

FINANCIAL STATEMENTS
UNITED WAY OF NORTHWEST GEORGIA, INC.
DALTON, GEORGIA
DECEMBER 31, 2016 AND 2015

UNITED WAY OF NORTHWEST GEORGIA, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

	<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	17.



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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Estes & Walcott

Dalton, Georgia
July 17, 2017

UNITED WAY OF NORTHWEST GEORGIA, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash	\$ 2,024,475	\$ 1,701,993
Other receivables	-	2,000
Pledges receivable, net	3,358,229	3,214,043
Prepaid expenses	<u>10,292</u>	<u>10,797</u>
Total current assets	<u>5,392,996</u>	<u>4,928,833</u>
Property and equipment, net	<u>498,713</u>	<u>519,061</u>
Other assets:		
Beneficial interest in assets held by others	<u>2,291,651</u>	<u>1,558,302</u>
Total assets	<u>\$ 8,183,360</u>	<u>\$ 7,006,196</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 3,593	\$ 2,731
Designations payable	301,532	138,373
Current portion of note payable	<u>42,163</u>	<u>40,668</u>
Total current liabilities	<u>347,288</u>	<u>181,772</u>
Noncurrent liabilities:		
Note payable	<u>213,622</u>	<u>255,729</u>
Total liabilities	<u>560,910</u>	<u>437,501</u>
 <u>NET ASSETS</u>		
Permanently restricted	1,150,000	500,000
Temporarily restricted	3,390,144	3,459,508
Unrestricted:		
Designated	2,682,867	2,471,969
Undesignated	<u>399,439</u>	<u>137,218</u>
Total net assets	<u>7,622,450</u>	<u>6,568,695</u>
Total liabilities and net assets	<u>\$ 8,183,360</u>	<u>\$ 7,006,196</u>

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

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

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

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>
Public support and revenue:				
Gross campaign results (prior year)	\$ 737,270			
(Less donor designations)	(945)			
(Less provision for uncollectible)	<u>(268,002)</u>			
Net campaign results (prior year)	468,323			\$ 468,323
Gross campaign results (current year)		\$ 3,802,284		
(Less donor designations)		(113,930)		
(Less provision for uncollectible)		<u>(228,846)</u>		
Net campaign results (current year)		3,459,508		3,459,508
Special events	74,124	-	\$ -	74,124
Other contributions	28,109	-	500,000	528,109
Service fees	503	-	-	503
Investment income	8,405	-	-	8,405
Change in fair value of beneficial interest	(9,380)	-	-	(9,380)
Miscellaneous	5,631	-	-	5,631
Net assets released from restrictions	<u>3,032,623</u>	<u>(3,032,623)</u>	-	<u>-</u>
Total revenue	<u>3,608,338</u>	<u>426,885</u>	<u>500,000</u>	<u>4,535,223</u>
Expenses:				
Program services:				
Allocations and grants	2,466,911	-	-	2,466,911
Special projects	30,771	-	-	30,771
Payments to affiliated organizations	34,238	-	-	34,238
Community awareness	195,805	-	-	195,805
Information services	66,719	-	-	66,719
Community solutions	84,037	-	-	84,037
Volunteer services	<u>150,806</u>	-	-	<u>150,806</u>
Total program services	3,029,287	-	-	3,029,287
Management and administrative	138,514	-	-	138,514
Fundraising	<u>246,075</u>	-	-	<u>246,075</u>
Total expenses and losses	<u>3,413,876</u>	<u>-</u>	<u>-</u>	<u>3,413,876</u>
Increase (decrease) in net assets	194,462	426,885	500,000	1,121,347
Net assets, beginning	<u>2,414,725</u>	<u>3,032,623</u>	-	<u>5,447,348</u>
Net assets, ending	<u>\$ 2,609,187</u>	<u>\$ 3,459,508</u>	<u>\$ 500,000</u>	<u>\$ 6,568,695</u>

