

**UNITED WAY OF HALL COUNTY, INC.**

**(A NON-PROFIT CORPORATION)**

**GAINESVILLE, GEORGIA**

**FINANCIAL STATEMENTS**

**(WITH INDEPENDENT AUDITOR'S REPORT)**

**Years Ended**

**April 30, 2021 and 2020**

**UNITED WAY OF HALL COUNTY, INC.**  
**GAINESVILLE, GEORGIA**

**TABLE OF CONTENTS**

	<u>Page</u>
<b><u>BASIC FINANCIAL STATEMENTS AND REPORTS</u></b>	
INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENTS OF FINANCIAL POSITION	3 - 4
STATEMENTS OF ACTIVITIES	5 - 6
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 23
<b>SUPPLEMENTARY INFORMATION</b>	
SCHEDULE OF PROGRAM EXPENSES	24



## INDEPENDENT AUDITOR'S REPORT

September 8, 2021

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

We have audited the accompanying financial statements of UNITED WAY OF HALL COUNTY, INC. (A NON-PROFIT CORPORATION), which comprise the statements of financial position as of April 30, 2021 and 2020, 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.

### **Auditor's 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 HALL COUNTY, INC. as of April 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the UNITED WAY OF HALL COUNTY, INC.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**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 24 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.**  
**STATEMENTS OF FINANCIAL POSITION**  
**April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 601,511	\$ 1,351,106
Investments	996,603	-
Grants receivable	-	13,835
Sponsorships receivable	207,660	32,170
Interest receivable	30	10
Interest receivable - endowment fund	144	916
Pledges receivable, net	489,296	636,442
Prepaid expenses	56,529	1,619
Total current assets	<u>2,351,773</u>	<u>2,036,098</u>
Property and equipment		
Property and equipment	494,324	508,319
Accumulated depreciation	<u>(282,333)</u>	<u>(278,855)</u>
Total property and equipment	<u>211,991</u>	<u>229,464</u>
Other assets		
Endowment fund	<u>159,313</u>	<u>153,992</u>
Total assets	<u>\$ 2,723,077</u>	<u>\$ 2,419,554</u>

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

**UNITED WAY OF HALL COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 21,523	\$ 5,975
Allocations and designations payable	487,000	493,704
Other accrued liabilities	-	2,519
Refundable advance - PPP loan	-	58,400
Donor designations to other United Ways	6,998	10,160
Total current liabilities	<u>515,521</u>	<u>570,758</u>
Net assets		
Net assets without donor restrictions		
Unallocated net assets	833,942	999,525
Board designated net assets	1,370,614	846,271
Total net assets without donor restrictions	<u>2,204,556</u>	<u>1,845,796</u>
Net assets with donor restrictions	<u>3,000</u>	<u>3,000</u>
Total net assets	<u>2,207,556</u>	<u>1,848,796</u>
Total liabilities and net assets	<u>\$ 2,723,077</u>	<u>\$ 2,419,554</u>

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

**UNITED WAY OF HALL COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Year Ended April 30, 2021**  
**(With Comparative Totals for the Year Ended April 30, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Support and revenue				
<i>Campaign revenues</i>				
Prior year unpledged revenue, excess of pledges	\$ 54,820	\$ -	\$ 54,820	\$ 55,726
(Writeoff)/recovery of allowance for uncollectable pledges, prior year	17,819	-	17,819	20,953
Net campaign revenue, prior year	72,639	-	72,639	76,679
Gross campaign results, current year	1,238,433	66,156	1,304,589	1,378,650
Less donor designations to other United Ways	(7,776)	-	(7,776)	(11,285)
Less allowance for uncollectable pledges	(104,098)	-	(104,098)	(132,987)
Net campaign results, current year	1,126,559	66,156	1,192,715	1,234,378
<i>Total campaign revenues</i>	1,199,198	66,156	1,265,354	1,311,057
<i>Other revenues</i>				
Non-governmental grants	18,230	63,250	81,480	44,442
Government grants	116,800	-	116,800	-
Inkind contributions	32,244	-	32,244	30,915
Service fee revenue	778	-	778	1,125
Net assets released from restriction	129,406	(129,406)	-	-
<i>Total other revenues</i>	297,458	(66,156)	231,302	76,482
Total support and revenue	1,496,656	-	1,496,656	1,387,539

