





**Office of the Washington State Auditor  
Pat McCarthy**

February 16, 2021

Board of Directors  
4Culture  
Seattle, Washington

**Report on Financial Statements**

Please find attached our report on 4Culture's financial statements.

We are issuing this report in order to provide information on the Authority's financial condition.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

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CULTURAL DEVELOPMENT AUTHORITY OF KING COUNTY  
dba 4CULTURE  
Management's Discussion and Analysis  
For the Year Ended December 31, 2019

**MANAGEMENT DISCUSSION AND ANALYSIS**

This discussion and analysis of the financial performance of 4Culture, the Cultural Development Authority of King County (the CDA), presents a narrative overview and analysis of the financial activities of the CDA for the year ended December 31, 2019. This information should be considered in conjunction with the CDA's financial statements and notes to the financial statements, which follow.

**FINANCIAL HIGHLIGHTS – 2019**

As of December 31, 2019, the CDA's total net position was \$16.0 million, all of which was restricted and expendable for cultural programs. Total net position of the CDA decreased by \$13.0 million, or 44.9%, for the year ended December 31, 2019. This decrease was composed of \$6.1 million of total revenues and \$19.1 million of total expenses.

As of December 31, 2019, the CDA's total fund balances were \$36.6 million, substantially all of which was restricted for specific purposes. Total fund balances of the CDA decreased by \$6.2 million, or 14.5%, for the year ended December 31, 2019. This decrease was composed of \$11.4 million of total fund revenues, \$20.6 million of total fund expenditures and \$3.0 million of other fund sources.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the CDA's basic financial statements, which include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the CDA's finances in a manner similar to a private sector business. The statement of net position provides information about the CDA's financial position, including assets, deferred outflows, liabilities, deferred inflows and net position, which assists in assessing the CDA's financial position at the end of the year. The statement of activities presents information on how the CDA's net position changed during the fiscal year. Over time, increase or decreases in the CDA's net position may serve as a useful indicator of whether the financial position of the CDA is improving or deteriorating.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This basis of accounting is similar to that used by most businesses, taking into account revenues and expenses connected with the current fiscal year, regardless of the timing of cash receipts and payments.

The CDA's activities in 2019 are all classified as governmental activities, which are principally supported by intergovernmental revenues. The CDA reported no business-type activities in 2019, which are intended to recover all or a significant portion of their costs through user fees and charges to external users of services.

Fund Financial Statements

The CDA, like other public authorities and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All CDA funds used in 2019 are categorized as major governmental funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The statements focus on how cash and other financial assets can be readily converted to financial resources and the balances left at year-end that are available for use. Such information can be useful in determining whether there will be adequate financial resources to meet the current needs of the CDA.























































