

FINANCIAL STATEMENTS

UNITED WAY OF NORTHWEST GEORGIA, INC.

DALTON, GEORGIA

DECEMBER 31, 2020 AND 2019

UNITED WAY OF NORTHWEST GEORGIA, INC.
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DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 19 and 20 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 4, 2021

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 3,877,027	\$ 2,781,382
Pledges receivable, net	3,089,484	3,376,340
Prepaid expenses	<u>13,519</u>	<u>13,947</u>
Total current assets	<u>6,980,030</u>	<u>6,171,669</u>
Property and equipment, net	<u>435,002</u>	<u>452,702</u>
Other assets:		
Beneficial interest in assets held by others	<u>4,367,163</u>	<u>3,787,887</u>
Total assets	<u>\$ 11,782,195</u>	<u>\$ 10,412,258</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 9,413	\$ 7,307
Designations payable	29,655	22,171
PPP loan	<u>143,145</u>	<u>-</u>
Total current liabilities	<u>182,213</u>	<u>29,478</u>
Total liabilities	<u>182,213</u>	<u>29,478</u>
 <u>NET ASSETS</u>		
With donor restrictions	5,787,706	5,544,193
Without donor restrictions	<u>5,812,276</u>	<u>4,838,587</u>
Total net assets	<u>11,599,982</u>	<u>10,382,780</u>
Total liabilities and net assets	<u>\$ 11,782,195</u>	<u>\$ 10,412,258</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, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2020</u>
Public support and revenue:			
Gross campaign results (prior year)	\$ 971,599		
(Less donor designations)	(70,295)		
(Less provision for uncollectible)	<u>(140,373)</u>		
Net campaign results (prior year)	760,931		\$ 760,931
Gross campaign results (current year)		\$ 3,770,556	
(Less provision for uncollectible)		<u>(377,055)</u>	
Net campaign results (current year)		3,393,501	3,393,501
Special events	17,767	-	17,767
Other contributions	25,314	545,789	571,103
Service fees	5,935	-	5,935
Miscellaneous	14,005	-	14,005
Net assets released from restrictions	<u>3,695,777</u>	<u>(3,695,777)</u>	<u>-</u>
Total revenue	<u>4,519,729</u>	<u>243,513</u>	<u>4,763,242</u>
Expenses:			
Program services:			
Community impact	2,936,331	-	2,936,331
Community awareness	242,498	-	242,498
Information services	77,286	-	77,286
Community solutions	126,566	-	126,566
Volunteer services	<u>199,737</u>	<u>-</u>	<u>199,737</u>
Total program services	3,582,418	-	3,582,418
Organizational administration	141,801	-	141,801
Resource development	<u>201,673</u>	<u>-</u>	<u>201,673</u>
Total expenses and losses	<u>3,925,892</u>	<u>-</u>	<u>3,925,892</u>
Operating surplus/deficit	<u>593,837</u>	<u>243,513</u>	<u>837,350</u>
Nonoperating items:			
Investment income	26,415	-	26,415
Change in fair value of beneficial interest	<u>353,437</u>	<u>-</u>	<u>353,437</u>
Total nonoperating items	<u>379,852</u>	<u>-</u>	<u>379,852</u>
Increase (decrease) in net assets	973,689	243,513	1,217,202
Net assets, beginning	<u>4,838,587</u>	<u>5,544,193</u>	<u>10,382,780</u>
Net assets, ending	<u>\$ 5,812,276</u>	<u>\$ 5,787,706</u>	<u>\$ 11,599,982</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 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
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>4,605,412</u>	<u>(267,812)</u>	<u>4,337,600</u>
Expenses:			
Program services:			
Community impact	3,149,237	-	3,149,237
Community awareness	311,188	-	311,188
Information services	69,595	-	69,595
Community solutions	90,309	-	90,309
Volunteer services	<u>207,940</u>	<u>-</u>	<u>207,940</u>
Total program services	3,828,269	-	3,828,269
Organizational administration	133,656	-	133,656
Resource development	<u>222,087</u>	<u>-</u>	<u>222,087</u>
Total expenses and losses	<u>4,184,012</u>	<u>-</u>	<u>4,184,012</u>
Operating surplus/deficit	<u>421,400</u>	<u>(267,812)</u>	<u>153,588</u>
Nonoperating items:			
Investment income	25,908	-	25,908
