

MILLIONAIR CLUB, INC. dba UPLIFT NORTHWEST

Financial Statements
December 31, 2020 and 2019

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to the Financial Statements	6-17

Amanda O'Rourke, CPA
Matt Smith, CPA



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Millionair Club, Inc.
dba Uplift Northwest
Seattle, Washington

We have audited the accompanying financial statements of Millionair Club, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 entity'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 entity'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 that 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 Millionair Club, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Millionair Club, Inc. as of December 31, 2019, were audited by other auditors whose report dated April 28, 2020, expressed an unmodified opinion on those statements.

Greenwood Ohlund

Seattle, Washington
June 1, 2021

MILLIONAIR CLUB, INC.
dba UPLIFT NORTHWEST

STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 897,014	\$ 367,520
Accounts receivable, net	551,160	373,602
Contributions receivable	87,236	274,000
Food inventory	-	236,835
Prepaid expenses	<u>59,821</u>	<u>40,362</u>
Total current assets	1,595,231	1,292,319
Cash Restricted for Property and Equipment	143,679	143,679
Investments	2,692,985	2,299,997
Beneficial Interests in Trusts	385,548	373,882
Beneficial Interest in Assets Held by the Seattle Foundation	147,647	137,618
Property and Equipment, Net	<u>935,600</u>	<u>1,059,897</u>
Total assets	<u>\$ 5,900,690</u>	<u>\$ 5,307,392</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and other liabilities	\$ 31,828	\$ 41,183
Accrued payroll and related expenses	155,321	179,533
Line of credit	-	247,821
Current portion of Paycheck Protection Program loan	<u>213,819</u>	<u>-</u>
Total current liabilities	400,968	468,537
Deferred Rent Liability	66,213	72,632
Paycheck Protection Program Loan, net of current portion	<u>311,997</u>	<u>-</u>
Total liabilities	779,178	541,169
Net Assets		
Without donor restrictions	4,592,285	4,248,662
With donor restrictions	<u>529,227</u>	<u>517,561</u>
Total net assets	<u>5,121,512</u>	<u>4,766,223</u>
Total liabilities and net assets	<u>\$ 5,900,690</u>	<u>\$ 5,307,392</u>

See accompanying notes to financial statements.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Agency income	\$ 2,594,014	\$ -	\$ 2,594,014	\$ 2,762,292	\$ -	\$ 2,762,292
Contributions	1,468,993	-	1,468,993	1,684,798	-	1,684,798
Bequests	522,806	-	522,806	105,000	-	105,000
In-kind contributions	84,080	-	84,080	604,440	-	604,440
Special events revenue	173,025	-	173,025	342,625	-	342,625
Special events direct expenses	(2,608)	-	(2,608)	(26,591)	-	(26,591)
Change in value of beneficial interests	27,496	11,666	39,162	16,028	40,549	56,577
Rental Income	427,517	-	427,517	338,393	-	338,393
Investment income	294,421	-	294,421	411,082	-	411,082
Net assets released from restrictions	-	-	-	15,539	(15,539)	-
Total public support and revenue	5,589,744	11,666	5,601,410	6,253,606	25,010	6,278,616
Expenses						
Programs	4,239,741	-	4,239,741	5,562,915	-	5,562,915
General and administrative	274,721	-	274,721	254,615	-	254,615
Fundraising	494,824	-	494,824	461,379	-	461,379
Total expenses	5,009,286	-	5,009,286	6,278,909	-	6,278,909
Change in net assets before transfer of food inventory	580,458	11,666	592,124	(25,303)	25,010	(293)
Transfer of Food Inventory	(236,835)	-	(236,835)	-	-	-
Net Assets, beginning of year	4,248,662	517,561	4,766,223	4,273,965	492,551	4,766,516
Net Assets, end of year	\$ 4,592,285	\$ 529,227	\$ 5,121,512	\$ 4,248,662	\$ 517,561	\$ 4,766,223

See accompanying notes to financial statements.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2020 and 2019