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

**UNITED WAY OF HALL COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Year Ended April 30, 2021**  
**(With Comparative Totals for the Year Ended April 30, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Expenses				
Program services				
Community investment grants	487,000	-	487,000	493,704
Other program services	485,695	-	485,695	394,056
Total program services	972,695	-	972,695	887,760
Administrative expenses	137,939	-	137,939	129,792
Fundraising expenses	128,025	-	128,025	151,487
Total expenses	1,238,659	-	1,238,659	1,169,039
Operating surplus (deficit)	257,997	-	257,997	218,500
Non-operating items				
Investment income	100,763	-	100,763	22,508
Increase (decrease) in net assets	358,760	-	358,760	241,008
Net assets, beginning of year	1,845,796	3,000	1,848,796	1,607,788
Net assets, end of year	\$ 2,204,556	\$ 3,000	\$ 2,207,556	\$ 1,848,796

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



**UNITED WAY OF HALL COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Year Ended April 30, 2021**  
**(With Comparative Totals for the Year Ended April 30, 2020)**

	Direct Services	Support Services			TOTAL 2021	TOTAL 2020
	Programs	Organizational & Administration	Fundraising	Total		
Salaries & benefits						
Salaries and wages	\$ 202,681	\$ 54,498	\$ 51,701	\$ 106,199	\$ 308,880	\$ 267,045
Retirement plan contributions	3,762	1,422	1,221	2,643	6,405	4,871
Payroll taxes	14,001	4,053	6,316	10,369	24,370	20,429
<b>Total salaries &amp; benefits</b>	<b>220,444</b>	<b>59,973</b>	<b>59,238</b>	<b>119,211</b>	<b>339,655</b>	<b>292,345</b>
Other expenses						
Accounting services	-	34,809	-	34,809	34,809	43,818
Advertising	452	75	20,939	21,014	21,466	24,731
Campaign events	-	-	810	810	810	16,947
Community engagement	4,875	641	1,046	1,687	6,562	5,302
Community impact programs	50,219	-	-	-	50,219	44,363
Conferences & meetings	476	1,406	830	2,236	2,712	6,380
Contract labor	-	-	-	-	-	433
Community support	108,713	-	-	-	108,713	34,449
Dues and subscriptions	188	760	1,445	2,205	2,393	2,401
Facilities costs	9,288	2,767	3,892	6,659	15,947	24,680
Funds awarded / distributed	487,000	-	-	-	487,000	493,704
Grant expense	11,630	-	-	-	11,630	44,442
Information technology	10,031	17,087	4,873	21,960	31,991	15,720
Insurance	3,168	1,589	1,320	2,909	6,077	5,983
Interest expense	-	156	-	156	156	-
Miscellaneous	92	202	3,003	3,205	3,297	3,139
Office expenses	9,069	7,654	1,518	9,172	18,241	10,630
Professional services	9,439	727	855	1,582	11,021	19,023
Repairs and maintenance	644	166	268	434	1,078	1,108
Supplies	-	656	17,775	18,431	18,431	18,711
Telecommunications	4,284	1,071	1,785	2,856	7,140	7,762
Training and education	5,455	1,705	16	1,721	7,176	3,625
Travel	-	152	443	595	595	1,967
United Way dues	12,064	3,016	5,027	8,043	20,107	14,038
Volunteer recognition	76	859	474	1,333	1,409	504
211 Services	12,550	-	-	-	12,550	13,248
<b>Subtotal</b>	<b>739,713</b>	<b>75,498</b>	<b>66,319</b>	<b>141,817</b>	<b>881,530</b>	<b>857,108</b>
Depreciation expense	12,538	2,468	2,468	4,936	17,474	19,586
<b>Total operating expenses</b>	<b>\$ 972,695</b>	<b>\$ 137,939</b>	<b>\$ 128,025</b>	<b>\$ 265,964</b>	<b>\$ 1,238,659</b>	<b>\$ 1,169,039</b>

