

FINANCIAL STATEMENTS

UNITED WAY OF NORTHWEST GEORGIA, INC.

DALTON, GEORGIA

DECEMBER 31, 2017 AND 2016

UNITED WAY OF NORTHWEST GEORGIA, INC.
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DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Northwest Georgia, Inc.

We have audited the accompanying financial statements of United Way of Northwest Georgia, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 United Way of Northwest Georgia, Inc. as of December 31, 2017 and 2016, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of select program expenses on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Estes & Walcott

Dalton, Georgia
July 10, 2018

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 2,237,868	\$ 2,024,475
Pledges receivable, net	3,733,988	3,358,229
Prepaid expenses	<u>8,768</u>	<u>10,292</u>
Total current assets	<u>5,980,624</u>	<u>5,392,996</u>
Property and equipment, net	<u>480,331</u>	<u>498,713</u>
Other assets:		
Beneficial interest in assets held by others	<u>3,141,528</u>	<u>2,291,651</u>
Total assets	<u>\$ 9,602,483</u>	<u>\$ 8,183,360</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 3,090	\$ 3,593
Designations payable	65,069	301,532
Current portion of note payable	<u>43,684</u>	<u>42,163</u>
Total current liabilities	<u>111,843</u>	<u>347,288</u>
Noncurrent liabilities:		
Note payable	<u>170,015</u>	<u>213,622</u>
Total liabilities	<u>281,858</u>	<u>560,910</u>
 <u>NET ASSETS</u>		
Permanently restricted	1,658,416	1,150,000
Temporarily restricted	3,951,640	3,390,144
Unrestricted:		
Designated	2,859,357	2,682,867
Undesignated	<u>851,212</u>	<u>399,439</u>
Total net assets	<u>9,320,625</u>	<u>7,622,450</u>
Total liabilities and net assets	<u>\$ 9,602,483</u>	<u>\$ 8,183,360</u>

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2017</u>
Public support and revenue:				
Gross campaign results (prior year)	\$ 880,182			
(Less donor designations)	(135,778)			
(Less provision for uncollectible)	<u>(241,600)</u>			
Net campaign results (prior year)	502,804			\$ 502,804
Gross campaign results (current year)		\$ 4,232,469		
(Less donor designations)		(28,597)		
(Less provision for uncollectible)		<u>(252,232)</u>		
Net campaign results (current year)		3,951,640		3,951,640
Special events	49,930	-	\$ -	49,930
Other contributions	29,800	-	508,416	538,216
Service fees	24,351	-	-	24,351
Investment income	16,904	-	-	16,904
Change in fair value of beneficial interest	341,461	-	-	341,461
Miscellaneous	4,144	-	-	4,144
Net assets released from restrictions	<u>3,390,144</u>	<u>(3,390,144)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>4,359,538</u>	<u>561,496</u>	<u>508,416</u>	<u>5,429,450</u>
Expenses:				
Program services:				
Allocations and grants	2,754,000	-	-	2,754,000
Special projects	19,267	-	-	19,267
Payments to affiliated organizations	45,555	-	-	45,555
Community awareness	208,877	-	-	208,877
Information services	64,267	-	-	64,267
Community solutions	87,967	-	-	87,967
Volunteer services	<u>179,109</u>	<u>-</u>	<u>-</u>	<u>179,109</u>
Total program services	3,359,042	-	-	3,359,042
Management and administrative	128,225	-	-	128,225
Fundraising	<u>244,008</u>	<u>-</u>	<u>-</u>	<u>244,008</u>
Total expenses and losses	<u>3,731,275</u>	<u>-</u>	<u>-</u>	<u>3,731,275</u>
Increase (decrease) in net assets	628,263	561,496	508,416	1,698,175
Net assets, beginning	<u>3,082,306</u>	<u>3,390,144</u>	<u>1,150,000</u>	<u>7,622,450</u>
Net assets, ending	<u>\$ 3,710,569</u>	<u>\$ 3,951,640</u>	<u>\$ 1,658,416</u>	<u>\$ 9,320,625</u>

