	Fair Value
2018:		
Corporate bonds - current investments	\$ 898,056	\$ 888,258
Mutual funds - long-term investments	3,606,489	4,215,561
Total investments	<u>\$ 4,504,545</u>	<u>\$ 5,103,819</u>
2017:		
Corporate bonds - current investments	\$ 802,250	\$ 799,048
Mutual funds - long-term investments	3,369,423	4,490,236
Total investments	<u>\$ 4,171,673</u>	<u>\$ 5,289,284</u>

Included in total investments are board-designated funds totaling \$4,054,154 and \$4,333,075 at December 31, 2018 and 2017, respectively.

Investments are classified based on the intent of management. Bonds are expected to be used to fund operations and can be sold at any time. Mutual funds are intended to be held long term.

#### Note 4. Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31:

	2018	2017
Land	\$ 618,300	\$ 618,300
Building	5,770,346	5,770,346
Furniture and equipment	760,067	758,659
	<u>7,148,713</u>	<u>7,147,305</u>
Less accumulated depreciation	4,576,926	4,394,813
Property, plant and equipment, net	<u>\$ 2,571,787</u>	<u>\$ 2,752,492</u>

## United Way of Pierce County

### Notes to Financial Statements

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#### **Note 5. Retirement Plan**

The Organization sponsors a 403(b) defined contribution plan for its eligible employees. The Organization currently contributes, at a minimum, 5 percent of each employee's base salary. Annual matching contributions of up to 20 percent of employee contributions are made at management's discretion. Matching contributions made by the Organization for the years ended December 31, 2018 and 2017, totaled \$94,197 and \$94,982, respectively.

#### **Note 6. Contributed Goods and Services**

The Organization operates a gifts in-kind program that accepts donations of products from businesses and individuals. These products are then given by the Organization to other not-for-profit agencies that can benefit by their use. Gifts of new items from retail stores are valued at fair market value. Gifts from individuals are valued at thrift store value.

Employees of local companies participating in the United Way Campaign Executives Program for the year ended December 31, 2018, volunteered 560 hours, valued at \$17,763 and, for the year ended December 31, 2017, volunteered 560 hours, valued at \$16,822, based on rates established by Independent Sector, a research firm. These volunteers assist the Organization mainly during the annual fund drive in the fall of each year. These services are not recognized in the accompanying financial statements because they do not meet recognition criteria.

The Organization receives sponsorships from corporations to fund special events and campaign executive costs. For the years ended December 31, 2018 and 2017, those sponsorships totaled \$102,500 and \$96,400, respectively. In addition, local media have provided advertising on a pro bono basis totaling \$120,000 and \$100,000 as of December 31, 2018 and 2017, respectively. The costs associated with the special events, campaign executive costs and donated advertising are included on the statements of functional expenses, in marketing and community education, although no donor funds were expended to provide these goods and services as these items were donated.

A substantial number of other volunteers and corporations have donated time and services to the Organization. No amounts have been reflected in the financial statements for donated services, since no objective basis is available to measure the value of these services.

**United Way of Pierce County**

**Notes to Financial Statements**

**Note 7. Fair Values Measured on a Recurring Basis**

The Organization's investments are valued under the fair value hierarchy established by authoritative guidance whereby Level 1 inputs are based on quoted market prices in active markets for identical assets or liabilities; Level 2 inputs are based primarily on observable market based inputs or unobservable inputs that are corroborated by market data; and Level 3 inputs are valued using unobservable inputs that are not corroborated by market data. Valuation techniques utilized to determine fair value are consistently applied. Level 2 investments consist primarily of bonds at December 31, 2018 and 2017.

Fair Value Measurements as of December 31, 2018, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate bonds	\$ -	\$ 888,258	\$ -	\$ 888,258
Mutual funds	4,215,561	-	-	4,215,561
	<u>\$ 4,215,561</u>	<u>\$ 888,258</u>	<u>\$ -</u>	<u>\$ 5,103,819</u>

Fair Value Measurements as of December 31, 2017, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Corporate bonds	\$ -	\$ 799,048	\$ -	\$ 799,048
Mutual funds	4,490,236	-	-	4,490,236
	<u>\$ 4,490,236</u>	<u>\$ 799,048</u>	<u>\$ -</u>	<u>\$ 5,289,284</u>

**Note 8. Endowment**

The Organization's endowment consists of two individual funds established to support programs intended to continue to provide support for human service needs in the community. 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, 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 Pierce County

### Notes to Financial Statements

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#### Note 8. Endowment (Continued)

**Interpretation of relevant law:** The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the 2009 Washington legislature as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted net assets: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 in donor restricted net assets is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the state of Washington in its enacted version of UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment 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; and (7) the investment policies of the Organization.