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

**UNITED WAY OF HALL COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 358,760	\$ 241,008
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	17,474	19,586
Net unrealized (gain) loss on investments	(71,066)	-
(Increase) decrease:		
Interest receivable	752	(206)
Pledges receivable	147,146	126,564
Grants receivable	13,835	2,120
Sponsorships receivable	(175,490)	(32,170)
Prepaid expenses	(54,909)	4,607
Increase (decrease) in:		
Accounts payable	15,548	714
Refundable advance - PPP loan	(58,400)	58,400
Other accrued liabilities	(2,519)	(4,155)
Allocations and designations payable	(6,704)	(326,296)
Donor designations to other United Ways	(3,162)	(1,492)
Total adjustments	<u>(177,495)</u>	<u>(152,328)</u>
Net cash provided by (used in) operating activities	<u>181,265</u>	<u>88,680</u>
Cash flows from investing activities:		
Purchase of investments, CDs, and endowment assets	<u>(930,860)</u>	<u>(1,745)</u>
Net cash provided by (used in) investing activities	<u>(930,860)</u>	<u>(1,745)</u>
Net increase (decrease) in cash and cash equivalents	(749,595)	86,935
Cash and cash equivalents, beginning of year	<u>1,351,106</u>	<u>1,264,171</u>
Cash and cash equivalents, end of year	<u>\$ 601,511</u>	<u>\$ 1,351,106</u>

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

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

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. For the years ending April 30, 2021 and 2020, \$487,000 and \$493,704, respectively, were granted to the Community Investment Grants program.

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.

The Organization is governed by a volunteer board of directors.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**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.

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.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**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 April 30:

	2021	2020
Advertising	\$ 10,000	\$ 10,000
Contract services	9,918	18,915
Other	12,326	2,000
Total donated services and equipment	\$ 32,244	\$ 30,915

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 5).

**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.

**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.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**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, and One Hall as described in note 1.
- 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.

**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, for the years ending April 30, 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**COMPENSATED ABSENCES**

It is the Organization's policy to permit employees to accumulate earned but unused paid days off benefits. No liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All paid days off are accrued when incurred.

**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.

**FINANCIAL STATEMENT RECLASSIFICATION**

Certain accounts have been reclassified from the prior year for ease of comparison on the financial statements. This reclassification affects neither the change in net assets nor the total net assets of the Organization.

**NOTE 2 - NEW ACCOUNTING PRONOUNCEMENT**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

These new standards were in effect for the year ended April 30, 2021. Management has analyzed the provisions of Topic 606 and ASU 2018-08, and have concluded that no changes are necessary to conform with the new standards. All income is accounted for under ASU 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

**NOTE 3 - 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 April 30:

	2021	2020
Total financial assets:		
Cash and cash equivalents	\$ 601,511	\$ 1,351,106
Investments	996,603	-
Grants receivable	-	13,835
Sponsorships receivable	207,660	32,170
Interest receivable	30	10
Interest receivable - endowment fund	144	916
Pledges receivable, net	489,296	636,442
Financial assets, at year-end	2,295,244	2,034,479
Less internal designations:		
Allocations and designations payable	487,000	493,704
Board designated net assets	1,370,614	846,271
Total liquid financial assets	\$ 437,630	\$ 694,504

At April 30, 2021, cash and cash equivalents includes \$5,563 of money market funds held at the North Georgia Community Foundation and the \$996,603 investment balance is comprised of other securities held at the North Georgia Community Foundation; see note 6. The funds at the North Georgia Community Foundation are available for withdrawal with Board approval.

At April 30, 2020, cash and cash equivalents includes certificates of deposit with maturities ranging from November 4, 2020 to February 25, 2021; see note 5. Certificates of deposit with maturities more than one year from the statement of financial position date were available for early withdrawal with penalties applied.



**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

NOTE 4 - 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 April 30, 2021 and 2020, the Organization had approximately \$350,656 and \$599,401, respectively, 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 April 30, 2021 and 2020, the Organization had approximately \$512,083 and \$0, respectively, in excess of SIPC-insured limits. The Organization has not experienced any losses in such accounts.