Change in fair value of beneficial interest	<u>457,206</u>	<u>-</u>	<u>457,206</u>
Total nonoperating items	<u>483,114</u>	<u>-</u>	<u>483,114</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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Organizational Administration</u>	<u>Resource Development</u>	<u>Total 2020</u>
Community impact:				
Allocations and awards	\$ 2,936,331	\$ -	\$ -	\$ 2,936,331
Salaries and related expenses:				
Salaries and wages	406,853	91,776	124,267	622,896
Payroll taxes	29,344	6,772	9,029	45,145
Employee benefits	53,398	12,323	16,430	82,151
Total salaries and related expenses	<u>489,595</u>	<u>110,871</u>	<u>149,726</u>	<u>750,192</u>
Other expenses:				
Professional fees	8,125	1,875	2,500	12,500
Supplies	11,729	1,724	1,623	15,076
Telephone	1,883	198	264	2,345
Postage	924	653	2,233	3,810
Occupancy	11,255	2,598	3,462	17,315
Equipment repairs and maintenance	16,847	3,526	5,727	26,100
Printing and publications	5,601	568	9,091	15,260
Specific assistance to individuals	11,622	-	-	11,622
Travel	1,866	228	795	2,889
Meeting expense	1,466	195	508	2,169
Professional development	637	147	196	980
Membership dues and subscriptions	45,748	10,590	14,013	70,351
Awards	1,670	262	379	2,311
Insurance	8,767	1,824	2,432	13,023
Investment and bank fees	16,847	3,887	5,184	25,918
Depreciation	11,505	2,655	3,540	17,700
Total other expenses	<u>156,492</u>	<u>30,930</u>	<u>51,947</u>	<u>239,369</u>
Total expenses	<u>\$ 3,582,418</u>	<u>\$ 141,801</u>	<u>\$ 201,673</u>	<u>\$ 3,925,892</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>Total 2019</u>
Community impact:				
Allocations and awards	\$ 3,149,237	\$ -	\$ -	\$ 3,149,237
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	56,424	11,969	17,099	85,492
Total salaries and related expenses	<u>509,700</u>	<u>106,652</u>	<u>156,181</u>	<u>772,533</u>
Other expenses:				
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
Membership dues and subscriptions	34,755	7,058	10,284	52,097
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	12,019	2,549	3,642	18,210
Total other expenses	<u>169,332</u>	<u>27,004</u>	<u>65,906</u>	<u>262,242</u>
Total expenses	<u>\$ 3,828,269</u>	<u>\$ 133,656</u>	<u>\$ 222,087</u>	<u>\$ 4,184,012</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,217,202	\$ 636,702
Non-cash items included in net income:		
Depreciation	17,700	18,210
Change in fair value of beneficial interest in assets held by others	(353,437)	(457,206)
Contributions from donors to beneficial interest	(225,839)	(50,000)
Non-cash contributions	(5,989)	(27,289)
(Increase) decrease in pledges receivable	286,856	345,156
(Increase) decrease in prepaid expenses	428	(2,945)
Increase (decrease) in accounts payable	2,106	6,833
Increase (decrease) in designations payable	7,484	745
Proceeds from the sale of donated securities	<u>5,989</u>	<u>27,289</u>
Net cash provided (used) by operating activities	<u>952,500</u>	<u>497,495</u>
 Cash flows from investing activities:		
Purchase of property and equipment	-	(5,493)
Transfers of cash to beneficial interest in assets held by others	<u>-</u>	<u>(200,000)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(205,493)</u>
 Cash flows from financing activities:		
Proceeds from PPP loan	<u>143,145</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>143,145</u>	<u>-</u>
 Increase (decrease) in cash	1,095,645	292,002
 Cash at beginning of year	<u>2,781,382</u>	<u>2,489,380</u>
 Cash at end of year	<u>\$ 3,877,027</u>	<u>\$ 2,781,382</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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 and 2019, no provision for unrelated business taxes is required. Management does not believe there are any uncertain tax positions as of December 31, 2020 or 2019. 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, 2019, 2018, and 2017.

