

FINANCIAL STATEMENTS

UNITED WAY OF NORTHWEST GEORGIA, INC.

DALTON, GEORGIA

DECEMBER 31, 2022 AND 2021

UNITED WAY OF NORTHWEST GEORGIA, INC.  
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DECEMBER 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Northwest Georgia, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Northwest Georgia, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Northwest Georgia, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Northwest Georgia, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **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 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 audits 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 18, 2023

UNITED WAY OF NORTHWEST GEORGIA, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$ 2,351,902	\$ 2,701,514
Investments	1,558,219	1,278,487
Pledges receivable, net	3,281,248	3,802,899
Prepaid expenses	<u>10,279</u>	<u>15,493</u>
Total current assets	<u>7,201,648</u>	<u>7,798,393</u>
Property and equipment, net	<u>482,715</u>	<u>469,726</u>
Other assets:		
Beneficial interest in assets held by others	<u>5,008,271</u>	<u>5,688,658</u>
Total assets	<u>\$ 12,692,634</u>	<u>\$ 13,956,777</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 13,674	\$ 8,860
Designations payable	<u>44,803</u>	<u>117,702</u>
Total current liabilities	<u>58,477</u>	<u>126,562</u>
Total liabilities	<u>58,477</u>	<u>126,562</u>
 <u>NET ASSETS</u>		
With donor restrictions	6,414,116	6,737,694
Without donor restrictions	<u>6,220,041</u>	<u>7,092,521</u>
Total net assets	<u>12,634,157</u>	<u>13,830,215</u>
Total liabilities and net assets	<u>\$ 12,692,634</u>	<u>\$ 13,956,777</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, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2022</u>
Public support and revenue:			
Gross campaign results (prior year)	\$ 528,638		
(Less provision for uncollectible)	<u>(369,274)</u>		
Net campaign results (prior year)	159,364		\$ 159,364
Gross campaign results (current year)		\$ 4,286,627	
(Less donor designations)		(350,131)	
(Less provision for uncollectible)		<u>(196,825)</u>	
Net campaign results (current year)		3,739,671	3,739,671
Special events	44,312	-	44,312
Other contributions and grants	175,250	120,240	295,490
Service fees	28,170	-	28,170
Miscellaneous	9,234	-	9,234
Net assets released from restrictions	<u>4,183,489</u>	<u>(4,183,489)</u>	<u>-</u>
Total revenue	<u>4,599,819</u>	<u>(323,578)</u>	<u>4,276,241</u>
Expenses:			
Program services:			
Community impact	3,432,837	-	3,432,837
Community awareness	259,775	-	259,775
Information services	102,030	-	102,030
Community solutions	181,966	-	181,966
Volunteer services	<u>261,637</u>	<u>-</u>	<u>261,637</u>
Total program services	4,238,245	-	4,238,245
Organizational administration	159,712	-	159,712
Resource development	<u>242,007</u>	<u>-</u>	<u>242,007</u>
Total expenses and losses	<u>4,639,964</u>	<u>-</u>	<u>4,639,964</u>
Operating surplus/deficit	<u>(40,145)</u>	<u>(323,578)</u>	<u>(363,723)</u>
Nonoperating items:			
Investment income	(91,708)	-	(91,708)
Change in fair value of beneficial interest	<u>(740,627)</u>	<u>-</u>	<u>(740,627)</u>
Total nonoperating items	<u>(832,335)</u>	<u>-</u>	<u>(832,335)</u>
Change in net assets	(872,480)	(323,578)	(1,196,058)
Net assets, beginning	<u>7,092,521</u>	<u>6,737,694</u>	<u>13,830,215</u>
Net assets, ending	<u>\$ 6,220,041</u>	<u>\$ 6,414,116</u>	<u>\$ 12,634,157</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, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2021</u>
Public support and revenue:			
Gross campaign results (prior year)	\$ 1,826,469		
(Less donor designations)	(582,911)		
(Less provision for uncollectible)	<u>(346,290)</u>		
Net campaign results (prior year)	897,268		\$ 897,268
Gross campaign results (current year)		\$ 4,362,161	
(Less provision for uncollectible)		<u>(218,108)</u>	
Net campaign results (current year)		4,144,053	4,144,053
Special events	72,806	-	72,806
Other contributions and grants	206,642	199,436	406,078
Service fees	26,861	-	26,861
Miscellaneous	7,100	-	7,100
PPP loan forgiveness	143,145	-	
Net assets released from restrictions	<u>3,393,501</u>	<u>(3,393,501)</u>	-
Total revenue	<u>4,747,323</u>	<u>949,988</u>	<u>5,697,311</u>
Expenses:			
Program services:			
Community impact	3,301,987	-	3,301,987
Community awareness	219,537	-	219,537
Information services	90,610	-	90,610
Community solutions	167,567	-	167,567
Volunteer services	<u>224,511</u>	<u>-</u>	<u>224,511</u>
Total program services	4,004,212	-	4,004,212
Organizational administration	144,359	-	144,359
Resource development	<u>209,759</u>	<u>-</u>	<u>209,759</u>
Total expenses and losses	<u>4,358,330</u>	<u>-</u>	<u>4,358,330</u>
Operating surplus/deficit	<u>388,993</u>	<u>949,988</u>	<u>1,338,981</u>
Nonoperating items:			
Investment income	51,148	-	51,148
Change in fair value of beneficial interest	840,995	-	840,995
Loss on disposal of assets	<u>(891)</u>	<u>-</u>	<u>(891)</u>
Total nonoperating items	<u>891,252</u>	<u>-</u>	<u>891,252</u>
Change in net assets	1,280,245	949,988	2,230,233
Net assets, beginning	<u>5,812,276</u>	<u>5,787,706</u>	<u>11,599,982</u>
Net assets, ending	<u>\$ 7,092,521</u>	<u>\$ 6,737,694</u>	<u>\$ 13,830,215</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, 2022

