

FINANCIAL STATEMENTS

UNITED WAY OF NORTHWEST GEORGIA, INC.

DALTON, GEORGIA

DECEMBER 31, 2019 AND 2018

UNITED WAY OF NORTHWEST GEORGIA, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

	<u>Page</u>
FINANCIAL SECTION:	
Independent Auditors' Report	1.
Statements of Financial Position	3.
Statements of Activities	4.
Statements of Functional Expenses	6.
Statements of Cash Flows	8.
Notes to Financial Statements	9.
SUPPLEMENTAL SCHEDULES	
Schedules of Select Program Expenses	18.

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, 2019 and 2018, 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, 2019 and 2018, 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
August 14, 2020

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	\$ 2,781,382	\$ 2,489,380
Pledges receivable, net	3,376,340	3,721,496
Prepaid expenses	<u>13,947</u>	<u>11,002</u>
Total current assets	<u>6,171,669</u>	<u>6,221,878</u>
Property and equipment, net	<u>452,702</u>	<u>465,419</u>
Other assets:		
Beneficial interest in assets held by others	<u>3,787,887</u>	<u>3,080,681</u>
Total assets	<u>\$ 10,412,258</u>	<u>\$ 9,767,978</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 7,307	\$ 474
Designations payable	<u>22,171</u>	<u>21,426</u>
Total current liabilities	<u>29,478</u>	<u>21,900</u>
Total liabilities	<u>29,478</u>	<u>21,900</u>
 <u>NET ASSETS</u>		
With donor restrictions	5,544,193	5,812,005
Without donor restrictions	<u>4,838,587</u>	<u>3,934,073</u>
Total net assets	<u>10,382,780</u>	<u>9,746,078</u>
Total liabilities and net assets	<u>\$ 10,412,258</u>	<u>\$ 9,767,978</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, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2019</u>
Public support and revenue:			
Gross campaign results (prior year)	\$ 802,235		
(Less donor designations)	(95,098)		
(Less provision for uncollectible)	<u>(238,953)</u>		
Net campaign results (prior year)	468,184		\$ 468,184
Gross campaign results (current year)		\$ 3,890,326	
(Less donor designations)		-	
(Less provision for uncollectible)		<u>(194,549)</u>	
Net campaign results (current year)		3,695,777	3,695,777
Special events	44,780	-	44,780
Other contributions	51,142	50,000	101,142
Service fees	8,852	-	8,852
Investment income	25,908	-	25,908
Change in fair value of beneficial interest	457,206	-	457,206
Miscellaneous	18,865	-	18,865
Net assets released from restrictions	<u>4,013,589</u>	<u>(4,013,589)</u>	<u>-</u>
Total revenue	<u>5,088,526</u>	<u>(267,812)</u>	<u>4,820,714</u>
Expenses:			
Program services:			
Community impact	3,149,237	-	3,149,237
Community awareness	298,059	-	298,059
Information services	66,231	-	66,231
Community solutions	86,665	-	86,665
Volunteer services	<u>197,100</u>	<u>-</u>	<u>197,100</u>
Total program services	3,797,292	-	3,797,292
Organizational administration	127,255	-	127,255
Resource development	212,742	-	212,742
United Way of America dues	<u>46,723</u>	<u>-</u>	<u>46,723</u>
Total expenses and losses	<u>4,184,012</u>	<u>-</u>	<u>4,184,012</u>
Increase (decrease) in net assets	904,514	(267,812)	636,702
Net assets, beginning	<u>3,934,073</u>	<u>5,812,005</u>	<u>9,746,078</u>
Net assets, ending	<u>\$ 4,838,587</u>	<u>\$ 5,544,193</u>	<u>\$ 10,382,780</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>
Public support and revenue:			
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>
Expenses:			
Program services:			
Community impact	2,958,887	-	2,958,887
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	3,517,137	-	3,517,137
Organizational administration	127,815	-	127,815
Resource development	251,169	-	251,169
United Way of America dues	<u>47,106</u>	<u>-</u>	<u>47,106</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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Organizational Administration</u>	<u>Resource Development</u>	<u>United Way of America Dues</u>	<u>Total 2019</u>
Community impact:					
Allocations and awards	\$ 3,244,335	\$ -	\$ -	\$ -	\$ 3,244,335
(Less donor designations)	<u>(95,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,098)</u>
Total community impact	<u>3,149,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,149,237</u>
Salaries and related expenses:					
Salaries and wages	422,265	88,105	129,685	-	640,055
Payroll taxes	31,011	6,578	9,397	-	46,986
Employee benefits	<u>56,424</u>	<u>11,969</u>	<u>17,099</u>	<u>-</u>	<u>85,492</u>
Total salaries and related expenses	<u>509,700</u>	<u>106,652</u>	<u>156,181</u>	<u>-</u>	<u>772,533</u>
Professional fees	8,250	1,750	2,500	-	12,500
Supplies	7,220	1,140	3,836	-	12,196
Telephone	2,065	222	317	-	2,604
Postage	2,856	781	2,081	-	5,718
Occupancy	12,620	2,677	3,824	-	19,121
Equipment repairs and maintenance	17,966	3,538	5,676	-	27,180
Printing and publications	10,749	500	17,088	-	28,337
Specific assistance to individuals	2,100	-	-	-	2,100
Travel	3,119	343	3,369	-	6,831
Meeting expense	25,291	315	4,529	-	30,135
Professional development	2,953	626	895	-	4,474
Dues and subscriptions	3,778	657	939	-	5,374
Awards	1,615	235	336	-	2,186
Insurance	8,571	1,625	2,322	-	12,518
Investment and bank fees	17,183	3,645	5,207	-	26,035
Depreciation	<u>12,019</u>	<u>2,549</u>	<u>3,642</u>	<u>-</u>	<u>18,210</u>
	138,355	20,603	56,561	-	215,519
United Way of America dues	<u>-</u>	<u>-</u>	<u>-</u>	46,723	46,723
Total expenses	<u>\$ 3,797,292</u>	<u>\$ 127,255</u>	<u>\$ 212,742</u>	<u>\$ 46,723</u>	<u>\$ 4,184,012</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