NOTE 5 - CERTIFICATES OF DEPOSIT

Certificates of deposit totaling \$1,535 and \$514,618, for the years ending April 30, 2021 and 2020 respectively, are included in cash and cash equivalents in the accompanying financial statements, and a certificate of deposit with balances of \$143,833 and \$141,988 for the years ending April 30, 2021 and 2020, respectively, is included in long-term assets. 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 \$1,535 and \$1,535 for the years ended April 30, 2021 and 2020 respectively. The certificate of deposit with a balance of \$143,833 is held in the endowment fund.

NOTE 6 - 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 April 30, 2021 and 2020, there was no outstanding donated stock, and all investment brokerage accounts had a fair market value of \$0. The investment balances at April 30, 2021 and 2020 were \$996,603 and \$0, respectively, which consist of securities held at the North Georgia Community Foundation.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at April 30:

	<u>2021</u>	<u>2020</u>
Pledges receivable	\$ 593,394	\$ 769,429
Less allowance for uncollectable pledges	(104,098)	(132,987)
Net pledges receivable	<u>\$ 489,296</u>	<u>\$ 636,442</u>

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

NOTE 8 - PLANT, PROPERTY AND EQUIPMENT

Property and equipment owned is summarized as follows at April 30:

	<u>2021</u>	<u>2020</u>
Buildings and building improvements	\$ 353,303	\$ 353,303
Furniture and fixtures	22,703	22,703
Machinery and equipment	10,318	17,813
Website and software	8,000	14,500
Land	100,000	100,000
	494,324	508,319
Less: accumulated depreciation	<u>(282,333)</u>	<u>(278,855)</u>
	<u>\$ 211,991</u>	<u>\$ 229,464</u>

Depreciation expense was \$17,474 and \$19,586 for the years ended April 30, 2021 and 2020, respectively.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 9 - 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 April 30, 2021 and 2020:

	April 30, 2020	Additions	Reclassifications	Released from Restrictions	April 30, 2021
Compass Center funding	\$ -	\$ 65,069	\$ -	\$ 65,069	\$ -
One Hall funding	-	36,337	-	36,337	-
Read Learn Succeed funding	-	3,000	-	3,000	-
Reach Out and Read funding	-	25,000	-	25,000	-
NGCF Legacy Endowment	3,000	-	-	-	3,000
<b>Total</b>	<b>\$ 3,000</b>	<b>\$ 129,406</b>	<b>\$ -</b>	<b>\$ 129,406</b>	<b>\$ 3,000</b>

	April 30, 2019	Additions	Reclassifications	Released from Restrictions	April 30, 2020
Compass Center funding	\$ -	\$ 80,625	\$ -	\$ 80,625	\$ -
Basic needs funding	5,226	-	-	5,226	-
Sponsorship revenue	-	46,170	-	46,170	-
NGCF Legacy Endowment	3,000	-	-	-	3,000
<b>Total</b>	<b>\$ 8,226</b>	<b>\$ 126,795</b>	<b>\$ -</b>	<b>\$ 132,021</b>	<b>\$ 3,000</b>

**NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED**

Board-designated net assets consist of the following on April 30:

	2021	2020
Next year's operating budget and reserve	\$ 1,002,166	\$ 464,899
North Georgia Community Foundation Legacy Endowment Fund	12,624	9,920
Nalley Education Endowment Fund	143,833	141,988
<b>Subtotal</b>	<b>1,158,623</b>	<b>616,807</b>
Investment in fixed assets	211,991	229,464
<b>Total board-designated net assets</b>	<b>\$ 1,370,614</b>	<b>\$ 846,271</b>

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

NOTE 10 - 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**  
**April 30, 2021 and 2020**

**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 April 30 is as follows:

Endowment net assets	2021	2020
Donor restricted portion of the Legacy Endowment Fund	\$ 3,000	\$ 3,000
Board-designated portion of the Legacy Endowment Fund	12,480	9,004
Board-designated portion of the Nalley Education Endowment Fund	143,833	141,988
Accrued interest - Nalley Education Endowment Fund	144	916
Total endowment net assets	\$ 159,457	\$ 154,908