	<u>Program Services</u>	<u>Organizational Administration</u>	<u>Resource Development</u>	<u>Total 2022</u>
Community impact:				
Allocations and awards	\$ 3,432,837	\$ -	\$ -	\$ 3,432,837
Salaries and related expenses:				
Salaries and wages	454,798	96,244	131,503	682,545
Payroll taxes	33,953	6,990	8,987	49,930
Employee benefits	<u>75,354</u>	<u>15,514</u>	<u>19,947</u>	<u>110,815</u>
Total salaries and related expenses	<u>564,105</u>	<u>118,748</u>	<u>160,437</u>	<u>843,290</u>
Other expenses:				
Professional fees	16,831	3,465	4,455	24,751
Supplies	8,874	1,192	5,102	15,168
Telephone	4,131	662	851	5,644
Postage	756	642	2,625	4,023
Occupancy	49,706	10,235	13,159	73,100
Equipment repairs and maintenance	17,399	3,366	5,282	26,047
Printing and publications	10,743	619	19,185	30,547
Specific assistance to individuals	2,118	-	-	2,118
Travel	2,041	886	1,246	4,173
Meeting expense	30,755	260	4,418	35,433
Professional development	6,924	1,426	1,833	10,183
Membership dues and subscriptions	41,453	8,270	10,632	60,355
Awards	1,564	256	330	2,150
Insurance	9,429	1,742	2,240	13,411
Investment and bank fees	21,880	4,505	5,792	32,177
Depreciation	<u>16,699</u>	<u>3,438</u>	<u>4,420</u>	<u>24,557</u>
Total other expenses	<u>241,303</u>	<u>40,964</u>	<u>81,570</u>	<u>363,837</u>
Total expenses	<u>\$ 4,238,245</u>	<u>\$ 159,712</u>	<u>\$ 242,007</u>	<u>\$ 4,639,964</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, 2021

