

UNITED WAY OF HALL COUNTY, INC.

(A NON-PROFIT CORPORATION)

GAINESVILLE, GEORGIA

FINANCIAL STATEMENTS

(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended

December 31, 2022

UNITED WAY OF HALL COUNTY, INC.
GAINESVILLE, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

July 25, 2023

To the Board of Directors
UNITED WAY OF HALL COUNTY, INC.
GAINESVILLE, GEORGIA

Opinion

We have audited the accompanying financial statements of UNITED WAY OF HALL COUNTY, INC. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2022 and the related statement of activities, functional expenses, and cash flows for the year 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 HALL COUNTY, INC. as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit 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 HALL COUNTY, INC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 HALL COUNTY, 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 HALL COUNTY, 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 HALL COUNTY, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program expenses on page 20 is presented for purposes of additional analysis and is 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.

Bates, Carter & Co., LLP

UNITED WAY OF HALL COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

Assets	
Current assets	
Cash and cash equivalents	\$ 737,248
Investments	1,073,091
Sponsorships receivable	175,161
Pledges receivable, net	467,444
Prepaid expenses	<u>3,509</u>
Total current assets	<u>2,456,453</u>
Property and equipment	
Property and equipment	536,472
Accumulated depreciation	<u>(298,509)</u>
Total property and equipment	<u>237,963</u>
Other assets	
Endowment fund	<u>157,468</u>
Total assets	<u><u>\$ 2,851,884</u></u>
Liabilities and net assets	
Current liabilities	
Accounts payable	\$ 15,757
Other accrued liabilities	17,352
Donor designations to other United Ways	<u>5,414</u>
Total current liabilities	<u>38,523</u>
Net assets	
Net assets without donor restrictions	
Unallocated net assets	1,187,260
Board designated net assets	<u>1,472,252</u>
Total net assets without donor restrictions	2,659,512
Net assets with donor restrictions	<u>153,849</u>
Total net assets	<u>2,813,361</u>
Total liabilities and net assets	<u><u>\$ 2,851,884</u></u>

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
<i>Campaign revenues</i>			
Prior year unpledged revenue, excess of pledges	\$ 237,530	\$ -	\$ 237,530
Net campaign revenue, prior year	237,530	-	237,530
Gross campaign results, current year	1,344,831	26,950	1,371,781
Less donor designations to other United Ways	(9,910)	-	(9,910)
Less allowance for uncollectable pledges	(120,337)	-	(120,337)
Net campaign results, current year	1,214,584	26,950	1,241,534
<i>Total campaign revenues</i>	1,452,114	26,950	1,479,064
<i>Other revenues</i>			
Contributions	15,000	275,236	290,236
Non-governmental grants	-	489,497	489,497
Inkind contributions	18,022	-	18,022
Miscellaneous income	2,859	-	2,859
Service fee revenue	995	-	995
Special events			
Income	20,338	-	20,338
Inkind contributions	2,175	-	2,175
Less expenses	(9,360)	-	(9,360)
Net assets released from restriction	640,834	(640,834)	-
<i>Total other revenues</i>	690,863	123,899	814,762
Total support and revenue	2,142,977	150,849	2,293,826
Expenses			
Program services			
Community investment grants	586,501	-	586,501
Other program services	902,539	-	902,539
Total program services	1,489,040	-	1,489,040
Administrative expenses	142,108	-	142,108
Fundraising expenses	162,888	-	162,888
Total expenses	1,794,036	-	1,794,036
Operating surplus (deficit)	348,941	150,849	499,790
Non-operating items			
Investment loss	(264,064)	-	(264,064)
Increase (decrease) in net assets	84,877	150,849	235,726
Net assets, beginning of year	2,574,635	3,000	2,577,635
Net assets, end of year	\$ 2,659,512	\$ 153,849	\$ 2,813,361

