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**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**(A Washington Non-Profit Organization)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

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WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Washington State Association of County Officials  
Olympia, WA 98501

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Washington State Association of County Officials ("WACO") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 WACO as of December 31, 2024, 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 WACO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 WACO'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 WACO'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 WACO'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.

*Aiken & Sanders*

Montesano, Washington  
October 07, 2025

## FINANCIAL STATEMENTS

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 811,813
Certificate of deposit	177,648
Accounts receivable	5,000
Prepaid expenses	<u>14,531</u>
Total current assets	<u>1,008,992</u>

Noncurrent assets:

Leasehold improvements, net	13,126
Furniture and equipment, net	2,873
Investment	<u>140,602</u>
Total noncurrent assets	<u>156,601</u>
Total assets	<u><u>1,165,593</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Current liabilities:

Accounts payable	24,328
Accrued vacation	<u>67,881</u>
Total current liabilities	<u>92,209</u>
Total liabilities	<u>92,209</u>

**NET ASSETS**

Without donor restrictions	464,651
Without donor restrictions-board designated	<u>594,267</u>
Total without donor restrictions	<u>1,058,918</u>
With donor restrictions	<u>14,466</u>
Total net assets	<u>1,073,384</u>
Total liabilities and net assets	<u><u>\$ 1,165,593</u></u>

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

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue:</b>			
Membership dues	\$ 1,079,931	\$ -	\$ 1,079,931
Contract revenue	1,215	-	1,215
Conference income	180,138	-	180,138
Rent income	28,536	-	28,536
Investment income (Loss)	(16,881)	-	(16,881)
Contributions	11,078	-	11,078
Miscellaneous income	2,879	279	3,158
Interest income	<u>39,652</u>	<u>-</u>	<u>39,652</u>
Total support and revenue	<u>1,326,548</u>	<u>279</u>	<u>1,326,827</u>
<b>Expenses:</b>			
Program services	1,009,238	-	1,009,238
Management and general	<u>230,443</u>	<u>-</u>	<u>230,443</u>
Total expenses	<u>1,239,681</u>	<u>-</u>	<u>1,239,681</u>
Change in net assets	86,867	279	87,146
Net assets, beginning of year	<u>972,051</u>	<u>14,187</u>	<u>986,238</u>
Net assets, end of year	<u>\$ 1,058,918</u>	<u>\$ 14,466</u>	<u>\$ 1,073,384</u>

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

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salary and wages	\$ 370,472	\$ 116,991	\$ 487,463
Payroll taxes and employee benefits	120,828	38,156	158,984
Conferences	93,362	-	93,362
Pass-through membership	261,876	-	261,876
Lease expense	42,507	42,507	85,014
Printing and office supplies	6,928	5,668	12,596
Miscellaneous expense	612	-	612
Travel	25,113	-	25,113
Depreciation	-	1,164	1,164
Technology	-	14,755	14,755
Telephone	792	648	1,440
Insurance	-	4,995	4,995
Dues and subscriptions	1,150	1,151	2,301
Professional services	76,598	4,408	81,006
Scholarships	<u>9,000</u>	<u>-</u>	<u>9,000</u>
<b>Total expenses</b>	<b><u>\$ 1,009,238</u></b>	<b><u>\$ 230,443</u></b>	<b><u>\$ 1,239,681</u></b>

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



**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Cash flows from operating activities**

Change in net assets	\$ 87,146
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:	
Depreciation	1,164
Investment loss (gain)	16,881
Changes in operating assets and liabilities:	
Accounts receivable	18,775
Prepaid expenses	675
Accounts payable	3,900
Accrued vacation	(4,879)
Payroll liabilities	<u>(20,500)</u>
Net cash provided by/(used in) operating activities	<u>103,162</u>

**Cash flows from investing activities**

Purchase of furniture and equipment	(1,866)
Purchase of certificate of deposit	(6,642)
Capital contributions	<u>(12,596)</u>
Net cash provided by/(used in) investing activities	<u>(21,104)</u>

**Net increase/(decrease) in cash and cash equivalents** 82,058

**Cash and cash equivalents, beginning of year** 729,755

**Cash and cash equivalents, end of year** \$ 811,813

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

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1 - ORGANIZATION AND PURPOSE**

The Washington State Association of County Officials (WACO) was incorporated in the State of Washington in 1960. WACO has approximately 270 members. The membership of WACO includes elected county assessors, auditors, clerks, coroners and medical examiners, prosecuting attorneys, sheriffs, treasurers & comparable appointed officials in charter counties.