	<u>Program Services</u>	<u>Organizational Administration</u>	<u>Resource Development</u>	<u>Total 2021</u>
Community impact:				
Allocations and awards	\$ 3,301,987	\$ -	\$ -	\$ 3,301,987
Salaries and related expenses:				
Salaries and wages	421,301	91,555	121,615	634,471
Payroll taxes	30,977	6,473	8,784	46,234
Employee benefits	58,683	12,262	16,641	87,586
Total salaries and related expenses	<u>510,961</u>	<u>110,290</u>	<u>147,040</u>	<u>768,291</u>
Other expenses:				
Professional fees	8,375	1,750	2,375	12,500
Supplies	3,498	956	4,436	8,890
Telephone	2,092	222	301	2,615
Postage	444	458	3,077	3,979
Occupancy	35,540	7,426	10,078	53,044
Equipment repairs and maintenance	17,393	3,576	5,881	26,850
Printing and publications	10,307	484	9,331	20,122
Specific assistance to individuals	16,560	-	-	16,560
Travel	1,703	68	992	2,763
Meeting expense	2,596	144	690	3,430
Professional development	3,188	666	904	4,758
Membership dues and subscriptions	45,801	9,422	12,581	67,804
Awards	1,200	210	285	1,695
Insurance	9,171	1,708	2,317	13,196
Investment and bank fees	20,878	4,363	5,921	31,162
Depreciation	12,518	2,616	3,550	18,684
Total other expenses	<u>191,264</u>	<u>34,069</u>	<u>62,719</u>	<u>288,052</u>
Total expenses	<u>\$ 4,004,212</u>	<u>\$ 144,359</u>	<u>\$ 209,759</u>	<u>\$ 4,358,330</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,196,058)	\$ 2,230,233
Non-cash items included in change in net assets:		
Depreciation	24,557	18,684
Change in fair value of beneficial interest in assets held by others	740,627	(840,995)
Contributions from donors to beneficial interest	(60,240)	(480,500)
Non-cash contributions	(37,902)	(149,713)
Loss on disposal of assets	(814)	891
PPP loan forgiveness	-	(143,145)
(Increase) decrease in pledges receivable	521,651	(713,415)
(Increase) decrease in prepaid expenses	5,214	(1,974)
Increase (decrease) in accounts payable	4,814	(553)
Increase (decrease) in designations payable	(72,899)	88,047
Proceeds from the sale of donated securities	<u>38,716</u>	<u>121,749</u>
Net cash provided (used) by operating activities	<u>(32,334)</u>	<u>129,309</u>
Cash flows from investing activities:		
Purchase of property and equipment	(37,546)	(26,335)
Transfers of cash to investments	(400,000)	(1,250,000)
Income from investments retained in investment account	<u>120,268</u>	<u>(28,487)</u>
Net cash provided (used) by investing activities	<u>(317,278)</u>	<u>(1,304,822)</u>
Increase (decrease) in cash	(349,612)	(1,175,513)
Cash at beginning of year	<u>2,701,514</u>	<u>3,877,027</u>
Cash at end of year	<u>\$ 2,351,902</u>	<u>\$ 2,701,514</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, 2022 AND 2021

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: Getting kids ready for kindergarten, reading at grade level by 3<sup>rd</sup> grade, and graduating on time with skills to be career and life ready. Basic Needs: Reduce the long term need for food, housing, and utility assistance through life skills education and financial counseling. Health: Support prevention services so youth and adults are healthy and avoid risky behaviors. The Organization is supported primarily through pledges. Pledges from one contributor and its employees comprise a significant portion of the Organization's support.

Basis of accounting-

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

Financial statement presentation-

In accordance with generally accepted accounting practices the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

Net assets without donor restrictions represent all other net assets, including board designated or appropriated amounts, and are legally unrestricted.

Cash-

Cash includes 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.