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2016</u>
Public support and revenue:				
Gross campaign results (prior year)	\$ 620,943			
(Less donor designations)	(300)			
(Less provision for uncollectible)	<u>(260,000)</u>			
Net campaign results (prior year)	360,643			\$ 360,643
Gross campaign results (current year)		\$ 3,720,717		
(Less donor designations)		(84,168)		
(Less provision for uncollectible)		<u>(246,405)</u>		
Net campaign results (current year)		3,390,144		3,390,144
Special events	42,923	-	\$ -	42,923
Other contributions	24,686	-	650,000	674,686
Service fees	13,942	-	-	13,942
Investment income	8,953	-	-	8,953
Change in fair value of beneficial interest	80,410	-	-	80,410
Gain on sale of assets	251	-	-	251
Miscellaneous	6,599	-	-	6,599
Net assets released from restrictions	<u>3,459,508</u>	<u>(3,459,508)</u>	-	<u>-</u>
Total revenue	<u>3,997,915</u>	<u>(69,364)</u>	<u>650,000</u>	<u>4,578,551</u>
Expenses:				
Program services:				
Allocations and grants	2,630,590	-	-	2,630,590
Special projects	19,700	-	-	19,700
Payments to affiliated organizations	39,868	-	-	39,868
Community awareness	167,364	-	-	167,364
Information services	61,206	-	-	61,206
Community solutions	82,394	-	-	82,394
Volunteer services	<u>149,397</u>	<u>-</u>	<u>-</u>	<u>149,397</u>
Total program services	3,150,519	-	-	3,150,519
Management and administrative	128,102	-	-	128,102
Fundraising	<u>246,175</u>	<u>-</u>	<u>-</u>	<u>246,175</u>
Total expenses and losses	<u>3,524,796</u>	<u>-</u>	<u>-</u>	<u>3,524,796</u>
Increase (decrease) in net assets	473,119	(69,364)	650,000	1,053,755
Net assets, beginning	<u>2,609,187</u>	<u>3,459,508</u>	<u>500,000</u>	<u>6,568,695</u>
Net assets, ending	<u>\$ 3,082,306</u>	<u>\$ 3,390,144</u>	<u>\$ 1,150,000</u>	<u>\$ 7,622,450</u>

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program <u>Services</u>	Management and <u>Administrative</u>	<u>Fundraising</u>	Total <u>2017</u>
Salaries and wages	\$ 325,113	\$ 84,389	\$ 144,124	\$ 553,626
Payroll taxes	24,689	6,446	10,996	42,131
Employee benefits	57,832	15,099	25,757	98,688
Professional fees	7,188	2,025	3,288	12,501
Supplies	7,330	978	5,266	13,574
Telephone	1,922	264	428	2,614
Postage	3,497	746	2,306	6,549
Occupancy	8,984	2,346	4,001	15,331
Equipment repairs and maintenance	16,312	3,232	7,115	26,659
Printing and publications	14,182	567	15,612	30,361
Specific assistance to individuals	4,699	-	-	4,699
Travel	3,594	519	3,405	7,518
Meeting expense	21,100	548	2,567	24,215
Professional development	2,219	625	1,015	3,859
Dues and subscriptions	3,772	829	1,874	6,475
Awards	1,483	214	392	2,089
Insurance	7,276	1,667	2,844	11,787
Investment and bank fees	13,293	3,623	6,009	22,925
Interest	4,963	1,296	2,211	8,470
Depreciation	10,772	2,812	4,798	18,382
Allocations and grants	2,754,000	-	-	2,754,000
Special projects	19,267	-	-	19,267
Payments to affiliated organizations	45,555	-	-	45,555
	<u>\$ 3,359,042</u>	<u>\$ 128,225</u>	<u>\$ 244,008</u>	<u>\$ 3,731,275</u>