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Direct Services	Support Services			TOTAL 2022
	Programs	Organizational & Administration	Fundraising	Total	
Salaries & benefits					
Salaries and wages	\$ 256,174	\$ 32,456	\$ 74,150	\$ 106,606	\$ 362,780
Payroll taxes	18,866	2,390	5,461	7,851	26,717
Retirement plan contributions	5,642	654	1,362	2,016	7,658
Total salaries & benefits	<u>280,682</u>	<u>35,500</u>	<u>80,973</u>	<u>116,473</u>	<u>397,155</u>
Other expenses					
Accounting services	-	55,348	-	55,348	55,348
Advertising	-	-	10,273	10,273	10,273
Bank fees	-	2,909	-	2,909	2,909
Campaign expenses	-	-	17,479	17,479	17,479
Community and staff activities	-	6,950	-	6,950	6,950
Community engagement	301	43	86	129	430
Community impact programs	451,820	-	-	-	451,820
Conferences, conventions, & meetings	513	3,078	1,539	4,617	5,130
Dinner from the farm	-	-	13,145	13,145	13,145
Dues and subscriptions	-	3,640	-	3,640	3,640
Facilities costs	10,769	3,078	4,578	7,656	18,425
Funds awarded / distributed	685,651	-	-	-	685,651
Information technology	12,740	5,074	10,222	15,296	28,036
Insurance	5,518	1,379	2,299	3,678	9,196
Miscellaneous	-	2,570	4,604	7,174	7,174
Office expenses	3,200	5,719	1,333	7,052	10,252
Payroll processing fees	-	1,083	-	1,083	1,083
Postage and shipping	576	581	775	1,356	1,932
Repairs and maintenance	5,866	2,933	2,933	5,866	11,732
Supplies	3,274	1,486	1,486	2,972	6,246
Taxes and licenses	14	2	4	6	20
Telecommunications	3,364	841	1,402	2,243	5,607
Training and education	2,136	712	712	1,424	3,560
Travel	986	657	986	1,643	2,629
United Way dues	10,188	2,797	4,245	7,042	17,230
Volunteer recognition	-	1,914	-	1,914	1,914
Subtotal	<u>1,196,916</u>	<u>102,794</u>	<u>78,101</u>	<u>180,895</u>	<u>1,377,811</u>
Depreciation expense	11,442	3,814	3,814	7,628	19,070
Total operating expenses	<u>\$ 1,489,040</u>	<u>\$ 142,108</u>	<u>\$ 162,888</u>	<u>\$ 304,996</u>	<u>\$ 1,794,036</u>

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

UNITED WAY OF HALL COUNTY, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

Cash flows from operating activities:	
Change in net assets	\$ 235,726
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	19,070
Net unrealized (gain) loss on investments	271,200
(Increase) decrease:	
Interest receivable	378
Pledges receivable	(61,312)
Sponsorships receivable	(33,365)
Prepaid expenses	7,937
Increase (decrease) in:	
Accounts payable	14,234
Other accrued liabilities	4,244
Donor designations to other United Ways	4,514
Total adjustments	<u>226,900</u>
Net cash provided by (used in) operating activities	<u>462,626</u>
Cash flows from investing activities:	
Payments for the purchase of property and equipment	(48,984)
Purchase of investments, CDs, and endowment assets	<u>(19,311)</u>
Net cash provided by (used in) investing activities	<u>(68,295)</u>
Net increase (decrease) in cash and cash equivalents	394,331
Cash and cash equivalents, beginning of year	<u>342,917</u>
Cash and cash equivalents, end of year	<u><u>\$ 737,248</u></u>

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

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant policies of UNITED WAY OF HALL COUNTY, INC. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of these financial statements.

NATURE OF ACTIVITIES

Founded on August 12, 1948, the Corporation is a non-profit Organization whose mission is to "unite people, organizations and resources to improve lives in Hall County." One method the Organization uses to fulfill this objective is by investing financial resources in programs that effectively address the Organization's strategic priorities in education, financial stability and health. The Organization follows board approved Community Investment guidelines and procedures for their volunteers to allocate funding to those programs most likely to demonstrate measurable results in achieving those priorities.