Investments-

Investments in bonds, equities, and mutual funds are carried at fair value based on quoted prices in active markets. Investment income (including realized and unrealized gains and losses, interest, and dividends) net of investment expense is included in nonoperating income. Investments, in general, are subject to various risks including credit, interest, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in value will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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.

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, 2022 and 2021, no provision for unrelated business taxes is required. Management does not believe there are any uncertain tax positions as of December 31, 2022 or 2021. 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, 2021, 2020, and 2019.

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, 2022 AND 2021

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.

Leases-

Effective January 1, 2022, the Organization adopted GASB Statement No. 87, Leases. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by nonprofits. This Statement increases the usefulness of nonprofit financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Organization is not a party to any qualifying leases, therefore the adoption of this statement did not have an impact on the Organization's financial statements.

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 18, 2023, the date the financial statements were available to be issued.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 2. Pledges receivable-

Pledges receivable as of December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Prior campaign year pledges receivable	\$ 619,812	\$ 696,709
Provision for uncollectible - prior campaign year	(369,274)	(346,290)
Current campaign year pledges receivable	3,227,535	3,670,588
Provision for uncollectible - current campaign year	<u>(196,825)</u>	<u>(218,108)</u>
	<u>\$ 3,281,248</u>	<u>\$ 3,802,899</u>
Amounts due in less than one year	<u>\$ 3,281,248</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, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 603,418	\$ 589,663
Land	59,000	59,000
Office equipment and furniture	<u>230,108</u>	<u>206,317</u>
	892,526	854,980
Accumulated depreciation	<u>(409,811)</u>	<u>(385,254)</u>
	<u>\$ 482,715</u>	<u>\$ 469,726</u>

Depreciation expense for the years ending December 31, 2022 and 2021 totaled \$24,557 and \$18,684, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, \$0 and \$500, 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, 2022 and 2021, \$60,240 and \$480,000, respectively, of restricted contributions have been added to the fund. Since inception, restricted contributions total \$2,614,445.

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 (4.5% 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>2022</u>	<u>2021</u>
Beginning beneficial interest in assets held by others	\$ 5,688,658	\$ 4,367,163
Contributions	60,240	480,500
Investment return, net of fees	<u>(740,627)</u>	<u>840,995</u>
Ending beneficial interest in assets held by others	<u>\$ 5,008,271</u>	<u>\$ 5,688,658</u>

Investment fees totaled \$25,005 and \$22,095 for the years ended December 31, 2022 and 2021, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022:

Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,393,826	\$ 2,614,445	\$ 5,008,271



UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 5. Endowment funds (continued)-

Changes in endowment net assets for the year ended December 31, 2022:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Beginning endowment net assets	\$ 3,134,453	\$ 2,554,205	\$ 5,688,658
Investment return-			
Investment income, net			
of investment fees	144,052	-	144,052
Unrealized gain (loss)	<u>(884,679)</u>	<u>-</u>	<u>(884,679)</u>
Total investment return	<u>(740,627)</u>	<u>-</u>	<u>(740,627)</u>
Other activity-			
Contributions	<u>-</u>	<u>60,240</u>	<u>60,240</u>
Ending endowment net assets	<u>\$ 2,393,826</u>	<u>\$ 2,614,445</u>	<u>\$ 5,008,271</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, 2022 AND 2021

Note 6. Fair value measurements- (continued)

Fair value of assets measured on a recurring basis as of December 31, 2022, is as follows:

	Fair Value Measurements Using			
	Total	(Level 1)	(Level 2)	(Level 3)
Exchange traded funds	\$ 1,558,219	\$ 1,558,219	\$ -	\$ -
Beneficial interest in assets held by others	5,008,271	-	-	5,008,271
Total	\$ 6,566,490	\$ 1,558,219	\$ -	\$ 5,008,271

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 \$2,614,445 and \$2,554,205 at December 31, 2022 and 2021, respectively.