	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries and wages	\$ 2,491,653	\$ 105,065	\$ 271,007	\$ 2,867,725	\$ 3,326,295	\$ 116,812	\$ 273,342	\$ 3,716,449
Payroll taxes	323,611	13,646	35,198	372,455	373,944	13,132	30,729	417,805
Employee benefits	216,217	9,117	23,517	248,851	289,632	10,171	23,801	323,604
Total payroll expenses	3,031,481	127,828	329,722	3,489,031	3,989,871	140,115	327,872	4,457,858
Professional fees	375,520	16,047	50,670	442,237	67,258	20,861	60,788	148,907
Supplies	329,122	3,035	6,275	338,432	30,455	3,729	6,354	40,538
Depreciation and amortization	150,106	4,711	4,328	159,145	154,956	3,149	2,762	160,867
Occupancy	125,207	1,776	24,640	151,623	177,216	2,876	3,312	183,404
Programs, non-specific and other	30,571	20,806	24,676	76,053	298,475	21,152	31,659	351,286
Bank fees and interest	43,342	18,838	8,913	71,093	54,917	17,673	3,671	76,261
Insurance	48,974	8,748	4,476	62,198	62,175	10,432	4,937	77,544
Bad debts	-	61,290	-	61,290	-	17,590	-	17,590
Maintenance and repairs	41,752	4,896	2,615	49,263	46,224	4,259	2,025	52,508
Communications and development	30,956	29	10,500	41,485	1,871	114	648	2,633
Telephone	24,802	635	952	26,389	32,801	822	821	34,444
Printing and postage	1,720	395	23,409	25,524	4,165	833	15,234	20,232
Staff and volunteer support	6,188	5,687	6,256	18,131	67,922	11,010	27,887	106,819
Specific assistance and food	-	-	-	-	574,609	-	-	574,609
Total expenses	4,239,741	274,721	497,432	5,011,894	5,562,915	254,615	487,970	6,305,500
Less: Special events - cost of direct benefit to donor	-	-	(2,608)	(2,608)	-	-	(26,591)	(26,591)
	<u>\$ 4,239,741</u>	<u>\$ 274,721</u>	<u>\$ 494,824</u>	<u>\$ 5,009,286</u>	<u>\$ 5,562,915</u>	<u>\$ 254,615</u>	<u>\$ 461,379</u>	<u>\$ 6,278,909</u>

See accompanying notes to financial statements.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 592,124	\$ (293)
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Donated food	-	(443,204)
Realized and unrealized gain on investments	(224,215)	(327,579)
Change in value of beneficial interests in trusts	(24,579)	(40,549)
Change in value of beneficial interest in assets held by The Seattle Foundation	(14,583)	(16,028)
Depreciation and amortization	159,145	160,867
Bad debts	61,290	17,590
Changes in operating assets and liabilities:		
Accounts receivable	(238,848)	117,972
Contributions receivable	186,764	(188,651)
Donated food inventory	-	451,754
Prepaid expenses	(19,459)	5,187
Accounts payable and accrued expenses	(33,567)	(77,100)
Deferred rent liability	(6,419)	(2,600)
Net cash flows from operating activities	437,653	(342,634)
Cash Flows from Investing Activities		
Purchases of investments	(208,748)	(839,401)
Sales of investments	57,442	1,370,888
Purchase of property and equipment	(34,848)	(120,715)
Net cash flows from investing activities	(186,154)	410,772
Cash Flows from Financing Activity		
Advances from line of credit	684,251	1,722,679
Repayments to line of credit	(932,072)	(1,729,858)
Proceeds from Paycheck Protection Program loan	525,816	-
Net cash flows from financing activities	277,995	(7,179)
Net change in cash and cash equivalents	529,494	60,959
Cash and Cash Equivalents, beginning of the year	511,199	450,240
Cash and Cash Equivalents, end of the year	\$ 1,040,693	\$ 511,199
Cash and Cash Equivalents, as presented on the Statements of Financial Position		
Cash and cash equivalents	\$ 897,014	\$ 367,520
Cash restricted for property and equipment	143,679	143,679
	\$ 1,040,693	\$ 511,199

See accompanying notes to financial statements.