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program <u>Services</u>	Management and <u>Administrative</u>	<u>Fundraising</u>	Total <u>2016</u>
Salaries and wages	\$ 271,319	\$ 82,275	\$ 153,519	\$ 507,113
Payroll taxes	21,990	6,195	10,058	38,243
Employee benefits	46,844	13,198	21,426	81,468
Professional fees	7,188	2,025	3,288	12,501
Supplies	6,405	1,494	6,600	14,499
Telephone	2,025	257	417	2,699
Postage	5,491	958	3,612	10,061
Occupancy	9,914	2,793	4,535	17,242
Equipment repairs and maintenance	18,791	3,431	6,587	28,809
Printing and publications	14,145	3,708	10,512	28,365
Specific assistance to individuals	2,422	-	-	2,422
Travel	3,051	433	4,453	7,937
Meeting expense	12,637	340	3,716	16,693
Professional development	1,243	1,042	1,540	3,825
Dues and subscriptions	3,824	894	1,204	5,922
Awards	1,635	404	656	2,695
Insurance	7,231	1,835	2,980	12,046
Investment and bank fees	7,382	2,080	3,377	12,839
Interest	5,718	1,611	2,615	9,944
Depreciation	11,106	3,129	5,080	19,315
Allocations and grants	2,630,590	-	-	2,630,590
Special projects	19,700	-	-	19,700
Payments to affiliated organizations	39,868	-	-	39,868
	<u>\$ 3,150,519</u>	<u>\$ 128,102</u>	<u>\$ 246,175</u>	<u>\$ 3,524,796</u>

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,698,175	\$ 1,053,755
Non-cash items included in net income:		
Depreciation	18,382	19,315
Change in fair value of beneficial interest in assets held by others	(341,461)	(80,410)
Contributions from donors to beneficial interest	(508,416)	(652,939)
Non-cash contributions	(76,063)	-
Loss on sale of investments	231	-
Gain on sale of assets	-	(251)
(Increase) decrease in other receivables	-	2,000
(Increase) decrease in pledges receivable	(375,759)	(144,186)
(Increase) decrease in prepaid expenses	1,524	505
Increase (decrease) in accounts payable	(503)	862
Increase (decrease) in designations payable	(236,463)	163,159
Proceeds from the sale of donated securities	<u>75,832</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>255,479</u>	<u>361,810</u>
Cash flows from investing activities:		
Proceeds from the sale of assets	<u>-</u>	<u>1,284</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>1,284</u>
Cash flows from financing activities:		
Principal payments made on mortgage	<u>(42,086)</u>	<u>(40,612)</u>
Net cash provided (used) by financing activities	<u>(42,086)</u>	<u>(40,612)</u>
Increase (decrease) in cash	213,393	322,482
Cash at beginning of year	<u>2,024,475</u>	<u>1,701,993</u>
Cash at end of year	<u>\$ 2,237,868</u>	<u>\$ 2,024,475</u>
Supplemental disclosures:		
Cash paid during the year for interest	<u>\$ 8,470</u>	<u>\$ 9,944</u>

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Nature of activities and significant accounting policies-

Organization and nature of activities-

The United Way of Northwest Georgia, Inc. (the Organization) is a nonprofit entity which functions independently of any other organization. The mission of the organization is Improving Lives, Inspiring Donors, Uniting Communities. Its vision is to be the preferred organization investing in education, basic needs, and health in our community. Education: Get kids ready for kindergarten, reading at grade level by 3rd grade, and graduating on time with skills to be career and life ready. Basic Needs: Reduce the long term need for food, housing, and utility assistance through life skills education and financial counseling. Health: Support prevention services so youth and adults are healthy and avoid risky behaviors. The Organization is supported primarily through pledges. Pledges from one contributor and its employees comprise a significant portion of the Organization's support.

Basis of accounting-

The financial statements have been prepared on an accrual basis of accounting and in accordance with generally accepted accounting principles.

Financial statement presentation-

In accordance with generally accepted accounting practices the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Permanently restricted net assets represent resources from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Temporarily restricted net assets represent resources currently available for use or receivable from the donor, but expendable only in subsequent periods.

All other net assets, including board-designated or appropriated amounts, are legally unrestricted.

