

FINANCIAL STATEMENTS  
UNITED WAY OF NORTHWEST GEORGIA, INC.  
DALTON, GEORGIA  
DECEMBER 31, 2018 AND 2017

UNITED WAY OF NORTHWEST GEORGIA, INC.  
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DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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.

## **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 18 and 19 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 12, 2019

UNITED WAY OF NORTHWEST GEORGIA, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 2,489,380	\$ 2,237,868
Pledges receivable, net	3,721,496	3,733,988
Prepaid expenses	11,002	8,768
Total current assets	<u>6,221,878</u>	<u>5,980,624</u>
Property and equipment, net	<u>465,419</u>	<u>480,331</u>
Other assets:		
Beneficial interest in assets held by others	<u>3,080,681</u>	<u>3,141,528</u>
Total assets	<u>\$ 9,767,978</u>	<u>\$ 9,602,483</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 474	\$ 3,090
Designations payable	21,426	65,069
Current portion of note payable	<u>-</u>	<u>43,684</u>
Total current liabilities	<u>21,900</u>	<u>111,843</u>
Noncurrent liabilities:		
Note payable	<u>-</u>	<u>170,015</u>
Total liabilities	<u>21,900</u>	<u>281,858</u>
 <u>NET ASSETS</u>		
With donor restrictions	5,812,005	5,610,056
Without donor restrictions	<u>3,934,073</u>	<u>3,710,569</u>
Total net assets	<u>9,746,078</u>	<u>9,320,625</u>
Total liabilities and net assets	<u>\$ 9,767,978</u>	<u>\$ 9,602,483</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, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2018</u>
<b>Public support and revenue:</b>			
Gross campaign results (prior year)	\$ 498,312		
(Less donor designations)	(53,443)		
(Less provision for uncollectible)	<u>(158,369)</u>		
Net campaign results (prior year)	286,500		\$ 286,500
Gross campaign results (current year)		\$ 4,269,828	
(Less donor designations)		(52)	
(Less provision for uncollectible)		<u>(256,187)</u>	
Net campaign results (current year)		4,013,589	4,013,589
Special events	38,260	-	38,260
Other contributions	44,945	140,000	184,945
Service fees	15,591	-	15,591
Investment income	20,926	-	20,926
Change in fair value of beneficial interest	(200,947)	-	(200,947)
Miscellaneous	9,816	-	9,816
Net assets released from restrictions	<u>3,951,640</u>	<u>(3,951,640)</u>	<u>-</u>
Total revenue	<u>4,166,731</u>	<u>201,949</u>	<u>4,368,680</u>
<b>Expenses:</b>			
Program services:			
Allocations and grants	2,940,000	-	2,940,000
Special projects	18,887	-	18,887
Payments to affiliated organizations	47,106	-	47,106
Community awareness	223,814	-	223,814
Information services	67,881	-	67,881
Community solutions	97,401	-	97,401
Volunteer services	<u>169,154</u>	<u>-</u>	<u>169,154</u>
Total program services	3,564,243	-	3,564,243
Management and administrative	127,815	-	127,815
Fundraising	<u>251,169</u>	<u>-</u>	<u>251,169</u>
Total expenses and losses	<u>3,943,227</u>	<u>-</u>	<u>3,943,227</u>
Increase (decrease) in net assets	223,504	201,949	425,453
Net assets, beginning	<u>3,710,569</u>	<u>5,610,056</u>	<u>9,320,625</u>
Net assets, ending	<u>\$ 3,934,073</u>	<u>\$ 5,812,005</u>	<u>\$ 9,746,078</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>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2017</u>
<b>Public support and revenue:</b>			
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>
<b>Total revenue</b>	<u>4,359,538</u>	<u>1,069,912</u>	<u>5,429,450</u>
<b>Expenses:</b>			
<b>Program services:</b>			
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>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>244,008</u>
<b>Total expenses and losses</b>	<u>3,731,275</u>	<u>-</u>	<u>3,731,275</u>
Increase (decrease) in net assets	628,263	1,069,912	1,698,175
Net assets, beginning	<u>3,082,306</u>	<u>4,540,144</u>	<u>7,622,450</u>
Net assets, ending	<u>\$ 3,710,569</u>	<u>\$ 5,610,056</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 FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and Administrative	Fundraising	Total 2018
Salaries and wages	\$ 341,899	\$ 85,237	\$ 153,624	\$ 580,760
Payroll taxes	25,525	6,489	11,248	43,262
Employee benefits	59,546	15,139	26,240	100,925
Professional fees	7,375	1,875	3,250	12,500
Supplies	6,169	858	4,777	11,804
Telephone	1,941	244	423	2,608
Postage	2,523	768	4,143	7,434
Occupancy	9,285	2,361	4,093	15,739
Equipment repairs and maintenance	15,663	3,356	5,934	24,953
Printing and publications	8,844	712	13,072	22,628
Specific assistance to individuals	3,177	-	-	3,177
Travel	2,119	221	2,603	4,943
Meeting expense	32,343	507	4,236	37,086
Professional development	1,062	270	468	1,800
Dues and subscriptions	3,898	765	1,421	6,084
Awards	1,342	205	370	1,917
Insurance	7,797	1,754	3,041	12,592
Investment and bank fees	15,291	3,888	6,739	25,918
Interest	1,630	414	718	2,762
Depreciation	10,821	2,752	4,769	18,342
Allocations and grants	2,940,000	-	-	2,940,000
Special projects	18,887	-	-	18,887
Payments to affiliated organizations	47,106	-	-	47,106
	<u>\$ 3,564,243</u>	<u>\$ 127,815</u>	<u>\$ 251,169</u>	<u>\$ 3,943,227</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 Services	Management and Administrative	Fundraising	Total 2017
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.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in net assets	\$ 425,453	\$ 1,698,175
Non-cash items included in net income:		
Depreciation	18,342	18,382
Change in fair value of beneficial interest in assets held by others	200,947	(341,461)
Contributions from donors to beneficial interest	(140,100)	(508,416)
Non-cash contributions	(26,689)	(76,063)
Loss on sale of investments	-	231
(Increase) decrease in pledges receivable	12,492	(375,759)
(Increase) decrease in prepaid expenses	(2,234)	1,524
Increase (decrease) in accounts payable	(2,616)	(503)
Increase (decrease) in designations payable	(43,643)	(236,463)
Proceeds from the sale of donated securities	<u>26,689</u>	<u>75,832</u>
Net cash provided (used) by operating activities	<u>468,641</u>	<u>255,479</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(3,430)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(3,430)</u>	<u>-</u>
Cash flows from financing activities:		
Principal payments made on mortgage	<u>(213,699)</u>	<u>(42,086)</u>
Net cash provided (used) by financing activities	<u>(213,699)</u>	<u>(42,086)</u>
Increase (decrease) in cash	251,512	213,393
Cash at beginning of year	<u>2,237,868</u>	<u>2,024,475</u>
Cash at end of year	<u>\$ 2,489,380</u>	<u>\$ 2,237,868</u>
Supplemental disclosures:		
Cash paid during the year for interest	<u>\$ 2,762</u>	<u>\$ 8,470</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, 2018 AND 2017

