

MILLIONAIRE CLUB, INC. dba UPLIFT NORTHWEST

Financial Statements
December 31, 2021 and 2020

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Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Uplift Northwest (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uplift Northwest as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Amanda O'Rourke, CPA
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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Uplift Northwest's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Uplift Northwest's ability to continue as a going concern for a reasonable period of time.

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

Greenwood Ohlund

Seattle, Washington
May 27, 2022

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,285,462	\$ 897,014
Accounts receivable, net	1,555,116	551,160
Contributions receivable	43,495	87,236
Prepaid expenses	41,690	59,821
Total current assets	2,925,763	1,595,231
Cash Restricted for Property and Equipment	143,679	143,679
Investments	2,773,330	2,692,985
Beneficial Interests in Trusts	417,807	385,548
Beneficial Interest in Assets Held by the Seattle Foundation	163,411	147,647
Property and Equipment, Net	804,729	935,600
Total assets	\$ 7,228,719	\$ 5,900,690
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and other liabilities	\$ 440,359	\$ 31,828
Accrued payroll and related expenses	185,089	155,321
Current portion of Paycheck Protection Program loan	-	213,819
Total current liabilities	625,448	400,968
Deferred Rent Liability	55,860	66,213
Paycheck Protection Program Loan, net of current portion	-	311,997
Total liabilities	681,308	779,178
Net Assets		
Without donor restrictions	5,985,925	4,592,285
With donor restrictions	561,486	529,227
Total net assets	6,547,411	5,121,512
Total liabilities and net assets	\$ 7,228,719	\$ 5,900,690

See accompanying notes to financial statements.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Agency income	\$ 6,640,799	\$ -	\$ 6,640,799	\$ 2,594,014	\$ -	\$ 2,594,014
Contributions	2,106,884	-	2,106,884	1,468,993	-	1,468,993
Bequests	-	-	-	522,806	-	522,806
Special events revenue	341,250	-	341,250	173,025	-	173,025
Special events direct expenses	(9,572)	-	(9,572)	(2,608)	-	(2,608)
In-kind contributions	28,040	-	28,040	84,080	-	84,080
Change in value of beneficial interests	30,670	32,259	62,929	27,496	11,666	39,162
Rental Income	426,577	-	426,577	427,517	-	427,517
Investment income	246,227	-	246,227	294,421	-	294,421
Total public support and revenue	9,810,875	32,259	9,843,134	5,589,744	11,666	5,601,410
Expenses						
Programs	7,624,455	-	7,624,455	4,239,741	-	4,239,741
General and administrative	352,141	-	352,141	274,721	-	274,721
Fundraising	440,639	-	440,639	494,824	-	494,824
Total expenses	8,417,235	-	8,417,235	5,009,286	-	5,009,286
Change in net assets before transfer of food inventory	1,393,640	32,259	1,425,899	580,458	11,666	592,124
Transfer of Food Inventory	-	-	-	(236,835)	-	(236,835)
Net Assets, beginning of year	4,592,285	529,227	5,121,512	4,248,662	517,561	4,766,223
Net Assets, end of year	\$ 5,985,925	\$ 561,486	\$ 6,547,411	\$ 4,592,285	\$ 529,227	\$ 5,121,512

See accompanying notes to financial statements.

**MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST**

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Programs	General and Administrative	Fundraising	Total	Programs	General and Administrative	Fundraising	Total
Salaries and wages	\$ 4,689,032	\$ 162,139	\$ 173,896	\$ 5,025,067	\$ 2,491,653	\$ 105,065	\$ 271,007	\$ 2,867,725
Payroll taxes	488,641	16,896	18,122	523,659	323,611	13,646	35,198	372,455
Employee benefits	181,581	6,279	6,735	194,595	216,217	9,117	23,517	248,851
Total payroll expenses	5,359,254	185,314	198,753	5,743,321	3,031,481	127,828	329,722	3,489,031
Professional fees	1,325,807	17,121	130,274	1,473,202	375,520	16,047	50,670	442,237
Occupancy	358,812	8,651	6,426	373,889	166,959	6,672	27,255	200,886
Programs, non-specific and other	224,146	5,962	19,729	249,837	267,406	20,806	24,676	312,888
Information technology	97,838	10,315	28,432	136,585	55,758	664	11,452	67,874
Depreciation and amortization	123,163	4,246	3,462	130,871	150,106	4,711	4,328	159,145
Office expenses	31,385	12,151	52,174	95,710	100,195	9,117	35,940	145,252
Bad debts	-	84,221	-	84,221	-	61,290	-	61,290
Bank fees and interest	43,775	17,960	8,201	69,936	43,342	18,838	8,913	71,093
Insurance	60,275	6,200	2,760	69,235	48,974	8,748	4,476	62,198
Total expenses	7,624,455	352,141	450,211	8,426,807	4,239,741	274,721	497,432	5,011,894
Less: Special events - cost of direct benefit to donor	-	-	(9,572)	(9,572)	-	-	(2,608)	(2,608)
	<u>\$ 7,624,455</u>	<u>\$ 352,141</u>	<u>\$ 440,639</u>	<u>\$ 8,417,235</u>	<u>\$ 4,239,741</u>	<u>\$ 274,721</u>	<u>\$ 494,824</u>	<u>\$ 5,009,286</u>

See accompanying notes to financial statements.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 1,425,899	\$ 592,124
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Forgiveness of Paycheck Protection Program loan	(525,816)	-
Realized and unrealized (gains) losses on investments	172,901	(224,215)
Change in value of beneficial interests in trusts	(42,611)	(24,579)
Change in value of beneficial interest in assets held by The Seattle Foundation	(20,318)	(14,583)
Depreciation and amortization	130,871	159,145
Bad debts	84,221	61,290
Changes in operating assets and liabilities:		
Accounts receivable	(1,088,177)	(238,848)
Contributions receivable	43,741	186,764
Donated food inventory	-	-
Prepaid expenses	18,131	(19,459)
Accounts payable and accrued expenses	438,299	(33,567)
Deferred rent liability	(10,353)	(6,419)
Net cash flows from operating activities	626,788	437,653
Cash Flows from Investing Activities		
Purchases of investments	(367,403)	(208,748)
Sales of investments	129,063	57,442
Purchase of property and equipment	-	(34,848)
Net cash flows from investing activities	(238,340)	(186,154)
Cash Flows from Financing Activity		
Advances from line of credit	-	684,251
Repayments to line of credit	-	(932,072)
Proceeds from Paycheck Protection Program loan	-	525,816
Net cash flows from financing activities	-	277,995
Net change in cash and cash equivalents	388,448	529,494
Cash and Cash Equivalents, beginning of the year	1,040,693	511,199
Cash and Cash Equivalents, end of the year	\$ 1,429,141	\$ 1,040,693
Cash and Cash Equivalents, as presented on the Statements of Financial Position		
Cash and cash equivalents	\$ 1,285,462	\$ 897,014
Cash restricted for property and equipment	143,679	143,679
	\$ 1,429,141	\$ 1,040,693

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, 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 businesses and individuals 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 at both December 31, 2021 and 2020.

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, 2021 and 2020. 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. There were no releases from net assets with donor restrictions during the years ended December 31, 2021 and 2020.

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.
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NOTES TO FINANCIAL STATEMENTS

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

	2021	2020
Net assets with purpose or time restrictions		
Beneficial interests in remainder and lead trusts	\$ 242,984	\$ 229,555
Freezer	89,387	89,387
Kitchen remodel	54,292	54,292
	386,663	373,234
Net assets with perpetual restrictions		
Beneficial interest in perpetual trust	174,823	155,993
	\$ 561,486	\$ 529,227

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.

Investments consist of the following at December 31:

	2021	2020
Common stocks	\$ 1,429,553	\$ 1,350,975
Corporate bonds	1,222,478	1,242,112
Bond mutual funds	99,858	99,898
Equity mutual funds	21,441	-
	\$ 2,773,330	\$ 2,692,985

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

	2021	2020
Interest and dividends	\$ 404,222	\$ 52,739
Realized and unrealized gains (losses)	(172,901)	224,215
Distributions received from beneficial interests in lead trusts	10,352	12,913
Distributions received from beneficial interests in The Seattle Foundation	4,554	4,554
	\$ 246,227	\$ 294,421

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 \$108,959 and \$27,416 at December 31, 2021 and 2020, respectively.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

At December 31, 2021, 64% of accounts receivable were due from two customers. At December 31, 2020, 50% of accounts receivable were due from one customer.