MILLIONAIR CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Founded in 1921, Millionair Club, Inc. dba Uplift Northwest (ULNW) is committed to providing jobs and supportive services to those in need in the Puget Sound Region. Through programs that encourage self-reliance, ULNW offers job assistance, hot nutritious meals, transitional housing, housing assistance, showers, laundry services, and vision care to hundreds of men and women every year to prevent and end homelessness in our community. More than 800 homeowners and businesses hire screened and background checked workers each year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Financial Statement Presentation

ULNW reports information regarding its financial position according to two classes of net assets: without donor restrictions and with donor restrictions.

Support and revenue received are recorded depending on the existence and/or nature of any donor restrictions.

Net Assets with and without Donor Restrictions

Net assets without donor restrictions are available to support ULNW's operations. ULNW's Board of Directors has designated net assets without donor restrictions to support hygiene center development of \$6,534 and \$35,447 at December 31, 2020 and 2019, respectively.

Net assets with donor restrictions are restricted by the donor to be used for certain purposes or future time periods. Net assets with donor restrictions also represent gifts given with the intent that the principal will be maintained intact into perpetuity and the income be used for current operations. Net assets with perpetual restrictions consist entirely of a beneficial interest in a perpetual trust at December 31, 2020 and 2019. Changes in the fair value of the beneficial interest in the perpetual trust increase or decrease net assets with donor restrictions. Distributions of income from the perpetual trust are reported as investment income and may be used for current operations.

Gifts of property and equipment are reported as without donor restrictions support 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 restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Net assets with donor restrictions are available for the following purposes at December 31:

	2020	2019
Net assets with purpose or time restrictions		
Beneficial interests in remainder and lead trusts	\$ 229,555	\$ 216,545
Freezer	89,387	89,387
Kitchen remodel	54,292	54,292
	373,234	360,224
Net assets with perpetual restrictions		
Beneficial interest in perpetual trust	155,993	157,337
	\$ 529,227	\$ 517,561

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable market inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and money market funds. ULNW considers all short-term securities with an original maturity of three months or less to be cash equivalents. ULNW occasionally maintains cash balances in excess of federally insured limits. ULNW has not experienced any losses in these accounts, and management does not believe it is exposed to any significant risk.

Restricted Cash

ULNW holds cash and cash equivalents restricted by donors for the purpose of acquiring property and equipment and, therefore, classifies these amounts held as noncurrent cash restricted for property and equipment on the statements of financial position.

MILLIONAIR CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Investments

Investments include certificates of deposit, corporate bonds, common stock, and mutual funds. Certificates of deposit are recorded at cost plus accrued interest. Investments in common stock and mutual funds are reported at fair value using Level 1 valuation inputs determined by the quoted market price of these securities traded on national exchanges. Corporate bonds are valued based on the original principal amount multiplied by a factor and security price and are considered Level 2 in the fair value hierarchy. Realized and unrealized gains and losses are included in the statements of activities.

Investments are reported as long-term investments, as management intends to hold those investments for the long term.

Receivables

Accounts receivable are unsecured and are subject to credit risk. ULNW uses the allowance method of accounting for bad debts. Accordingly, accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, management has recorded an allowance for uncollectible accounts of \$27,416 and \$11,797 at December 31, 2020 and 2019, respectively.

As of December 31, 2020, 50% of accounts receivable were due from one customer. There were no concentrations of accounts receivable at December 31, 2019.

Contributions receivable are stated at estimated net realizable value. ULNW assesses the need for an allowance on its contributions receivable in the same manner as its accounts receivable. Management has determined that an allowance for uncollectible contributions receivable was not necessary at December 31, 2020 or 2019.

Food Inventory

Inventory consists entirely of unused donated food that will be provided to persons in need. Inventory is stated at the lower of cost or net realizable value. Cost is estimated based on fair value for donated goods, which is recognized based on wholesale per pound food prices provided by Food Lifeline (Level 2 input using the market approach).

During the year ended December 31, 2020, upon execution of the lease of kitchen space and equipment to Operation Sack Lunch (see later in Note 1), ULNW transitioned its meals program and transferred all food inventory valued at \$236,835 to Operation Sack Lunch to provide meals at ULNW. This transfer has been reported as a reduction of net assets on the statement of activities.