Endowment net assets composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions*	Total
December 31, 2018:			
Donor-restricted endowment funds	\$ -	\$ 241,823	\$ 241,823
Board-designated endowment funds	4,054,154	-	4,054,154
	<u>\$ 4,054,154</u>	<u>\$ 241,823</u>	<u>\$ 4,295,977</u>
December 31, 2017:			
Donor-restricted endowment funds	\$ -	\$ 248,545	\$ 248,545
Board-designated endowment funds	4,333,075	-	4,333,075
	<u>\$ 4,333,075</u>	<u>\$ 248,545</u>	<u>\$ 4,581,620</u>

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 8. Endowment (Continued)

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

	Without Donor Restrictions	With Donor Restrictions*	Total
2018:			
Endowment net assets, beginning of year	\$ 4,333,075	\$ 248,545	\$ 4,581,620
Investment loss and net depreciation (realized and unrealized)	(278,921)	(6,722)	(285,643)
Endowment net assets, end of year	<u>\$ 4,054,154</u>	<u>\$ 241,823</u>	<u>\$ 4,295,977</u>
2017:			
Endowment net assets, beginning of year	\$ 3,675,412	\$ 215,240	\$ 3,890,652
Investment income and net appreciation (realized and unrealized)	657,663	33,305	690,968
Endowment net assets, end of year	<u>\$ 4,333,075</u>	<u>\$ 248,545</u>	<u>\$ 4,581,620</u>

\* These earnings are included in education, income and health.

**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 requires the Organization to retain as a fund of perpetual duration. Deficiencies, should they occur, would be the result of unfavorable market fluctuations that occurred shortly after the investment of new donor restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Directors. At December 31, 2018 and 2017, the Organization did not have any funds with deficiencies.

**Return objectives and risk parameters:** The Organization has adopted investment policies for endowment assets with a primary objective to provide a dependable source of inflation-adjusted income and to ensure a total return (yield plus capital appreciation) necessary to preserve and enhance (in real dollar terms) the principal of the endowment. Under this policy, as recommended by the finance committee and approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce appropriate results while assuming a moderate level of investment risk.

**Strategies employed for achieving objectives:** To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation of equities, fixed income securities, and cash held in money market funds to achieve its long-term return objectives within prudent risk constraints.

## United Way of Pierce County

### Notes to Financial Statements

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#### Note 8 Endowment (Continued)

##### Spending policy and how the investment objectives relate to spending policy:

**Board-designated endowments:** The board-designated endowment fund is established in perpetuity. The principal of the board-designated endowment fund will remain intact and only the earnings will be used for funding. Such funding may include programs, or to offset administrative and fundraising costs, or for such other purposes as the board may determine consistent with this policy. However, in the event of a natural disaster, funding reversal or similar unexpected situation, principal may be moved from the board-designated endowment to support operating expenses or to honor commitments made to fund local programs. The Organization may spend up to 4.5 percent of the endowment fund average fair value over the prior 16 quarters, calculated each September 30<sup>th</sup> in the year prior to the calendar year the distribution is planned.

These investments are classified as long term, as the intent is to hold the investments; although, the board may decide to use these funds for current operations or provide emergency funding in the future.

**Donor-restricted endowments:** The spending policy for donor-restricted endowments varies according to the restrictions stipulated in the underlying agreement.

#### Note 9. Subsequent Events

The Organization has evaluated subsequent events through May 16, 2019, which is the date the financial statements were available to be issued.



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

To the Board of Directors  
United Way of Pierce County  
Tacoma, Washington

Our audit were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, distributions to agency programs, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Other Highlights information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*RSM US LLP*

Tacoma, Washington  
May 16, 2019

**United Way of Pierce County  
Other Highlights  
Year Ended December 31, 2018**

This additional information is intended to give the reader other information about their investment in United Way of Pierce County that is not part of the audited financials, but makes a difference in the community in assisting other nonprofits and individuals needing assistance.

**2018 Volunteer Engagement Efforts**

United Way convenes community volunteers to assist other Pierce County nonprofits each year as well as our own initiatives. Because of our efforts, volunteer engagement programming engaged 1,980 volunteers in 3,368 hours of service valued at \$106,833. The value is derived using rates established by an organization called Independent Sector.

**FamilyWize**

Our 2-1-1 HelpLine referral center connects approximately 70,000 people annually that need help with other nonprofits who can potentially help them. One part of the referral efforts is a relationship we have with FamilyWize, an organization that negotiates deep discounts on prescriptions with pharmacies across America. The individuals using the program collectively saved \$186,313.

**Betye Martin Baker Human Service Center**

United Way owns its building free and clear and offers other nonprofit tenants an average of 20 percent below market rents, and 60 percent below market rent for the child care center, thus saving nonprofits additional money for their mission. The estimated annual savings were \$276,000.