Board approved community investment grants are considered to be conditional promises to provide funding to agencies based on their ability to meet certain criteria. Community investment grants are reflected as expenses in the statement of activities during the period payments are made to funded organizations. For the year ended December 31, 2022, the Organization made \$586,501 of such grants to funded agencies.

Read Learn Succeed is an internal initiative that encourages reading from birth. Research shows that the most critical brain development occurs before the age of three and that third grade reading level is a leading indicator of graduation success. The Organization's goal through this initiative is that children enter pre-k and kindergarten ready to learn thus increasing graduation rates.

The Compass Center (the Center) is an internal initiative designed to connect families in the local community with services to assist them with hunger relief, affordable housing, health care, educational resources, counseling or workforce development. The Center is a one-stop community resource center connecting individuals and families in poverty with existing services and providers within the local community.

The purpose of the One Hall program is to break the cycle of poverty in Hall County by seeking to understand poverty from the perspective of our most vulnerable citizens. We work side-by-side with local churches and public, private and non-profit sectors to tackle the root causes of poverty in a holistic and sustainable manner. We study existing statistics and work directly with those experiencing poverty to develop strategies that must be understood and addressed at a high level by the community-at-large.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

The Mental Health Justice Collaborative (MHJC) is a program that provides funding to enable qualified mental health counselors to assist law enforcement officers as they respond to situations where mental illness is considered to be a factor. The counselors act as liaisons between the officers and the community, providing a coordinated community policing response including access to a variety of agencies.

The Organization is governed by a volunteer board of directors.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for future operating needs and board-designated endowments. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

In addition, the Organization is required to present a statement of cash flows.

CONTRIBUTIONS

Contributions received are recorded as restricted or unrestricted support depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Funds are raised during the annual fall campaign to be allocated to funded programs and for the operating expenses of the Organization for the coming year. The Organization reports these campaign promises to give, net of allowance for uncollectable pledges, as support without donor restrictions on the statement of activities.

DONATED EQUIPMENT AND SERVICES

Donations of property and equipment are recorded as support at their estimated fair value at date of donation. Such donations are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The value of donated equipment and services included in the financial statements and the corresponding expenses are as follows for the year ended December 31:

Accounting and audit services	\$ 10,232
Fundraising expenses	9,495
Goods	<u>470</u>
Total donated goods, services, and equipment	<u><u>\$ 20,197</u></u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations, and various committee assignments without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments to be cash equivalents. The Organization has long-term certificates of deposit that are included in cash and cash equivalents because of their highly liquid nature (see note 4).

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Other investments without a readily determinable fair value are stated at cost.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

ALLOWANCE FOR UNCOLLECTABLE PROMISES TO GIVE

The Organization provides an allowance for uncollectable promises to give coincidentally with the recording of campaign revenues. The allowance is computed based upon management estimates of current economic factors, amounts applied to the gross campaign, and excluding donor designations.

PLANT, PROPERTY AND EQUIPMENT

Property and equipment with a cost greater than \$5,000 are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and building improvements	7-30 years
Furniture and fixtures	5-7 years
Machinery and equipment	3-7 years
Website and software	3 years

FUNDS AND PROGRAMS

The Organization uses the following funds to account for the programs and supporting services it provides:

- The Community Investment fund includes activity relating to the allocations to various funded programs and community impact distributions.
- Other Program Service funds include activity relating to the Compass Center, Read Learn Succeed, One Hall, and the Mental Health Justice Collaborative as previously described.
- The Organization Support fund includes general assets, support, and administration expenses.
- The Resource Development fund includes campaign and marketing activity necessary to raise funds for community investment grants.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of programs and supporting services have been reported on a functional basis. This reporting required the allocation of certain costs among the various programs and supporting services based on estimates made by management.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

INCOME TAXES

No provision has been made for income taxes in the financial statements, since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three years after being filed.