MILLIONAIR CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

Land, buildings, and equipment are capitalized at cost or, if donated, at the estimated fair value at the date of donation. ULNW capitalizes property and equipment purchases with a cost greater than \$2,500 and a useful life in excess of one year. Depreciation and amortization of buildings, furniture and equipment, software, and vehicles is computed using the straight-line method over the estimated useful lives of the assets. Useful lives of these assets range from 3 to 15 years. Amortization of leasehold improvements is calculated based on the shorter of the life of the lease or the estimated useful life, resulting in a useful life of 10 years (the life of the lease). Property and equipment consist of the following:

	2020	2019
Buildings	\$ 1,901,700	\$ 1,901,700
Leasehold improvements	275,133	269,199
Furniture and equipment	772,393	743,480
Software	73,951	73,951
Vehicles	125,790	125,790
	3,148,967	3,114,120
Less: accumulated depreciation and amortization	(2,264,117)	(2,104,973)
	884,850	1,009,147
Land	50,750	50,750
	\$ 935,600	\$ 1,059,897

Deferred Rent Liability

ULNW has entered into an operating lease agreement (see Note 8), which contains provisions for future rent increases. In accordance with accounting principles generally accepted in the United States of America, ULNW records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent liability, which is reflected as a separate line item in the accompanying statement of financial position.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Agency Income

UNLW recognizes agency income from the Transitional Jobs Program using an allowable practical expedient under Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers. The practical expedient allows ULNW to recognize revenue when it has the right to invoice, which is determined based on each hour worked at agreed-upon fixed rates as the customer is simultaneously receiving and consuming the benefits of ULNW's performance as ULNW performs. Labor hours are generally contracted for periods throughout the year on an as-needed basis. Customers are billed on a weekly basis, and payment terms are generally seven to 30 days from the date the services are invoiced.

There are no significant judgments affecting the determination of amount and timing of agency income.

During both years ended December 31, 2020 and 2019, agency income from one customer represented 16% of total support and revenue.

Contributions and Bequests Revenue Recognition

Contributions (including those generated through special events) are recorded when unconditionally pledged as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. ULNW classifies support and revenue as without donor restrictions if the contribution is received and the restrictions are satisfied in the same year.

ULNW records contributions from bequests as revenue when ULNW is notified by the executor as to the amount of the bequest to be received and the estate has cleared probate.

In-Kind Contributions

Contributions of food are recorded as the food is received. The contributions are recognized at fair value based on wholesale per pound food prices provided by Food Lifeline. In-kind contributions of goods other than food are recorded at fair value at the date of donation.

ULNW recognized \$443,204 of donated food for the year ended December 31, 2019.

Contributed services are recognized as support and expense if the services involve specialized skills and would need to be purchased by ULNW if not donated. ULNW also receives donated services that are not recognized in these financial statements.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Rental Income

ULNW subleases residential units under operating leases to certain temporary employees who participate in the workforce generating agency income. The residential units are originally leased through the lease disclosed in Note 8. Subleases carry a term of six months and revert to a month-to-month term at the expiration of the original six-month term. ULNW recognizes rental revenue under these leases based on tenant occupancy. ULNW recognizes bad debt for any outstanding receivables associated with the lease and discontinues recognizing rental revenue when collectability of rental payments is no longer reasonably assured.

In addition, on September 23, 2019, ULNW entered into a lease agreement with the Metropolitan Improvement District, an unrelated nonprofit organization, for the use of certain dining and temporary staffing office space. The lease term matures September 22, 2022, and includes monthly base rent of \$3,600, plus additional fixed monthly charges of \$300 for common area costs including taxes, insurance, and utilities. Monthly rent amounts are fixed through the lease term.

Lastly, on February 1, 2020, ULNW entered into a lease agreement with Operation Sack Lunch, an unrelated nonprofit meal service organization, for the use of ULNW's kitchen space, and generally all kitchen-related equipment. The lease term matures January 31, 2025, and includes monthly base rent of \$7,500, plus additional fixed monthly charges of \$125 for common area costs including taxes, insurance, and utilities. The lease includes annual cost of living escalations (which are not factored into the future receipts schedule below, as they are yet to be determined). The cost and accumulated depreciation of leased property and equipment was \$381,896 and \$294,752 at December 31, 2020 and 2019, respectively.