Cash and cash equivalents-

Cash and cash equivalents include amounts in demand deposits, certificates of deposit, and short-term investments with a maturity date within three months of the date acquired by the Organization. Cash and investments are stated at fair value.

Concentrations of credit risk-

The Organization maintains its cash accounts with high credit quality financial institutions. At times such accounts may be in excess of FDIC insurance limits.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Nature of activities and significant accounting policies (continued)-

Property and equipment-

Purchased property and equipment are recorded at cost. Additions and improvements greater than \$500 are capitalized and maintenance and repairs are charged to expense as incurred. Property and equipment acquired by donation is stated at fair market value at the time of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The cost and accumulated depreciation of property disposed of or otherwise retired is removed from the accounts and any gains or losses thereon are included in earnings. The Organization uses principally the straight-line method of computing depreciation over the estimated useful lives of the assets. Estimated useful lives range from 3 years for computers to 40 years for buildings.

Income taxes-

The Organization is a nonprofit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business taxable income. For the years ended December 31, 2017 and 2016, no provision for unrelated business taxes is required. Management does not believe there are any uncertain tax positions as of December 31, 2017 or 2016. The Organization could be subject to income tax examinations for its federal tax returns for the current year and previous filings for tax years ended December 31, 2016, 2015, and 2014.

Contributions-

In accordance with generally accepted accounting principles, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met in the same reporting period are classified as unrestricted contributions in the statements of activities.

An annual campaign is conducted in the fall of the year to raise support for payment of allocations to participating agencies in the subsequent year. Pledges are considered unconditional promises to give. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The restriction on the pledges received during the year is a time restriction and the pledges are recorded as temporarily restricted when received.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Nature of activities and significant accounting policies (continued)-

Contributed services and supplies-

The Organization receives contributed services from unpaid volunteers who assist many various projects. No amounts have been recognized in the statements of activities because criteria for recognition have not been satisfied. The Organization receives contributed supplies from unpaid vendors who provide items for fundraising projects. Any amounts recorded for contributed supplies are offset by like amounts included in expenses.

Accounting estimates-

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events-

Management has evaluated subsequent events through July 10, 2018, the date the financial statements were available to be issued.

Note 2. Pledges receivable-

Pledges receivable as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Prior campaign year receivables	\$ 631,577	\$ 680,075
Allowance - prior campaign year	(241,600)	(260,000)
Current campaign year receivables	3,596,243	3,184,559
Allowance - current year campaign	<u>(252,232)</u>	<u>(246,405)</u>
	<u>\$ 3,733,988</u>	<u>\$ 3,358,229</u>
Amounts due in less than one year	<u>\$ 3,733,988</u>	

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3. Property and equipment-

Property and equipment as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$ 561,700	\$ 561,700
Land	59,000	59,000
Equipment	<u>174,732</u>	<u>174,732</u>
	795,432	795,432
Accumulated depreciation	<u>(315,101)</u>	<u>(296,719)</u>
	<u>\$ 480,331</u>	<u>\$ 498,713</u>

Depreciation expense for the years ending December 31, 2017 and 2016 totaled \$18,382 and \$19,315, respectively.

Note 4. Beneficial interest in assets held by others-

During 2015, the Organization transferred \$1,067,682 to the Community Foundation of Northwest Georgia, Inc. (the Community Foundation) to establish the United Way of Northwest Georgia Endowment Fund for the benefit of the Organization. An additional \$500,000 of permanently restricted contributions were added to the fund during 2015.

During 2016, the Organization received donations and transferred the total of \$650,000 to the Community Foundation to establish the United Way of Northwest Georgia Peacock Legacy Endowment Fund for the benefit of the Organization. The \$500,000 of permanently restricted funds previously held in the United Way of Northwest Georgia Endowment Fund were also transferred to the Peacock Legacy Endowment Fund. During 2017, an additional \$508,416 was contributed to the fund.

All contributions to the United Way of Northwest Georgia Endowment Fund are subject to the terms of the fund agreement. Both principal and income from the Endowment may be distributed to the Organization each year.