WACO provides its members legislative representation; education and training; informational publications; day-to-day assistance concerning a wide variety of issues of importance to counties; local, state, and federal agency liaison; an annual conference for training and to develop a legislative package; affiliate support; and other forums in which to develop ideas and build consensus.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

WACO maintains its financial records on the accrual basis of accounting. Therefore, revenue is recognized when it is earned, and expenses are recognized when the obligations are incurred.

**B. Presentation Method for Financial Statements**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WACO and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Includes public support and revenues, which are not restricted by the donor and are currently available for the support of WACO.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that may or will be met, whether by actions of the project and/or the passage of time. Generally, the donors of these assets permit the project to use all or part of the income or gains earned on related investments for general or specific purposes. Net assets are released from restrictions when the purpose or time restrictions have been satisfied. The following represent net assets with donor restrictions on December 31, 2024:

Program restrictions:	
Scholarship program	\$ <u>14,466</u>
	\$ <u><u>14,466</u></u>

**C. Statement of Cash Flows**

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions with an original maturity of three months or less to be cash equivalents.

**D. Use of Accounting Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of certain assets and liabilities as of the date of the financial statements. Actual results could differ, either positively or negatively, from those estimates.

WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**D. Use of Accounting Estimates - Cont'd**

Significant estimates include the allowance for loss provisions on performing loans receivable, present value discount of deferred loan receivables, the provision for depreciation, and the allocation of expenses by function.

**E. Accounts Receivable**

Bad debts have been immaterial in the past; therefore, an allowance for doubtful accounts has not been established. Receivables are considered past due if not collected within 90 days. WACO does not charge interest on past due receivables. As of December 31, 2024, management believes that all accounts receivable are collectible.

**F. Allocation of Indirect Costs**

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of WACO. These expenses include facilities, printing and office supplies, and dues and subscriptions, and are allocated based on a ratio determined by management to be appropriate. Payroll and related costs are allocated based on time spent on each function.

**G. Advertising Costs**

The costs of advertising are expensed as incurred.

**H. Recognizing Revenue from Contracts**

The Financial Accounting Standards Board (FASB) issued guidance which requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. WACO follows these principles. WACO, if it receives an advance of funds from grants or contracts, recognizes deferred revenue in the amount of the advance for its performance obligation to perform services in the future. The balances of receivables from contracts are as follows as of December 31, 2024:

Accounts receivable	\$ <u>5,000</u>
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**I. Leases**

WACO recognizes and measures its leases in accordance with FASB ASC 842, leases. WACO is a lessee in several noncancellable operating leases, for office space and office equipment. WACO determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. WACO recognizes lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise WACO uses the U.S. Treasury Bill risk free rate with a term equivalent to the lease term. The implicit rate of the leases were not readily determinable and accordingly, WACO used the U.S. Treasury Bill risk free rate based on the information available at the commencement date for the leases.

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e. present value of the remaining lease payments). Lease cost for lease payments is recognized on a straight-line basis over the lease term.

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**I. Leases - Cont'd**

Management classifies all leases greater than \$5,000 in value and twelve months or more in length as operating or finance leases. In order to meet the classification as a finance lease, leases must meet at least one of the following criteria; 1) the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, 2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, 3) the lease term is for a major part of the economic life of the leased asset, 4) the present value of the sum of the lease payments and any residual value equals or exceeds substantially all of the fair value of the underlying asset, or 5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

WACO has elected, for all underlying classes of assets, not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that WACO is reasonably certain to exercise. WACO recognizes lease cost associated with the short-term leases on a straight-line basis over the lease term.

**J. Property and equipment**

Property and equipment are recorded at cost or, if acquired as a donation, at the estimated fair value at the date donated. Depreciation is computed utilizing the straight-line method and the following estimated useful lives:

Equipment and furnishings	3 - 7 years
Leasehold improvements	39 years

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in income.

**K. Employee Benefits and Compensated Absences**

WACO provides its employees with paid annual and sick leave in accordance with its current policies. Sick leave benefits are cumulative only to the extent of use for illness. Accrued and unused annual leave is payable to the employee in cash upon termination. Unused balances as of December 31, 2024, was \$67,881. All WACO employees are eligible to participate in their retirement program, a 401(k) plan. The amount of the contribution is determined annually during the budget process and must be approved by the Board of Directors. WACO approved a matching contribution of 7.5% of employee wages for the years ended December 31, 2024. Once the contribution is made to an employee's 401(k) account, control over the account is vested in the employee. Pension cost for the years ended December 31, 2024, was \$30,391.

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

As of December 31, 2024, the carrying amount of WACO's cash deposits was \$811,813 and the bank balance was \$826,679. The difference between the bank balance and the carrying amount represents outstanding checks.