CONCENTRATION OF RISK

The majority of pledges receivable are from contributors in the Hall County area.

USE OF 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 and disclosures. Accordingly, actual results could differ from those estimates.

ADVERTISING COSTS

Advertising costs are expensed as incurred.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is without donor restrictions limiting their use, within one year of the date of the statement of financial position are comprised of the following at December 31:

Total financial assets:	
Cash and cash equivalents	\$ 737,248
Investments	1,073,091
Sponsorships receivable	175,161
Pledges receivable, net	<u>467,444</u>
Financial assets, at year-end	2,452,944
Less internal designations:	
Board designated net assets	<u>1,472,252</u>
Total liquid financial assets	<u><u>\$ 980,692</u></u>

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

At December 31, 2022, cash and cash equivalents includes \$6,730 of money market funds held at the North Georgia Community Foundation and the \$1,073,091 investment balance is comprised of other securities held at the North Georgia Community Foundation; see note 5. The funds at the North Georgia Community Foundation are included in the \$1,476,438 balance in Board designated net assets. These funds are available for withdrawal with Board approval.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At December 31, 2022, the Organization had approximately \$267,629 in excess of FDIC-insured limits. The Organization has not experienced any losses in such accounts.

The investment account held at the North Georgia Community Foundation contains money market funds and securities. Balances are insured up to \$500,000 with a limit of \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). At December 31, 2022, the Organization had approximately \$586,150 in excess of SIPC-insured limits. The Organization has not experienced any losses in such accounts.

NOTE 4 - CERTIFICATES OF DEPOSIT

A certificate of deposit totaling \$2,124 is included in cash and cash equivalents in the accompanying financial statements and a certificate of deposit with a balance of \$144,409 is included in long-term assets in the the accompanying financial statements at December 31, 2022. The certificates bear interest ranging from 1.29% to 2.15% and have original maturities from twelve to twenty-four months with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. A certificate of deposit was held as a surety bond for Georgia unemployment tax with balances of \$2,124 for the year ended December 31, 2022. The certificate of deposit with a balance of \$144,409 is held in the endowment fund.

NOTE 5 - INVESTMENTS

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all level 1 measurements). The cost assigned to investments received by donations is the market value the day the gift is made. As of December 31, 2022, there was no outstanding donated stock, and all investment brokerage accounts had a fair market value of \$0. The investment balance at December 31, 2022 was \$1,073,091 which consist of securities held at the North Georgia Community Foundation.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

Investments at the beginning of the period	\$ 1,322,205
Realized gain / (loss) on sale of securities	(22,989)
Dividends and interest re-invested	43,449
Unrealized gain / (loss)	(271,200)
Brokerage fees	(13,324)
Contributions / (withdrawals)	<u>14,950</u>
Investments at the end of the period	<u>\$ 1,073,091</u>

NOTE 6 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

Pledges receivable	\$ 587,781
Less allowance for uncollectable pledges	<u>(120,337)</u>
Net pledges receivable	<u>\$ 467,444</u>

All pledges receivable are expected to be collected during the next year.

NOTE 7 - PLANT, PROPERTY AND EQUIPMENT

Property and equipment owned is summarized as follows at December 31:

Buildings and building improvements	\$ 386,069
Furniture and fixtures	32,085
Machinery and equipment	10,318
Website and software	8,000
Land	<u>100,000</u>
	536,472
Less: accumulated depreciation	<u>(298,509)</u>
	<u>\$ 237,963</u>

Depreciation expense was \$19,070 for the year ended December 31, 2022.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 - SUMMARY OF NET ASSETS

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following, including net assets that were released from restriction by satisfying the restricted purposes during the years ending December 31, 2022:

	January 1, 2022	Additions	Reclassifications	Released from Restrictions	December 31, 2022
Community Investment funding	\$ -	\$ 9,186	\$ -	\$ 9,186	\$ -
Compass Center funding	-	56,110	-	56,110	-
Mental Health Justice Collaborative funding	-	250,000	-	99,151	150,849
One Hall funding	-	476,387	-	476,387	-
NGCF Legacy Endowment	3,000	-	-	-	3,000
Total	<u>\$ 3,000</u>	<u>\$ 791,683</u>	<u>\$ -</u>	<u>\$ 640,834</u>	<u>\$ 153,849</u>

NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

Board-designated net assets consist of the following on December 31:

North Georgia Community Foundation Legacy Reserve Fund	\$ 1,079,821
North Georgia Community Foundation Legacy Endowment Fund	10,059
Nalley Education Endowment Fund	144,409
Subtotal	<u>1,234,289</u>
Investment in fixed assets	237,963
Total board-designated net assets	<u><u>\$ 1,472,252</u></u>

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 - ENDOWMENT FUNDS

The Organization's Nalley Education Endowment Fund consists of funds designated by the Board to promote community educational programs. The funds function as an endowment fund. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Since this fund resulted from internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Organization's Legacy Endowment Fund consists of funds designated by donors and funds designated by the Board to promote community educational programs. The funds function as an endowment fund. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Since this fund resulted from external and internal designations, it is partially classified and reported as net assets with donor restrictions and partially classified and reported as net assets without donor restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Organization has interpreted the version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) enacted in the state of Georgia as requiring the preservation of the historical value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual 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 endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization 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 HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the Organization invests the endowment funds in a certificate of deposit as well as other managed investments.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through interest income.

SPENDING POLICY

The endowment fund has the following spending policy:

The Nalley Education Endowment requires a minimum 70% distribution of annual earnings. Proceeds are to be spent for educational purposes.

The North Georgia Community Foundation Legacy Endowment has no distribution requirement. Proceeds may be used as deemed appropriate by the Board of Directors.

Any earnings not distributed are added to the corpus.

Endowment net asset composition by type of fund as of December 31 is as follows:

Endowment net assets

Donor restricted portion of the Legacy Endowment Fund	\$ 3,000
Board-designated portion of the Legacy Endowment Fund	10,059
Board-designated portion of the Nalley Education Endowment Fund	<u>144,409</u>
Total endowment net assets	<u><u>\$ 157,468</u></u>

Changes in endowment net assets for the fiscal years ended December 31:

Endowment net assets, beginning of year	\$ 160,574
Investment income	<u>(3,106)</u>
Endowment net assets, end of year	<u><u>\$ 157,468</u></u>

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 - DONOR DESIGNATED CONTRIBUTIONS

Individual contributors may designate their contribution to go to another United Way. These contributions are recorded as liabilities on the statement of financial position in the year made as the Organization is serving as a pass through entity. The liability is reduced as these designations are paid. Donor designated contributions for the 2022 campaign totaled \$8,915, (net of service fees). The Organization had not received any 2023 campaign donor designations in the current year, thus, the outstanding liability reflects only 2022 designations.

Donor designated pledges are assessed both a fundraising and management and general fee based on actual historical costs in accordance with United Way of America Membership Standards as outlined in their publication titled *United Way of America Implementation Requirement for Membership Standard M (Cost Deduction for Designated Funds)*.

NOTE 11 - FUNDED PROGRAM ALLOCATIONS/PAYMENTS

The Organization has made the following allocations and payments for December 31:

Community impact programs - Compass Center	\$ 15,670
Community impact programs - One Hall	435,515
Community impact programs - Read Learn Succeed	635
Funds awarded - Community Investment Grants	586,501
Funds awarded - Mental Health Justice Collaborative	<u>99,150</u>
Total funds awarded / distributed	<u><u>\$ 1,137,471</u></u>

NOTE 12 - NORTH GEORGIA COMMUNITY FOUNDATION

In prior years, various groups provided assets to the North Georgia Community Foundation (the Foundation) which was invested on behalf of the United Way of Hall County, Inc. The property transferred to the North Georgia Community Foundation had a market value of \$860,945 at December 31, 2022. Since the Foundation has the ultimate authority and control over all property in the Funds, the Organization does not record the investment on its records. It is the general policy of the Foundation that a substantial part of the funds shall remain invested and therefore distributions of only net income and appreciated value should be requested. However, the governing board of the Organization may from time-to-time request a distribution in excess of income and appreciation.