**United Way of Pierce County**

**Distributions to Agency Programs**

**Years Ended December 31, 2018 and 2017**

**See Independent Auditor's Report on the Supplementary Information**

	2018	2017
Regular and special allocations:		
A Step Ahead in Pierce County	\$ 25,000	\$ 25,000
ANEW	20,000	20,000
Army MWR Holiday Assistance	-	200
Associated Ministries of Tacoma	35,000	35,000
Bethel Community Services - Outreach Bus	-	7,500
Bethel School District	600	-
Boy Scouts	-	1,200
Boys & Girls Clubs of South Puget Sound	40,000	40,000
Cares of Washington	18,500	18,500
Catholic Community Services	25,000	25,000
Centro Latino Service	13,000	12,500
Children's Therapy Center	30,000	30,000
Children's Home Society	20,000	20,000
Children's Museum of Tacoma	40,850	31,000
Clover Park South Sound Military Partnership	-	480
Clover Park Technical College - CSF	-	34,500
Communities in Schools - Lakewood	20,000	20,000
Communities in Schools - Peninsula	15,000	15,000
Communities in Schools - Puyallup	10,000	10,000
Communities in Schools - Tacoma	30,000	31,000
Community Health Care	300	500
Consejo Counseling	18,180	18,180
Cottage Stone	-	1,500
Courage 360	-	4,168
Eastside Neighborhood Advisory	1,500	-
Eatonville Family Agency	4,000	3,800
Emergency Food Network	14,612	78,986
First 5 FUNdamentals - Early Learning	500	12,550
FISH Food Banks of Pierce County	-	30,000
Food Backpacks 4 Kids	3,500	3,000
Foundation for Tacoma Students	1,500	600

(Continued)

**United Way of Pierce County**

**Distributions to Agency Programs (Continued)**

**Years Ended December 31, 2018 and 2017**

**See Independent Auditor's Report on the Supplementary Information**

	2018	2017
Regular and special allocations:		
Goodwill of the Olympics and Rainier Region	\$ 75,000	\$ 41,250
Graduate Tacoma	-	4,000
Helping Hand House	20,000	20,000
HopeSparks	27,400	27,400
Key Peninsula Metro Parks	-	1,000
Kiwanis Club of Parkland Spanaway	1,500	1,500
Korean Women's Association	27,500	27,500
Lakewood Area Shelter Association	10,000	10,000
Lindquist Clinic for Children	15,000	15,000
Little Free Library	1,200	-
Local Initiatives Support Co - LISC	825	4,725
Make A Difference	317	-
Mountain View Community Center	4,500	4,000
Multicare Health System	10,000	10,000
Nativity House	300	-
New Phoebe House Association	55,000	55,000
Northwest Harvest Foodbank	-	2,500
Nourish Pierce County	77,751	-
Orting Food Bank	-	3,500
Our Savior Lutheran	7,500	7,500
Parkway Community Services	5,000	-
Pierce County Housing Authority	12,000	-
Peace Community Center	20,000	20,000
Pierce County Labor Community Services	20,500	20,500
Pioneer Human Services	36,000	36,000
Puget Sound Veterans Hope Center	50,000	-
Rescue Mission	24,000	24,000

(Continued)

**United Way of Pierce County**

**Distributions to Agency Programs (Continued)**

**Years Ended December 31, 2018 and 2017**

**See Independent Auditor's Report on the Supplementary Information**

	2018	2017
Regular and special allocations:		
Salishan Association	\$ 1,500	\$ -
Salvation Army - Tacoma Corps	15,000	15,000
Shared Housing Services	20,000	20,000
South Sound Outreach	340,500	65,081
Spanaway Lions Club	1,500	1,500
St. Leo's Food Connection	28,000	25,000
Tacoma Community College Foundation	60,000	60,000
Tacoma Community House	102,500	65,000
Tacoma Pierce County Chamber	1,725	1,300
Tacoma Urban League	-	13,750
The Woods at Golden Given	-	1,500
University of Washington - Memory of Melanie Dressel	-	1,000
United Way of Greater Houston - Hurricane Relief	-	1,000
United Way of Thurston County	7,000	-
Willie Stewart Scholarship Fund	500	1,500
WorkForce Central	2,000	-
YMCA of Tacoma Pierce County	25,000	25,000
YWCA of Pierce County	36,920	36,920
<b>Total regular and special allocations</b>	<b>1,530,480</b>	<b>1,199,090</b>
Donor designations	1,112,895	1,726,305
<b>Total funds distributed</b>	<b>\$ 2,643,375</b>	<b>\$ 2,925,395</b>