All contributions to the Peacock Legacy Endowment are irrevocable and subject to the terms of the fund agreement. The funds are the property of the Community Foundation. The Community Foundation has the ultimate authority and control of all property of the funds, and the income derived from them, for the charitable purposes of the Community Foundation. However, the Organization has significant advisory input as to the direction of the funds. Only the net income or an amount equal to the annual spending rate (4% of the balance as calculated on January 1) of the Peacock Legacy Endowment may be distributed to the Organization each year. The Organization may elect to suspend distributions to allow maximum growth of the fund.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 4. Beneficial interest in assets held by others-

The beneficial interest in assets held by others consists of the following:

	<u>2017</u>	<u>2016</u>
Beginning beneficial interest in assets held by others	\$ 2,291,651	\$ 1,558,302
Contributions	508,416	650,000
Transfers from organization	-	2,939
Investment return, net of fees	<u>341,461</u>	<u>80,410</u>
Ending beneficial interest in assets held by others	<u>\$ 3,141,528</u>	<u>\$ 2,291,651</u>

Investment fees totaled \$12,897 and \$5,269 for the years ended December 31, 2017 and 2016, respectively.

Note 5. Endowment funds-

Interpretation of relevant law-

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowments funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowments fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 5. Endowment funds (continued)-

Endowment net asset composition by type of fund as of December 31, 2017:

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,483,112	\$ -	\$ 1,658,416	\$ 3,141,528

Changes in endowment net assets for the year ended December 31, 2017:

	Unrestricted	Permanently Restricted	Total
Beginning endowment net assets	\$ 1,141,651	\$ 1,150,000	\$ 2,291,651
Investment return-			
Investment income, net			
of investment fees	46,516	-	46,516
Unrealized gain	294,945	-	294,945
Total investment return	341,461	-	341,461
Other activity-			
Contributions	-	508,416	508,416
Transfers in	-	-	-
Total other activities	-	508,416	508,416
Ending endowment net assets	\$ 1,483,112	\$ 1,658,416	\$ 3,141,528

Return objectives and risk parameters

The Organization has adopted the investment and spending policies of the Community Foundation for endowment assets. These policies attempt to grow the market value of endowment assets net of inflation, spending, and expenses, over a full market cycle (generally defines as a three to five year period) without undue exposure to risk. To satisfy its long-term rate of return objectives, the Community Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Community Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 6. Fair value measurements-

The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Fair value of assets measured on a recurring basis as of December 31, 2017, is as follows:

	Fair Value Measurements Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in assets held by others	\$ 3,141,528	\$ -	\$ -	\$ 3,141,528

The beneficial interest in assets held by other is held by the Community Foundation and the investment methodology is not under the Organization's control. Therefore, the fair value of the beneficial interest in assets held by others is equal to the value reported by the Community Foundation. A schedule of the beneficial interest in assets held by others which makes up the Organization's Level 3 fair value measurements is in Note 4.

Note 7. Note payable-

Note payable as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Installment note to a bank, payable in monthly installments of \$4,213 including interest at 3.5% through June 2022 with the remaining principal due in July 2022. Secured by a building.	\$ 213,699	\$ 255,785
Less: current portion	(43,684)	(42,163)
Long-term portion of note payable	\$ 170,015	\$ 213,622

The aggregate annual maturities of the note payable are as follows:

2018	\$	43,684
2019		45,260
2020		46,881
2021		48,583
2022		29,291

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 8. Net assets-

The Organization's net assets are classified as permanently restricted, temporarily restricted and unrestricted.

Permanently restricted net assets consist of principal contributions made by donors to endowment funds held at the Community Foundation. The cumulative amount of principal contributions and related permanently restricted net assets totaled \$1,658,416 and \$1,150,000 at December 31, 2017 and 2016, respectively.

Temporarily restricted net assets are accumulated unconditional promises to give for subsequent years. An annual campaign is conducted in the fall of each year to raise support for participating agencies in the subsequent year. Campaign contributions and pledges received or receivable are accounted for as temporarily restricted until the beginning of the next fiscal year. Temporarily restricted net assets are reclassified to unrestricted net assets upon expiration of the time restriction. The Organization reported temporarily restricted net assets totaling \$3,951,640 and \$3,390,144 at December 31, 2017 and 2016, respectively.