During the year ended December 31, 2022, the Organization received grants from the fund totaling \$0.

UNITED WAY OF HALL COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 13 - RETIREMENT PLAN

The United Way provides a simple individual retirement account which is funded based on amounts withheld from salary and matching contributions. The Organization matches 3% of the employee contributions. These funds are deposited with an independent administrator on a monthly basis. The employer's contributions into the retirement account for the year ended December 31, 2022, was \$7,658.

NOTE 14 - FUND RAISING AND MANAGEMENT AND GENERAL EXPENSE RATIO

For the year ended December 31, 2022, the "Fund Raising and Management and General Expense Ratio" as defined in the United Way of America Functional Expenses and Overhead Reporting Standards is 12.6% as shown below:

Total public support and revenue	\$ 2,293,826
Interest and dividends	43,449
Realized gain / (loss) on sale of investments	(22,989)
Donor designations to other United Ways, net of service fees	8,915
Less donated services	<u>(14,882)</u>
Total	<u>\$ 2,308,319</u>

	Management and General Expenses	Fundraising Expenses	Total
Total supporting services	\$ 142,108	\$ 162,888	\$ 304,996
Less donated services	<u>(10,232)</u>	<u>(4,650)</u>	<u>(14,882)</u>
Total	<u>\$ 131,876</u>	<u>\$ 158,238</u>	<u>\$ 290,114</u>

Fundraising and management and general expense ratio: 12.6%

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 25, 2023, the date the financial statements were available to be issued.

UNITED WAY OF HALL COUNTY, INC.
SCHEDULE OF PROGRAM EXPENSES
Year Ended December 31, 2022

	Community Investment	Compass Center	One Hall	Read Learn Succeed	Mental Health Justice Collaborative	TOTAL 2022
Salaries & benefits						
Salaries and wages	\$ 49,589	\$ 74,983	\$ 80,483	\$ 51,119	\$ -	\$ 256,174
Payroll taxes	3,652	5,522	5,927	3,765	-	18,866
Retirement plan contributions	878	2,370	1,433	961	-	5,642
Total salaries & benefits	<u>54,119</u>	<u>82,875</u>	<u>87,843</u>	<u>55,845</u>	<u>-</u>	<u>280,682</u>
Other expenses						
Community engagement	86	86	86	43	-	301
Community impact programs	-	15,670	435,515	635	-	451,820
Conferences, conventions, & meetings	513	-	-	-	-	513
Facilities costs	4,578	4,578	835	778	-	10,769
Funds awarded / distributed	586,501	-	-	-	99,150	685,651
Information technology	8,748	2,852	570	570	-	12,740
Insurance	2,299	2,299	460	460	-	5,518
Office expenses	1,333	1,333	267	267	-	3,200
Postage and shipping	194	194	97	91	-	576
Repairs and maintenance	2,933	2,933	-	-	-	5,866
Supplies	1,486	1,486	151	151	-	3,274
Taxes and licenses	4	4	4	2	-	14
Telecommunications	1,402	1,402	280	280	-	3,364
Training and education	712	712	-	712	-	2,136
Travel	329	329	164	164	-	986
United Way dues	4,245	4,245	849	849	-	10,188
Subtotal	615,363	38,123	439,278	5,002	99,150	1,196,916
Depreciation expense	3,814	3,814	1,907	1,907	-	11,442
Total program expenses	<u>\$ 673,296</u>	<u>\$ 124,812</u>	<u>\$ 529,028</u>	<u>\$ 62,754</u>	<u>\$ 99,150</u>	<u>\$ 1,489,040</u>