Changes in endowment net assets for the fiscal years ended April 30:

	2021	2020
Endowment net assets, beginning of year	\$ 154,908	\$ 152,954
Investment income	4,549	1,954
Endowment net assets, end of year	\$ 159,457	\$ 154,908

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

NOTE 11 – CONTINGENCIES

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern”. The spread of this virus (COVID-19) appeared in the United States and began to cause some operational disruptions in the last quarter of fiscal year 2020 which continued through fiscal year 2021. While this disruption is currently expected to be temporary, there is considerable uncertainty regarding the potential duration of the virus. Therefore, while management expects this matter could negatively impact operating results, the total financial impact and duration cannot be reasonably estimated at this time.

NOTE 12 – GOVERNMENT GRANTS

On April 24, 2020, the Organization received loan proceeds in the amount of \$58,400 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 may be forgivable as long as the borrower uses the loan proceeds for eligible purposes within a time period of not less than eight weeks and not more than twenty-four weeks after the date of funds disbursement (“covered period”). The specific eligible expenses include payroll, benefits, rent, and utilities. Eligibility for forgiveness is also contingent on borrowers maintaining staffing and compensation levels during the covered period.

Any unforgiven portion of the PPP loan is payable over a minimum of two years and a maximum of five years as agreed upon by the borrower and lender, with an interest rate of 1%, and a deferral of payments for the first six months.

Following recommendations issued by the Financial Accounting Standards Board (FASB), the Organization is accounting for the loan in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. The proceeds received under the PPP are regarded as a conditional government grant to be recorded as deferred income on the statement of financial position until conditions are substantially met. When the conditions of the grant have been substantially met, income will be recognized commensurate with the recognition of the related expenses and will be presented as contribution income on the statement of activities.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

At April 30, 2020, conditions of the grant had not been substantially met therefore the full amount of the PPP loan was included on the statement of financial position as refundable advance - PPP loan. At April 30, 2021, the Organization met all conditional requirements for the program and received full forgiveness on November 10, 2020 and has therefore recognized the full amount of the PPP as government grant income in fiscal year 2021.

In January 2021, the Organization received proceeds in the amount of \$58,400 from a Paycheck Protection Program Second Draw Loan ("Second Draw program"). The Second Draw program, established as part of the Economic Aid to Hard-Hit Businesses, Nonprofits, and Venues Act ("Economic Aid Act"), provides for loans to qualifying business (3.5 times for restaurant and hospitality businesses). The loans and accrued interest may be forgivable after eight or twenty four weeks ("the covered period") as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, certain operational expenses, property damages, worker protection expenses, and supplier costs. the borrower must also maintain certain payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first ten months after the end of the covered period. As disclosed in note 18, the Organization met all conditional requirements for the Second Draw program and received full forgiveness on July 2, 2021 and has therefore recognized the full amount of the PPP as government grant income in fiscal year 2021.

**NOTE 13 - 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 2021 campaign totaled \$6,998, (net of service fees of \$778). The Organization had not received any 2022 campaign donor designations in the current year, thus, the outstanding liability reflects only 2021 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)*.

**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 14 - FUNDED PROGRAM ALLOCATIONS/PAYMENTS**

The Organization has made the following allocations and payments for April 30:

	<u>2021</u>	<u>2020</u>
Community investment grants	\$ 487,000	\$ 493,704
Community impact programs - Reach Out and Read	45,219	44,363
Community impact programs - Nalley Educational Enhancement Fund	<u>5,000</u>	<u>-</u>
Total funds awarded / distributed	<u>\$ 537,219</u>	<u>\$ 538,067</u>

**NOTE 15 - 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 \$1,010,703 and \$784,062 at April 30, 2021 and 2020, respectively. 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 years ended April 30, 2021 and 2020, the Organization received grants from the fund totaling \$5,000 and \$5,000, respectively.

**NOTE 16 - 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 years ended April 30, 2021 and 2020, was \$6,405 and \$4,871, respectively.