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

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

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

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and Administrative	Fundraising	Total 2015
Salaries and wages	\$ 278,684	\$ 90,361	\$ 149,449	\$ 518,494
Payroll taxes	21,315	6,615	8,820	36,750
Employee benefits	52,183	16,195	21,593	89,971
Professional fees	7,424	2,304	3,072	12,800
Supplies	13,427	1,652	5,188	20,267
Telephone	1,941	321	428	2,690
Postage	8,947	961	1,527	11,435
Occupancy	9,560	2,967	3,956	16,483
Equipment repairs and maintenance	14,167	2,209	6,287	22,663
Printing and publications	22,442	941	17,266	40,649
Travel	971	-	-	971
Travel	4,886	399	5,075	10,360
Meeting expense	25,065	3,989	8,479	37,533
Professional development	1,051	156	2,174	3,381
Dues and subscriptions	3,738	746	1,074	5,558
Awards	2,866	4	95	2,965
Insurance	5,712	1,560	2,079	9,351
Investment and bank fees	5,140	1,595	2,127	8,862
Interest	6,539	2,029	2,706	11,274
Depreciation	11,309	3,510	4,680	19,499
Allocations and grants	2,466,911	-	-	2,466,911
Special projects	30,771	-	-	30,771
Payments to affiliated organizations	34,238	-	-	34,238
	<u>\$ 3,029,287</u>	<u>\$ 138,514</u>	<u>\$ 246,075</u>	<u>\$ 3,413,876</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,053,755	\$ 1,121,347
Non-cash items included in net income:		
Depreciation	19,315	19,499
Change in fair value of beneficial interest in assets held by others	(80,410)	9,380
Contributions from donors to beneficial interest	(652,939)	(500,000)
Gain on sale of assets	(251)	-
(Increase) decrease in other receivables	2,000	(2,000)
(Increase) decrease in pledges receivable	(144,186)	(401,620)
(Increase) decrease in prepaid expenses	505	(7,352.00)
Increase (decrease) in accounts payable	862	(8,723)
Increase (decrease) in accrued expenses	-	(3,941)
Increase (decrease) in designations payable	163,159	92,232
Net cash provided (used) by operating activities	<u>361,810</u>	<u>318,822</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(2,936)
Proceeds from the sale of assets	1,284	-
Transfers of cash to beneficial interest in assets held by others	<u>-</u>	<u>(1,067,682)</u>
Net cash provided (used) by investing activities	<u>1,284</u>	<u>(1,070,618)</u>
Cash flows from financing activities:		
Principal payments made on mortgage	<u>(40,612)</u>	<u>(39,283)</u>
Net cash provided (used) by financing activities	<u>(40,612)</u>	<u>(39,283)</u>
Increase (decrease) in cash	322,482	(791,079)
Cash at beginning of year	<u>1,701,993</u>	<u>2,493,072</u>
Cash at end of year	<u>\$ 2,024,475</u>	<u>\$ 1,701,993</u>
Supplemental disclosures:		
Cash paid during the year for interest	<u>\$ 9,944</u>	<u>\$ 11,274</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, 2016 AND 2015

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 to unite people and resources to improve lives in Northwest Georgia and build stronger communities through giving, advocacy and volunteerism. Its vision is to be the preferred organization investing in education, basic needs and health in the community. The Organization is supported primarily through pledges. Pledges from one contributor and its employees comprise a significant portion of the Organization's support.

Basis of accounting-

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

Financial statement presentation-

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

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

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

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

Cash and cash equivalents-

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

Concentrations of credit risk-

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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, 2016 and 2015, no provision for unrelated business taxes is required. Management does not believe there are any uncertain tax positions as of December 31, 2016 or 2015. 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, 2015, 2014, and 2013.

Contributions-

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

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

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Contributed services and supplies-

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

Accounting estimates-

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

Subsequent events-

Management has evaluated subsequent events through July 17, 2017, the date the financial statements were available to be issued.

Note 2. Pledges receivable-

Pledges receivable as of December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Prior campaign year receivables	\$ 680,075	\$ 410,670
Allowance - prior campaign year	(260,000)	(268,002)
Current campaign year receivables	3,184,559	3,300,221
Allowance - current year campaign	<u>(246,405)</u>	<u>(228,846)</u>
	<u>\$ 3,358,229</u>	<u>\$ 3,214,043</u>
Amounts due in less than one year	<u>\$ 3,358,229</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, 2016 AND 2015

Note 3. Property and equipment-

Property and equipment as of December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 561,700	\$ 561,700
Land	59,000	59,000
Equipment	<u>174,732</u>	<u>176,611</u>
	795,432	797,311
Accumulated depreciation	<u>(296,719)</u>	<u>(278,250)</u>
	<u>\$ 498,713</u>	<u>\$ 519,061</u>

Depreciation expense for the years ending December 31, 2016 and 2015 totaled \$19,315 and \$19,499, respectively.

Note 4. Beneficial interest in assets held by others-

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

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

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, 2016 AND 2015

Note 4. Beneficial interest in assets held by others-

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

	<u>2016</u>	<u>2015</u>
Beginning beneficial interest in assets held by others	\$ 1,558,302	\$ -
Contributions	650,000	500,000
Transfers from organization	2,939	1,067,682
Investment return, net of fees	<u>80,410</u>	<u>(9,380)</u>
Ending beneficial interest in assets held by others	<u>\$ 2,291,651</u>	<u>\$ 1,558,302</u>

Investment fees totaled \$5,269 and \$392 for the years ended December 31, 2016 and 2015, respectively.