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, 2020 AND 2019

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 Worldwide'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 4, 2021, the date the financial statements were available to be issued.

Reclassifications-

Certain reclassifications have been made to the prior year's financial statements in order to conform to the current year presentation. The reclassifications do not have a material effect on the financial statements.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2. Pledges receivable-

Pledges receivable as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Prior campaign year pledges receivable	\$ 495,539	\$ 564,163
Provision for uncollectible - prior campaign year	(140,373)	(238,953)
Current campaign year pledges receivable	3,111,373	3,245,679
Provision for uncollectible - current campaign year	<u>(377,055)</u>	<u>(194,549)</u>
	<u>\$ 3,089,484</u>	<u>\$ 3,376,340</u>
 Amounts due in less than one year	 <u>\$ 3,089,484</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, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 561,700	\$ 561,700
Land	59,000	59,000
Equipment	<u>182,815</u>	<u>182,815</u>
	803,515	803,515
Accumulated depreciation	<u>(368,513)</u>	<u>(350,813)</u>
	<u>\$ 435,002</u>	<u>\$ 452,702</u>

Depreciation expense for the years ending December 31, 2020 and 2019 totaled \$17,700 and \$18,210, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, \$50 and \$200,000, 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, 2020 and 2019, \$225,839 and \$50,000, respectively, of restricted contributions have been added to the fund. Since inception, restricted contributions total \$2,074,205.

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>2020</u>	<u>2019</u>
Beginning beneficial interest in assets held by others	\$ 3,787,887	\$ 3,080,681
Contributions	225,839	50,000
Transfers from the Organization	-	200,000
Investment return, net of fees	<u>353,437</u>	<u>457,206</u>
Ending beneficial interest in assets held by others	<u>\$ 4,367,163</u>	<u>\$ 3,787,887</u>

Investment fees totaled \$17,496 and \$16,499 for the years ended December 31, 2020 and 2019, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020:

Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,292,958	\$ 2,074,205	\$ 4,367,163

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 5. Endowment funds (continued)-

Changes in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning endowment net assets	\$ 1,939,471	\$ 1,848,416	\$ 3,787,887
Investment return-			
Investment income, net of investment fees	76,273	-	76,273
Unrealized gain (loss)	277,164	-	277,164
Total investment return	353,437	-	353,437
Other activity-			
Contributions	50	225,789	225,839
Ending endowment net assets	\$ 2,292,958	\$ 2,074,205	\$ 4,367,163

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, 2020 AND 2019

Note 6. Fair value measurements- (continued)

Fair value of assets measured on a recurring basis as of December 31, 2020, is as follows:

	Fair Value Measurements Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in assets held by others	\$ 4,367,163	\$ -	\$ -	\$ 4,367,163

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 \$2,394,205 and \$1,848,416 at December 31, 2020 and 2019, respectively. At December 31, 2020, \$320,000 in restricted contributions had been received by the Organization but had not yet been transferred to the endowment fund.

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 \$3,393,501 and \$3,695,777 at December 31, 2020 and 2019, 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 \$3,419,086 and \$3,332,695 at December 31, 2020 and 2019, respectively. The remaining undesignated net assets without donor restrictions totaled \$2,393,190 and \$1,505,892 at December 31, 2020 and 2019, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019 totaled \$33,196 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	\$ 3,877,027
Pledges receivable, net	<u>3,089,484</u>
	<u>\$ 6,966,511</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 \$104,912 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 \$1,740,853 at December 31, 2020. 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.

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 10. PPP Loan

In April 2020, the Organization received loan proceeds in the amount of \$143,145 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. The loan was forgiven in full in May 2021. The loan is presented in current portion of long-term debt.

SUPPLEMENTAL SCHEDULES

UNITED WAY OF NORTHWEST GEORGIA, INC.
SCHEDULE OF SELECT PROGRAM EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Community Awareness	Information Services	Community Solutions	Volunteer Services
Salaries and wages	\$ 165,582	\$ 47,044	\$ 63,275	\$ 130,952
Payroll taxes	9,932	4,063	7,223	8,126
Employee benefits	18,073	7,394	13,144	14,787
Professional fees	2,750	1,125	2,000	2,250
Supplies	1,918	880	1,654	7,277
Telephone	291	1,142	212	238
Postage	811	16	61	36
Occupancy	3,809	1,559	2,771	3,116
Equipment repairs and maintenance	6,419	1,810	1,938	6,680
Printing and publications	3,527	341	1,009	724
Specific assistance to individuals	-	-	11,622	-
Travel	545	124	673	524
Meeting expense	560	117	385	404
Professional development	216	88	157	176
Membership dues and subscriptions	15,410	6,406	11,239	12,693
Awards	384	157	279	850
Insurance	2,675	1,094	1,945	3,053
Investment and bank fees	5,702	2,333	4,147	4,665
Depreciation	3,894	1,593	2,832	3,186
	<u>\$ 242,498</u>	<u>\$ 77,286</u>	<u>\$ 126,566</u>	<u>\$ 199,737</u>

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
Membership dues and subscriptions	14,443	3,693	4,679	11,940
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>\$ 311,188</u>	<u>\$ 69,595</u>	<u>\$ 90,309</u>	<u>\$ 207,940</u>