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 3<sup>rd</sup> 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions represent resources from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations and resources currently available for use or receivable from the donor, but expendable only in subsequent periods.

Net assets without donor restrictions represent all other net assets, including board-designated or appropriated amounts, and 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, 2018 AND 2017

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, 2018 and 2017, no provision for unrelated business taxes is required. Management does not believe there are any uncertain tax positions as of December 31, 2018 or 2017. 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, 2017, 2016, and 2015.

Contributions-

In accordance with generally accepted accounting principles, contributions received are recorded as support without donor restrictions or with donor restrictions 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 contributions without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The restrictions on the pledges received during the year are time restrictions and the pledges are recorded as restricted when received.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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.

Allocation of expenses-

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses not directly associated with a particular function are allocated on the basis of estimates of employee time and effort to each function.

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 12, 2019, the date the financial statements were available to be issued.

Note 2. Pledges receivable-

Pledges receivable as of December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Prior campaign year receivables	\$ 558,163	\$ 631,577
Allowance - prior campaign year	(158,369)	(241,600)
Current campaign year receivables	3,577,889	3,596,243
Allowance - current year campaign	(256,187)	(252,232)
	<u>\$ 3,721,496</u>	<u>\$ 3,733,988</u>
Amounts due in less than one year	<u>\$ 3,721,496</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, 2018 AND 2017

Note 3. Property and equipment-

Property and equipment as of December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Buildings and improvements	\$ 561,700	\$ 561,700
Land	59,000	59,000
Equipment	<u>178,162</u>	<u>174,732</u>
	798,862	795,432
Accumulated depreciation	<u>(333,443)</u>	<u>(315,101)</u>
	<u>\$ 465,419</u>	<u>\$ 480,331</u>

Depreciation expense for the years ending December 31, 2018 and 2017 totaled \$18,342 and \$18,382, 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 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 restricted funds previously held in the United Way of Northwest Georgia Endowment Fund were also transferred to the Peacock Legacy Endowment Fund. Additional amounts of \$140,000 and \$508,416 were contributed to the fund during 2018 and 2017, respectively.