Rental income is recognized on the straight-line basis over the lease term as it becomes receivable according to the provisions of the lease. An adjustment to the straight-line basis has not been recognized, as the amount is not material to the financial statements.

Future noncancelable minimum rental payments to be received for the leases with the Metropolitan Improvement District and Operation Sack Lunch are as follows for the years ending December 31:

2021	\$ 134,700
2022	123,900
2023	91,500
2024	91,500
2025	<u>7,625</u>
	<u>\$ 449,225</u>

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain expenses are attributed to more than one supporting function.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Accordingly, certain costs have been allocated among the supporting services benefited. The expenses that are allocated include occupancy and depreciation and amortization, which are allocated based on estimated use of space, and payroll expenses, professional fees, supplies, programs, non-specific and other, bank fees and interest, insurance, and other, which are allocated on the basis of time and effort.

Federal Income Taxes

ULNW is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

ULNW has evaluated subsequent events through the date these financial statements were available to be issued, which was June 1, 2021.

Note 2 – Liquidity and Availability of Resources

ULNW regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. Financial assets in excess of daily cash needs are invested in certificates of deposit or other marketable securities as prescribed by ULNW's investment policy.

Inventory is not considered a financial asset, as it consists of donated food that will be provided to persons in need. Financial assets not available include board-designated funds or net assets with donor restrictions. In the event the need arises to utilize the board-designated funds for liquidity purposes, the designations could be drawn upon through board resolution. The following table reflects ULNW's financial assets as of December 31, 2020 and 2019, available to meet general expenditures within one year of the statement of financial position date:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 897,014	\$ 367,520
Cash restricted for property and equipment	143,679	143,679
Investments	2,692,985	2,299,997
Accounts receivable, net	551,160	373,602
Contributions receivable	87,236	274,000
	4,372,074	3,458,798
Less: Amounts Not Available to be Used Within One Year		
Board-designated net assets	(6,534)	(35,447)
Net assets with donor restrictions for freezer and kitchen remodel	(143,679)	(143,679)
	\$ 4,221,861	\$ 3,279,672

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Note 3 – Investments

Investments consist of the following at December 31:

	2020	2019
Common stocks	\$ 1,350,975	\$ 1,012,020
Corporate bonds	1,242,112	911,874
Bond mutual funds	99,898	174,654
Certificates of deposit	-	201,449
	\$ 2,692,985	\$ 2,299,997

Investment income consists of the following for the years ending December 31:

	2020	2019
Interest and dividends	\$ 52,739	\$ 65,482
Realized and unrealized gains	224,215	327,579
Distributions received from beneficial interests in lead trusts	12,913	13,621
Distributions received from beneficial interests in The Seattle Foundation	4,554	4,400
	\$ 294,421	\$ 411,082

Note 4 – Beneficial Interests in Trusts

ULNW has beneficial interests in four trusts (the Trusts) as of December 31, 2020. Three of the trusts are remainder or lead trusts, and the remaining trust is a perpetual trust. The beneficial interests are valued at the fair value of the Trusts' assets (using Level 3 inputs as determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions). Interests in remainder or lead trusts are included in net assets with donor restrictions, as the trust agreements stipulate ULNW to receive the assets with the ability to use the assets for unrestricted purposes upon the death of all preceding beneficiaries (time restricted). Interest in the perpetual trust is included in net assets with restrictions, as the trust agreement stipulates that the income from the assets be provided to ULNW and the principal remain intact into perpetuity. Under the lead and perpetual trust agreements, ULNW typically receives annual distributions based on its interest in each respective trust. Income distributions are available to support ULNW's general operations.

MILLIONAIR CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

ULNW's beneficial interests in the Trusts consist of the following at December 31:

	2020	2019
Remainder and lead trusts	\$ 229,555	\$ 216,545
Perpetual trust	155,993	157,337
	\$ 385,548	\$ 373,882

A reconciliation of the beginning and ending balances of the Trusts are as follows for the years ended December 31:

	2020	2019
Beginning balance	\$ 373,882	\$ 333,333
Change in value	24,579	54,170
Distributions of earnings	(12,913)	(13,621)
Change in value, net	11,666	40,549
Ending balance	\$ 385,548	\$ 373,882

The change in value of the beneficial interests (including those held by the Seattle Foundation in Note 5) is reported net of distributions of earnings on the statements of activities, as distributions are classified as investment income.