Credit Risk: WACO maintains its cash balances in various financial institutions, which at times may exceed federally insured limits. All accounts are fully secured through the Federal Deposit Insurance Corporation (FDIC) and the ICS Sweep program. As of December 31, 2024, WACO had uninsured balance of \$0.

**NOTE 4 - CERTIFICATE OF DEPOSIT**

As of December 31, 2024, WACO holds a certificate of deposit with a fair value of \$177,648. The certificate of deposit has an original maturity of one year from the date of purchase and is classified as a short-term investment on the Statement of Financial Position. The fair value of the certificate of deposit is determined based on observable inputs other than quoted prices, classifying them as Level 2 within the fair value hierarchy as defined by the Financial Accounting Standards Board (FASB) under ASC Topic 820.

**NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

WACO, although it expects to receive current support to fund operations for 2024 and later years, has \$979,995 of financial assets available within one year of the statement of financial position date as of December 31, 2024, to meet cash needs for general operating expenditures of WACO. Financial assets available within one year consist of the following:

	<u>2024</u>
Cash and cash equivalents	\$ 811,813
Certificate of deposit	177,648
Accounts receivable	5,000
Less: donor restriction imposed	<u>(14,466)</u>
Financial assets available to meet cash needs within one year	<u>\$ 979,995</u>

**NOTE 6 - BOARD DESIGNATED NET ASSETS**

WACO has a board designated reserve that can be used for maintenance or improvements to the Partnership, anticipated expenses for annual events, and unforeseen expenditures. As of December 31, 2024, the board restricted reserve was \$594,267.

	<u>2024</u>
Board reserve for:	
Operations	\$ 499,700
Capital expenditures	97,499
Conference	141
Audit reserve	<u>(3,073)</u>
Total board designated net assets	<u>\$ 594,267</u>

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 - INVESTMENTS & FAIR VALUE MEASUREMENTS**

WACO is the general partner of Washington Counties Building (Partnership). WACO is a 50% participant in the income/loss of the Partnership. WACO's invested capital in the Partnership on December 31, 2024, was \$140,602.

Investment gain(loss) on the statement of activities for the year ended December 31, 2024, was \$(16,881).

Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that WACO has the ability to access.

**Level 2:** Inputs to valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.
- C. Inputs other than quoted prices that are observable for the asset or liability.
- D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2024.

Washington Counties Building: The equity method of accounting.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although WACO believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 7 - INVESTMENTS & FAIR VALUE MEASUREMENTS - CONT'D**

The following table sets forth by level, within the fair value hierarchy, WACO assets at fair value as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2024 Total</u>
Washington Counties Building	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>140,602</u>	\$ <u>140,602</u>
	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>140,602</u>	\$ <u>140,602</u>

Level 3

Balance January 1, 2024	\$ 144,887
Capital contributions	12,596
Realized loss	<u>(16,881)</u>
Balance December 31, 2024	\$ <u>140,602</u>

**NOTE 8 - LEASES**

WACO leases office space that is classified as an operating lease. The lease is year to year and is not recognized as a right to use assets due to a lease term of 12 months or less. Lease expenses for the year ended December 31, 2024, was \$80,627, which include fixed payments.

WACO also leases a copier that is classified as an operating lease. The lease has a 60-month term. Lease expenses for the year ended December 31, 2024 was \$4,387.

**NOTE 9 - UNCERTAIN TAX POSITIONS**

WACO is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

WACO files income tax returns in the U.S. federal jurisdiction. WACO is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2021. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of December 31, 2024, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

**WASHINGTON STATE ASSOCIATION OF COUNTY OFFICIALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 10 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2024:

	Beginning balance <u>01/01/2024</u>	Addition	Disposal	Ending balance <u>12/31/2024</u>
Furniture and equipment	\$ 28,519	\$ 1,866	\$ -	\$ 30,385
Less: accumulated depreciation	<u>(26,832)</u>	<u>(680)</u>	<u>-</u>	<u>(27,512)</u>
Furniture and equipment, net	<u>\$ 1,687</u>	<u>\$ 1,186</u>	<u>\$ -</u>	<u>\$ 2,873</u>
Leasehold improvements	\$ 18,886	\$ -	\$ -	\$ 18,886
Less: accumulated depreciation	<u>(5,276)</u>	<u>(484)</u>	<u>-</u>	<u>(5,760)</u>
Leasehold improvements, net	<u>\$ 13,610</u>	<u>\$ (484)</u>	<u>\$ -</u>	<u>\$ 13,126</u>

Depreciation expenses for the year ended December 31, 2024 was \$1,164.

**NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events for the period of time from the year end December 31, 2024 through October 07, 2025, the date at which the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.