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, 2018 AND 2017

Note 4. Beneficial interest in assets held by others-

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

	<u>2018</u>	<u>2017</u>
Beginning beneficial interest in assets held by others	\$ 3,141,528	\$ 2,291,651
Contributions	140,100	508,416
Transfers from organization	-	-
Investment return, net of fees	<u>(200,947)</u>	<u>341,461</u>
Ending beneficial interest in assets held by others	<u>\$ 3,080,681</u>	<u>\$ 3,141,528</u>

Investment fees totaled \$16,129 and \$12,897 for the years ended December 31, 2018 and 2017, 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 net assets with donor restrictions (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 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, 2018 AND 2017

Note 5. Endowment funds (continued)-

Endowment net asset composition by type of fund as of December 31, 2018:

Without Donor Restrictions	With Donor Restrictions	Total
<u>\$ 1,282,265</u>	<u>\$ 1,798,416</u>	<u>\$ 3,080,681</u>

Changes in endowment net assets for the year ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning endowment net assets	<u>\$ 1,483,112</u>	<u>\$ 1,658,416</u>	<u>\$ 3,141,528</u>
Investment return-			
Investment income, net of investment fees	55,537	-	55,537
Unrealized gain (loss)	<u>(256,484)</u>	<u>-</u>	<u>(256,484)</u>
Total investment return	<u>(200,947)</u>	<u>-</u>	<u>(200,947)</u>
Other activity-			
Contributions	<u>100</u>	<u>140,000</u>	<u>140,100</u>
Ending endowment net assets	<u>\$ 1,282,265</u>	<u>\$ 1,798,416</u>	<u>\$ 3,080,681</u>

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, 2018 AND 2017

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, 2018, is as follows:

	Fair Value Measurements Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in assets held by others	\$ 3,080,681	\$ -	\$ -	\$ 3,080,681

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, 2018 and 2017 consisted of the following:

	2018	2017
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
Less: current portion	-	(43,684)
Long-term portion of note payable	\$ -	\$ 170,015

The note was paid in full during the year ended December 31, 2018.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. Net assets-

The Organization's net assets are classified as with donor restrictions or without donor restrictions.

Net assets with donor restrictions consist of principal contributions made by donors to endowment funds held at the Community Foundation. The cumulative amount of principal contributions and related restricted net assets totaled \$1,798,416 and \$1,658,416 at December 31, 2018 and 2017, respectively.

Additional net assets with donor restrictions 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 restricted until the beginning of the next fiscal year. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of the time restriction. The Organization reported this category of net assets with donor restrictions totaling \$4,013,589 and \$3,951,640 at December 31, 2018 and 2017, respectively.

Net assets without donor restrictions 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 \$2,840,043 and \$2,859,357 at December 31, 2018 and 2017, respectively. The remaining undesignated net assets without donor restrictions totaled \$1,094,030 and \$851,212 at December 31, 2018 and 2017, 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, 2018 and 2017 totaled \$33,821 and \$29,648, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 10. Liquidity and availability of resources

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash	\$ 2,489,380
Pledges receivable, net	<u>3,721,496</u>
	<u>\$ 6,210,876</u>

None of the above financial assets are subject to donor or other contractual restrictions that made them unavailable for general expenditure within one year of the balance sheet date. The pledges receivable are subject to implied time restrictions but are expected to be collected within one year.

The Organization's endowment funds consist of donor-restricted endowments and a quasi-endowment. Contributions to the donor-restricted endowment are restricted for specific purposes and, therefore, are not available for general expenditure. As described in Note 4, the United Way of Northwest Georgia Peacock Legacy Endowment Fund has a spending rate of 4% of the balance as calculated on January 1; therefore \$75,925 of appropriations from this fund will be available for distribution within the next 12 months if the Organization elects to withdraw them.

As part of the Organization's liquidity management, its financial assets are structured to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in money market accounts and certificates of deposit. The Organization has a quasi-endowment of \$1,182,551 at December 31, 2018. Although the Organization does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

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**SUPPLEMENTAL SCHEDULES**

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UNITED WAY OF NORTHWEST GEORGIA, INC.  
SCHEDULE OF SELECT PROGRAM EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community Awareness	Information Services	Community Solutions	Volunteer Services
Salaries and wages	\$ 139,903	\$ 44,614	\$ 48,151	\$ 109,231
Payroll taxes	10,383	3,461	3,461	8,220
Employee benefits	24,222	8,074	8,074	19,176
Professional fees	3,000	1,000	1,000	2,375
Supplies	2,322	457	2,020	1,370
Telephone	391	1,111	130	309
Postage	1,604	151	410	358
Occupancy	3,777	1,259	1,259	2,990
Equipment repairs and maintenance	6,168	1,651	991	6,853
Printing and publications	5,977	380	1,488	999
Specific assistance to individuals	-	-	3,177	-
Travel	868	93	551	607
Meeting expense	9,073	271	20,670	2,329
Professional development	432	144	144	342
Dues and subscriptions	1,224	408	1,068	1,198
Awards	378	110	110	744
Insurance	2,807	936	936	3,118
Investment and bank fees	6,220	2,073	2,073	4,925
Interest	663	221	221	525
Depreciation	4,402	1,467	1,467	3,485
	<u>\$ 223,814</u>	<u>\$ 67,881</u>	<u>\$ 97,401</u>	<u>\$ 169,154</u>

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

	Community Awareness	Information Services	Community Solutions	Volunteer Services
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>