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, 2021 or 2020.

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:

	2021	2020
Buildings	\$ 1,901,700	\$ 1,901,700
Leasehold improvements	275,133	275,133
Furniture and equipment	772,393	772,393
Software	73,951	73,951
Vehicles	125,790	125,790
	3,148,967	3,148,967
Less: accumulated depreciation and amortization	(2,394,988)	(2,264,117)
	753,979	884,850
Land	50,750	50,750
	\$ 804,729	\$ 935,600

Deferred Rent Liability

ULNW has entered into an operating lease agreement (see Note 6), 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 the years ended December 31, 2021 and 2020, agency income from one customer represented 23% and 16% of total support and revenue, respectively.

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. During the year ended December 31, 2020, ULNW received a Paycheck Protection Program loan from the Small Business Administration of \$525,816. This loan included forgivable conditions which were met during the year ended December 31, 2021 and, therefore, the loan amount was recognized to contribution revenue.

UNLW 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

In-kind contributions of goods are recorded at fair value at the date of donation. 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.

Rental Income

UNLW 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 6. 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.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

In addition, 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 December 31, 2022, and includes monthly base rent of \$7,500, plus additional fixed monthly charges of \$125 for common area costs including taxes, insurance, and utilities. Future rents for the year ending December 31, 2022 are expected to be \$91,200. The cost and accumulated depreciation of leased property and equipment was \$381,896 and \$302,339 at December 31, 2021. The cost and accumulated depreciation of leased property and equipment was \$381,896 and \$294,752 at December 31, 2020.

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.

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.

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, office expense, programs, non-specific and other, information technology, office expenses, 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.

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current year presentation.

Subsequent Events

ULNW has evaluated subsequent events through the date these financial statements were available to be issued, which was May 27, 2022.

MILLIONAIRE CLUB, INC.
dba UPLIFT NORTHWEST

NOTES TO FINANCIAL STATEMENTS

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 marketable securities as prescribed by ULNW’s investment policy.

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, 2021 and 2020, available to meet general expenditures within one year of the statement of financial position date:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 1,285,462	\$ 897,014
Cash restricted for property and equipment	143,679	143,679
Investments	2,773,330	2,692,985
Accounts receivable, net	1,555,116	551,160
Contributions receivable	43,495	87,236
	5,801,082	4,372,074
Less: Amounts Not Available to be Used Within One Year		
Board-designated net assets	(6,534)	(6,534)
Net assets with donor restrictions for freezer and kitchen remodel	(143,679)	(143,679)
	\$ 5,650,869	\$ 4,221,861

Note 3 – Beneficial Interests in Trusts

ULNW has beneficial interests in four trusts (the Trusts). 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:

	2021	2020
Remainder and lead trusts	\$ 242,984	\$ 229,555
Perpetual trust	174,823	155,993
	\$ 417,807	\$ 385,548

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

	2021	2020
Beginning balance	\$ 385,548	\$ 373,882
Change in value	42,611	24,579
Distributions of earnings	(10,352)	(12,913)
Change in value, net	32,259	11,666
Ending balance	\$ 417,807	\$ 385,548

The change in value of the beneficial interests (including those held by the Seattle Foundation in Note 4) is reported net of distributions of earnings on the statements of activities, as distributions are classified as investment income.

Note 4 - 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:

	2021	2020
Beginning balance	\$ 147,647	\$ 137,618
Change in value	20,318	14,583
Distributions of earnings	(4,554)	(4,554)
Change in value, net	15,764	10,029
Ending Balance	\$ 163,411	\$ 147,647

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 5 – 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 \$54,050 and \$85,421 for the years ended December 31, 2021 and 2020, respectively. Employer contributions vest over five years. Employee contributions are 100% vested at the time of contribution.

Note 6 –Operating 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 \$125,431 and \$124,708 for the years December 31, 2021 and 2020, respectively.

The future minimum lease payments are as follows:

2022	\$ 139,113
2023	143,286
2024	147,585
2025	38,003
	\$ 467,987