	<u>Program Services</u>	<u>Organizational Administration</u>	<u>Resource Development</u>	<u>United Way of America Dues</u>	<u>Total 2018</u>
Community impact:					
Allocations and awards	\$ 3,012,330	\$ -	\$ -	\$ -	\$ 3,012,330
(Less donor designations)	<u>(53,443)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,443)</u>
Total community impact	<u>2,958,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,958,887</u>
Salaries and related expenses:					
Salaries and wages	341,899	85,237	153,624	-	580,760
Payroll taxes	25,525	6,489	11,248	-	43,262
Employee benefits	<u>59,546</u>	<u>15,139</u>	<u>26,240</u>	<u>-</u>	<u>100,925</u>
Total salaries and related expenses	<u>426,970</u>	<u>106,865</u>	<u>191,112</u>	<u>-</u>	<u>724,947</u>
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	<u>10,821</u>	<u>2,752</u>	<u>4,769</u>	<u>-</u>	<u>18,342</u>
	131,280	20,950	60,057	-	212,287
United Way of America dues	<u>-</u>	<u>-</u>	<u>-</u>	47,106	47,106
Total expenses	<u>\$ 3,517,137</u>	<u>\$ 127,815</u>	<u>\$ 251,169</u>	<u>\$ 47,106</u>	<u>\$ 3,943,227</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 636,702	\$ 425,453
Non-cash items included in net income:		
Depreciation	18,210	18,342
Change in fair value of beneficial interest in assets held by others	(457,206)	200,947
Contributions from donors to beneficial interest	(50,000)	(140,100)
Non-cash contributions	(27,289)	(26,689)
(Increase) decrease in pledges receivable	345,156	12,492
(Increase) decrease in prepaid expenses	(2,945)	(2,234)
Increase (decrease) in accounts payable	6,833	(2,616)
Increase (decrease) in designations payable	745	(43,643)
Proceeds from the sale of donated securities	<u>27,289</u>	<u>26,689</u>
Net cash provided (used) by operating activities	<u>497,495</u>	<u>468,641</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(5,493)	(3,430)
Transfers of cash to beneficial interest in assets held by others	<u>(200,000)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(205,493)</u>	<u>(3,430)</u>
 Cash flows from financing activities:		
Principal payments made on mortgage	<u>-</u>	<u>(213,699)</u>
Net cash provided (used) by financing activities	<u>-</u>	<u>(213,699)</u>
 Increase (decrease) in cash	292,002	251,512
 Cash at beginning of year	<u>2,489,380</u>	<u>2,237,868</u>
 Cash at end of year	<u>\$ 2,781,382</u>	<u>\$ 2,489,380</u>
 Supplemental disclosures:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 2,762</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, 2019 AND 2018

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 Organization is governed by a volunteer board of directors. 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 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, 2019 AND 2018

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, 2019 and 2018, no provision for unrelated business taxes is required. Management does not believe there are any uncertain tax positions as of December 31, 2019 or 2018. 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, 2018, 2017, and 2016.

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, 2019 AND 2018

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.

Cost deduction-

The Organization is committed to compliance with United Way of America's cost deduction requirements for recovering actual costs associated with processing and transferring designated funds.

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 August 14, 2020, the date the financial statements were available to be issued.

Management is currently evaluating the impact of the COVID-19 pandemic on the economy and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and its results of its operations, the specific impact is not readily determinable as of the date of these financial statements.

Reclassifications-

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 2. Pledges receivable-

Pledges receivable as of December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Prior campaign year pledges receivable	\$ 564,163	\$ 558,163
Provision for uncollectible - prior campaign year	(238,953)	(158,369)
Current campaign year pledges receivable	3,245,679	3,577,889
Provision for uncollectible - current campaign year	<u>(194,549)</u>	<u>(256,187)</u>
	<u>\$ 3,376,340</u>	<u>\$ 3,721,496</u>
Amounts due in less than one year	<u>\$ 3,376,340</u>	

The Organization uses the allowance method to determine uncollectible pledges receivable. The provision for uncollectible is computed based on historical averages adjusted by management estimates of current economic factors, applied to gross campaign, including donor designations.