**UNITED WAY OF HALL COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 17 - FUND RAISING AND MANAGEMENT AND GENERAL EXPENSE RATIO**

For the year ended April 30, 2021, the "Fund Raising and Management and General Expense Ratio" as defined in the United Way of America Functional Expenses and Overhead Reporting Standards is 16.3% as shown below:

Total public support and revenue	\$ 1,496,656
Interest and dividends	26,126
Realized gain on sale of investments	3,571
Donor designations to other United Ways, net of service fees	6,998
Less donated services	<u>(19,918)</u>
Total	<u><u>\$ 1,513,433</u></u>

	Management and General Expenses	Fundraising Expenses	Total
Total supporting services	\$ 137,939	\$ 128,025	\$ 265,964
Less donated services	<u>(9,918)</u>	<u>(10,000)</u>	<u>(19,918)</u>
Total	<u><u>\$ 128,021</u></u>	<u><u>\$ 118,025</u></u>	<u><u>\$ 246,046</u></u>

Fundraising and management and general expense ratio: 16.3%

**NOTE 18 - SUBSEQUENT EVENTS**

As disclosed in note 12, the Organization received full forgiveness of the PPP second draw loan on July 2, 2021.

Management has evaluated subsequent events through September 8, 2021, the date the financial statements were available to be issued.

**UNITED WAY OF HALL COUNTY, INC.**  
**SCHEDULE OF PROGRAM EXPENSES**  
**Year Ended April 30, 2021**

	Community Investment	Compass Center	One Hall	Read Learn Succeed	HCFCN Grant	TOTAL 2021	TOTAL 2020
Salaries & benefits							
Salaries and wages	\$ 30,535	\$ 117,845	\$ 30,415	\$ 23,886	\$ -	\$ 202,681	\$ 187,802
Retirement plan contributions	846	1,420	\$ 846	650	-	3,762	3,117
Payroll taxes	2,324	7,528	2,324	1,825	-	14,001	14,367
Total salaries & benefits	<u>33,705</u>	<u>126,793</u>	<u>33,585</u>	<u>26,361</u>	<u>-</u>	<u>220,444</u>	<u>205,286</u>
Other expenses							
Advertising	125	125	177	25	-	452	528
Community engagement	-	-	4,875	-	-	4,875	308
Community impact programs	5,000	-	-	45,219	-	50,219	44,363
Conferences & meetings	51	94	331	-	-	476	306
Community support	-	108,713	-	-	-	108,713	34,449
Dues and subscriptions	78	78	16	16	-	188	134
Facilities costs	3,891	3,891	753	753	-	9,288	10,116
Funds awarded / distributed	487,000	-	-	-	-	487,000	493,704
Grant expense	-	-	-	-	11,630	11,630	44,442
Information technology	6,650	2,602	382	397	-	10,031	7,104
Insurance	1,320	1,320	264	264	-	3,168	2,248
Miscellaneous	38	38	8	8	-	92	2,140
Office expenses	351	7,691	977	50	-	9,069	2,395
Professional services	855	5,522	1,531	1,531	-	9,439	7,038
Repairs and maintenance	268	268	54	54	-	644	480
Supplies	-	-	-	-	-	-	276
Telecommunications	1,785	1,785	357	357	-	4,284	3,507
Training and education	6	165	5,283	1	-	5,455	30
Travel	-	-	-	-	-	-	579
United Way dues	5,027	5,027	1,005	1,005	-	12,064	4,498
Volunteer recognition	-	45	31	-	-	76	5
211 Services	-	12,550	-	-	-	12,550	13,248
Subtotal	<u>512,445</u>	<u>149,914</u>	<u>16,044</u>	<u>49,680</u>	<u>11,630</u>	<u>739,713</u>	<u>671,898</u>
Depreciation expense	5,134	2,468	2,468	2,468	-	12,538	10,576
Total program expenses	<u>\$ 551,284</u>	<u>\$ 279,175</u>	<u>\$ 52,097</u>	<u>\$ 78,509</u>	<u>\$ 11,630</u>	<u>\$ 972,695</u>	<u>\$ 887,760</u>