Unrestricted net assets are those assets currently available to be used by the Organization at the discretion of the Board of Directors. They are classified as either designated or undesignated. The Board of Directors intends to maintain four and a half month's allocations and operating expenses as a reserve fund. During 2014, the Board designated additional reserves of \$1,067,681 in order to provide for sustainability which were transferred to the Community Foundation in 2015. Board designated net assets totaled \$2,859,357 and \$2,682,867 at December 31, 2017 and 2016, respectively. The remaining unrestricted, undesignated net assets totaled \$851,212 and \$399,439 at December 31, 2017 and 2016, respectively.

Note 9. Employee benefit plan

The Organization maintains a 403(b) tax-sheltered annuity plan that covers full-time employees who have completed one year of service and who are 21 years of age or older. The Organization contributes 7% of compensation for all eligible employees. Total employer contributions for the years ending December 31, 2017 and 2016 totaled \$29,648 and \$25,815, respectively.

SUPPLEMENTAL SCHEDULES

UNITED WAY OF NORTHWEST GEORGIA, INC.
SCHEDULE OF SELECT PROGRAM EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Community <u>Awareness</u>	Information <u>Services</u>	Community <u>Solutions</u>	Volunteer <u>Services</u>
Salaries and wages	\$ 119,237	\$ 41,910	\$ 50,151	\$ 113,815
Payroll taxes	9,058	3,160	3,834	8,637
Employee benefits	21,218	7,402	8,981	20,231
Professional fees	2,825	913	1,150	2,300
Supplies	1,567	310	1,490	3,963
Telephone	368	1,105	150	299
Postage	2,484	87	696	230
Occupancy	3,296	1,150	1,395	3,143
Equipment repairs and maintenance	6,064	2,154	1,105	6,989
Printing and publications	12,019	255	1,198	710
Specific assistance to individuals	-	-	4,699	-
Travel	1,554	234	911	895
Meeting expense	13,653	269	5,308	1,870
Professional development	872	282	355	710
Dues and subscriptions	1,165	406	882	1,319
Awards	310	105	128	940
Insurance	2,343	817	991	3,125
Investment and bank fees	5,071	1,694	2,099	4,429
Interest	1,821	635	771	1,736
Depreciation	3,952	1,379	1,673	3,768
	<u>\$ 208,877</u>	<u>\$ 64,267</u>	<u>\$ 87,967</u>	<u>\$ 179,109</u>

UNITED WAY OF NORTHWEST GEORGIA, INC.
SCHEDULE OF SELECT PROGRAM EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community <u>Awareness</u>	Information <u>Services</u>	Community <u>Solutions</u>	Volunteer <u>Services</u>
Salaries and wages	\$ 91,071	\$ 40,454	\$ 46,367	\$ 93,427
Payroll taxes	8,643	2,792	3,518	7,037
Employee benefits	18,412	5,947	7,495	14,990
Professional fees	2,825	913	1,150	2,300
Supplies	1,156	322	2,661	2,266
Telephone	358	1,229	146	292
Postage	3,912	52	920	607
Occupancy	3,897	1,258	1,586	3,173
Equipment repairs and maintenance	7,060	3,358	1,291	7,082
Printing and publications	10,529	224	2,390	1,002
Specific assistance to individuals	-	-	2,422	-
Travel	494	79	868	1,610
Meeting expense	4,923	182	5,357	2,175
Professional development	582	35	44	582
Dues and subscriptions	863	279	1,035	1,647
Awards	564	182	229	660
Insurance	2,561	827	1,042	2,801
Investment and bank fees	2,902	937	1,181	2,362
Interest	2,247	726	915	1,830
Depreciation	4,365	1,410	1,777	3,554
	<u>\$ 167,364</u>	<u>\$ 61,206</u>	<u>\$ 82,394</u>	<u>\$ 149,397</u>