Note 5 - Beneficial Interest in Assets Held by the Seattle Foundation

ULNW has a beneficial interest in assets held by the Seattle Foundation (the Foundation). The beneficial interest held by the Foundation was set up without donor restricted funds of ULNW in a previous year and is therefore recognized in net assets without donor restrictions. Under the terms of the agreement, ULNW will receive distributions at such times as decided by the Foundation, but at least annually, in amounts as determined by the Foundation's spending policy. The timing and amount of the distributions are determined at the sole discretion of the Foundation and may invade the principal. The Foundation has variance power over the assets, which gives the Foundation the right to modify any restriction or condition regarding distributions from the fund for any charitable purpose or to any organization if, in the sole judgment of the Foundation's Board of Trustees, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes of the Foundation.

The beneficial interest in assets held by the Foundation is stated at the fair value of the underlying investments (cash and marketable securities) as provided by the Foundation, which constitutes Level 3 inputs using the market approach.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

A reconciliation of the beginning and ending balances of the beneficial interest in assets held by the Foundation is as follows for the years ended December 31:

	2020	2019
Beginning balance	\$ 137,618	\$ 121,590
Change in value	14,583	20,428
Distributions of earnings	(4,554)	(4,400)
Change in value, net	10,029	16,028
Ending Balance	\$ 147,647	\$ 137,618

ULNW's beneficial interests in the Foundation are invested in the Foundation's balanced pool portfolio. The balanced pool reflects a total return approach to investing and is focused on maximizing income while maintaining an efficient and well diversified portfolio for donors with at least a 10-year giving horizon. As the best performing asset class varies from year to year, this diversified portfolio benefits philanthropists by maintaining consistent exposures to all asset categories. Assets will be subject to an optimized amount of capital market volatility in order to achieve targeted long-term return objectives.

Note 6 – Line of Credit

ULNW maintained a line of credit (the Line) with a bank carrying a maximum borrowing limit of \$500,000 through its maturity in June 2020. At maturity, the Line was paid in full, and not renewed.

Note 7 – Employee Benefit Plan

ULNW provides 403(b) benefits to eligible employees. All eligible employees can make elective deferrals under the plan. Employees are eligible for employer contributions to the plan after age 21 and completion of one year of service. ULNW, at its discretion, contributes 5% of the employee's compensation annually and matches employee contributions to the plan up to 3% of their compensation. ULNW's contributions to the plan totaled \$85,421 and \$98,815 for the years ended December 31, 2020 and 2019, respectively. Employer contributions vest over five years. Employee contributions are 100% vested at the time of contribution.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Note 8 – Lease

ULNW leases a building to provide low-income individuals housing under a noncancelable operating lease expiring in March 2025. Rent expense (net of straight-line adjustment) under this agreement was \$124,708 for both of the years ended December 31, 2020 and 2019.

The future minimum lease payments are as follows:

2021	\$ 135,061
2022	139,113
2023	143,286
2024	147,585
2025	<u>38,003</u>
	<u>\$ 603,048</u>

Note 9 – Paycheck Protection Program Loan

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on ULNW's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, ULNW is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On May 3, 2020, ULNW obtained a loan under the PPP with a principal balance of \$525,816 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning 10 months after the last day of the covered period, on March 3, 2021 through the maturity date of the loan on May 3, 2022.

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. To complete the loan forgiveness process management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application. A risk exists that the lender or the SBA may reject some or all of the requested forgiveness amount during the review process, in which case ULNW will be required to repay the amount that is not forgiven. For the year ended December 31, 2020, management has not yet concluded that these conditions have been met (nor has the lender awarded forgiveness), and therefore, no amounts have been forgiven.

MILLIONAIR CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

Future minimum principal payments on ULNW's forgivable loan are as follows if the loan is not forgiven for the years ending December 31:

2021	\$ 213,819
2022	<u>311,997</u>
	<u>\$ 525,816</u>