Note 3. Property and equipment-

Property and equipment as of December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 561,700	\$ 561,700
Land	59,000	59,000
Equipment	<u>182,815</u>	<u>178,162</u>
	803,515	798,862
Accumulated depreciation	<u>(350,813)</u>	<u>(333,443)</u>
	<u>\$ 452,702</u>	<u>\$ 465,419</u>

Depreciation expense for the years ending December 31, 2019 and 2018 totaled \$18,210 and \$18,342, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 4. Beneficial interest in assets held by others-

During 2015, the Organization transferred board designated funds 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. For the years ended December 31, 2019 and 2018, \$200,000 and \$100, respectively, of unrestricted contributions and transfers of board designated funds were added to the fund.

During 2016, the Organization received restricted donations and transferred the total to the Community Foundation to establish the United Way of Northwest Georgia Peacock Legacy Endowment Fund for the benefit of the Organization. For the years ended December 31, 2019 and 2018, \$50,000 and \$140,000, respectively, of restricted contributions have been added to the fund. Since inception, restricted contributions total \$1,848,416.

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.

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

	<u>2019</u>	<u>2018</u>
Beginning beneficial interest in assets held by others	\$ 3,080,681	\$ 3,141,528
Contributions	50,000	140,100
Transfers from the Organization	200,000	-
Investment return, net of fees	<u>457,206</u>	<u>(200,947)</u>
Ending beneficial interest in assets held by others	<u>\$ 3,787,887</u>	<u>\$ 3,080,681</u>

Investment fees totaled \$16,499 and \$16,129 for the years ended December 31, 2019 and 2018, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Endowment net asset composition by type of fund as of December 31, 2019:

Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,939,471	\$ 1,848,416	\$ 3,787,887

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 5. Endowment funds (continued)-

Changes in endowment net assets for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning endowment net assets	<u>\$ 1,282,265</u>	<u>\$ 1,798,416</u>	<u>\$ 3,080,681</u>
Investment return-			
Investment income, net of investment fees	111,594	-	111,594
Unrealized gain (loss)	<u>345,612</u>	<u>-</u>	<u>345,612</u>
Total investment return	<u>457,206</u>	<u>-</u>	<u>457,206</u>
Other activity-			
Contributions	-	50,000	50,000
Transfers in	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total other activities	<u>200,000</u>	<u>50,000</u>	<u>250,000</u>
Ending endowment net assets	<u>\$ 1,939,471</u>	<u>\$ 1,848,416</u>	<u>\$ 3,787,887</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

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.

UNITED WAY OF NORTHWEST GEORGIA, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 6. Fair value measurements- (continued)

Fair value of assets measured on a recurring basis as of December 31, 2019, is as follows:

	Fair Value Measurements Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in assets held by others	\$ 3,787,887	\$ -	\$ -	\$ 3,787,887

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. 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 \$1,848,416 and \$1,798,416 at December 31, 2019 and 2018, 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 \$3,695,777 and \$4,013,589 at December 31, 2019 and 2018, 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 \$3,332,695 and \$2,840,043 at December 31, 2019 and 2018, respectively. The remaining undesignated net assets without donor restrictions totaled \$1,505,892 and \$1,094,030 at December 31, 2019 and 2018, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 8. 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, 2019 and 2018 totaled \$34,575 and \$33,821, respectively.

Note 9. 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	\$ 2,781,382
Pledges receivable, net	<u>3,376,340</u>
	<u>\$ 6,157,722</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 \$89,040 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 \$1,561,878 at December 31, 2019. 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.

SUPPLEMENTAL SCHEDULES

UNITED WAY OF NORTHWEST GEORGIA, INC.
SCHEDULE OF SELECT PROGRAM EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Community Awareness	Information Services	Community Solutions	Volunteer Services
Salaries and wages	\$ 197,956	\$ 46,302	\$ 48,820	\$ 129,187
Payroll taxes	13,156	3,289	3,759	10,807
Employee benefits	23,938	5,984	6,839	19,663
Professional fees	3,500	875	1,000	2,875
Supplies	3,772	437	1,298	1,713
Telephone	444	1,130	127	364
Postage	2,328	11	479	38
Occupancy	5,354	1,338	1,530	4,398
Equipment repairs and maintenance	7,566	1,675	1,090	7,635
Printing and publications	8,075	250	1,533	891
Specific assistance to individuals	-	-	2,100	-
Travel	1,382	113	819	805
Meeting expense	11,912	158	11,275	1,946
Professional development	1,253	313	358	1,029
Dues and subscriptions	1,314	329	1,035	1,100
Awards	470	117	134	894
Insurance	3,250	813	929	3,579
Investment and bank fees	7,290	1,822	2,083	5,988
Depreciation	5,099	1,275	1,457	4,188
	<u>\$ 298,059</u>	<u>\$ 66,231</u>	<u>\$ 86,665</u>	<u>\$ 197,100</u>

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>