Note 5. Endowment funds-

Interpretation of relevant law-

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

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

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 5. Endowment funds (continued)-

Endowment net asset composition by type of fund as of December 31, 2016:

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,141,651	\$ -	\$ 1,150,000	\$ 2,291,651

Changes in endowment net assets for the year ended December 31, 2016:

	Unrestricted	Permanently Restricted	Total
Beginning endowment net assets	\$ 1,058,302	\$ 500,000	\$ 1,558,302
Investment return-			
Investment income, net of investment fees	32,408	-	32,408
Unrealized gain	48,002	-	48,002
Total investment return	80,410	-	80,410
Other activity-			
Contributions	-	650,000	650,000
Transfers in	2,939	-	2,939
Total other activities	2,939	650,000	652,939
Ending endowment net assets	\$ 1,141,651	\$ 1,150,000	\$ 2,291,651

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, 2016 AND 2015

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, 2016, is as follows:

	Fair Value Measurements Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Beneficial interest in assets held by others	\$ 2,291,651	\$ -	\$ -	\$ 2,291,651

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, 2016 and 2015 consisted of the following:

	2016	2015
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.	\$ 255,785	\$ 296,397
Less: current portion	(42,163)	(40,668)
Long-term portion of note payable	\$ 213,622	\$ 255,729

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

2017	\$	42,163
2018		43,684
2019		45,260
2020		46,881
2021		48,583
2022		29,214

UNITED WAY OF NORTHWEST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 8. Net assets-

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

Permanently restricted net assets consist of principal contributions made by donors to endowment funds held at the Community Foundation. The cumulative amount of principal contributions and related permanently restricted net assets totaled \$1,150,000 and \$500,000 at December 31, 2016 and 2015, respectively.

Temporarily restricted net assets are accumulated unconditional promises to give for subsequent years. An annual campaign is conducted in the fall of each year to raise support for participating agencies in the subsequent year. Campaign contributions and pledges received or receivable are accounted for as temporarily restricted until the beginning of the next fiscal year. Temporarily restricted net assets are reclassified to unrestricted net assets upon expiration of the time restriction. The Organization reported temporarily restricted net assets totaling \$3,390,144 and \$3,459,508 at December 31, 2016 and 2015, respectively.

Unrestricted net assets are those assets currently available to be used by the Organization at the discretion of the Board of Directors. They are classified as either designated or undesignated. The Board of Directors intends to maintain four and a half month's allocations and operating expenses as a reserve fund. During 2014, the Board designated additional reserves of \$1,067,681 in order to provide for sustainability which were transferred to the Community Foundation in 2015. Board designated net assets totaled \$2,682,867 and \$2,471,969 at December 31, 2016 and 2015, respectively. The remaining unrestricted, undesignated net assets totaled \$399,439 and \$137,218 at December 31, 2016 and 2015, 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, 2016 and 2015 totaled \$25,815 and \$24,002, respectively.

SUPPLEMENTAL SCHEDULES

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

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

UNITED WAY OF NORTHWEST GEORGIA, INC.
SCHEDULE OF SELECT PROGRAM EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Community Awareness	Information Services	Community Solutions	Volunteer Services
Salaries and wages	\$ 95,080	\$ 47,496	\$ 49,111	\$ 86,997
Payroll taxes	7,901	2,389	3,675	7,350
Employee benefits	19,344	5,848	8,997	17,994
Professional fees	2,752	832	1,280	2,560
Supplies	7,135	624	1,713	3,955
Telephone	383	1,024	178	356
Postage	6,992	92	1,572	291
Occupancy	3,544	1,071	1,648	3,297
Equipment repairs and maintenance	5,759	1,948	945	5,515
Printing and publications	18,602	339	2,092	1,409
Specific assistance to individuals	-	-	971	-
Travel	1,456	137	928	2,365
Meeting expense	12,222	1,480	4,810	6,553
Professional development	586	56	86	323
Dues and subscriptions	805	243	1,199	1,491
Awards	2,859	1	2	4
Insurance	1,863	563	867	2,419
Investment and bank fees	1,906	576	886	1,772
Interest	2,424	733	1,127	2,255
Depreciation	4,192	1,267	1,950	3,900
	<u>\$ 195,805</u>	<u>\$ 66,719</u>	<u>\$ 84,037</u>	<u>\$ 150,806</u>