Additional net assets with donor restrictions consist of unconditional promises to give for subsequent years and contributions given for stated purposes. 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 \$3,739,671 and \$4,144,053 at December 31, 2022 and 2021, respectively. Net assets with donor restrictions related to purpose totaled \$60,000 and \$39,436 at December 31, 2022 and 2021, respectively.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 7. Net assets- (continued)

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 \$3,524,946 and \$3,820,494 at December 31, 2022 and 2021, respectively. The remaining undesignated net assets without donor restrictions totaled \$2,695,095 and \$3,272,027 at December 31, 2022 and 2021, respectively.

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, 2022 and 2021 totaled \$40,795 and \$38,067, 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	\$ 2,351,902
Investments	1,558,219
Pledges receivable, net	<u>3,281,248</u>
	<u>\$ 7,191,369</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 4.5% of the balance as calculated on January 1; therefore \$146,182 of appropriations from this fund will be available for distribution within the next 12 months if the Organization elects to withdraw them.

UNITED WAY OF NORTHWEST GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 9. Liquidity and availability of resources- (continued)

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 \$1,759,780 at December 31, 2022. 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.

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 loan was forgiven in full in May 2021.

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SUPPLEMENTAL SCHEDULES

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UNITED WAY OF NORTHWEST GEORGIA, INC.  
SCHEDULE OF SELECT PROGRAM EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Community Awareness	Information Services	Community Solutions	Volunteer Services
Salaries and wages	\$ 142,468	\$ 61,480	\$ 96,975	\$ 153,875
Payroll taxes	10,985	4,494	6,990	11,484
Employee benefits	24,379	9,973	15,514	25,488
Professional fees	5,445	2,228	3,465	5,693
Supplies	2,730	1,046	3,219	1,879
Telephone	1,040	1,341	662	1,088
Postage	314	44	281	117
Occupancy	16,082	6,578	10,233	16,813
Equipment repairs and maintenance	7,496	1,691	1,355	6,857
Printing and publications	4,673	399	2,891	2,780
Specific assistance to individuals	-	-	2,118	-
Travel	838	5	411	787
Meeting expense	12,467	127	17,055	1,106
Professional development	2,240	916	1,426	2,342
Membership dues and subscriptions	12,995	5,317	9,430	13,711
Awards	403	165	256	740
Insurance	2,738	1,120	1,742	3,829
Investment and bank fees	7,079	2,896	4,505	7,400
Depreciation	5,403	2,210	3,438	5,648
	<u>\$ 259,775</u>	<u>\$ 102,030</u>	<u>\$ 181,966</u>	<u>\$ 261,637</u>

UNITED WAY OF NORTHWEST GEORGIA, INC.  
SCHEDULE OF SELECT PROGRAM EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Community Awareness	Information Services	Community Solutions	Volunteer Services
Salaries and wages	\$ 136,180	\$ 59,889	\$ 92,260	\$ 132,972
Payroll taxes	9,709	3,699	6,935	10,634
Employee benefits	18,393	7,007	13,138	20,145
Professional fees	2,625	1,000	1,875	2,875
Supplies	948	313	998	1,239
Telephone	333	1,157	238	364
Postage	30	11	369	34
Occupancy	11,139	4,244	7,957	12,200
Equipment repairs and maintenance	5,952	1,810	1,887	7,744
Printing and publications	4,353	277	3,896	1,781
Specific assistance to individuals	-	-	16,560	-
Travel	539	-	449	715
Meeting expense	891	82	638	985
Professional development	999	381	714	1,094
Membership dues and subscriptions	14,103	5,656	10,122	15,920
Awards	315	120	225	540
Insurance	2,561	976	1,830	3,804
Investment and bank fees	6,544	2,493	4,673	7,168
Depreciation	3,923	1,495	2,803	4,297
	<u>\$ 219,537</u>	<u>\$ 90,610</u>	<u>\$ 167,567</u>	<u>\$ 224,511</u>