

**UNITED WAY OF NORTHEAST GEORGIA, INC.
ATHENS, GEORGIA**

**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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ED K. BURTON, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Ed K. Burton, CPA
Alan M. Burton, CPA
T. Scott Slaton, CPA

Members American Institute of CPA's and Georgia Society of CPA's

Independent Auditor's Report

Board of Directors
United Way of Northeast Georgia, Inc.
Athens, Georgia

We have audited the accompanying statements of United Way of Northeast Georgia, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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 Northeast Georgia, Inc. as of December 31, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Agency Allocations on page 12 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 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.

Ed K. Burton, LLC

Lavonia, Georgia
September 19, 2017

UNITED WAY OF NORTHEAST GEORGIA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

-ASSETS-

Current Assets		
Cash	\$ 391,687.05	
Cash - Restricted Planned Giving	24,888.65	
Cash - Restricted 211 Program	90,316.30	
Cash - DPIL Program	52,225.46	
Cash - Fidelity Charitable Grant	77,450.65	
Investments - Restricted Planned Giving	268,119.62	
Investments - Restricted DPIL Program	28,262.37	
Investments - 211 Program	10,007.58	
Pledges Receivable, Net of Allowance for Uncollectible Promises to Give	<u>1,552,024.12</u>	
Total Current Assets		\$ 2,494,981.80
Property & Equipment		
Land	\$ 25,000.00	
Office Condominium	142,474.00	
Furniture and Fixtures	106,607.11	
Vehicles	<u>4,625.00</u>	
Total at Cost	\$ 278,706.11	
Less Accumulated Depreciation	<u>(147,797.00)</u>	
Net Property & Equipment		130,909.11
Other Assets		
Utility Deposits	\$ <u>5,402.66</u>	
Total Other Assets		<u>5,402.66</u>
Total Assets		<u>\$ 2,631,293.57</u>

- LIABILITIES AND NET ASSETS -

Current Liabilities		
Accounts Payable		
Agency Allocations	\$ 1,714,800.00	
Other	<u>19,955.45</u>	
Total Accounts Payable	\$ 1,734,755.45	
Current Portion of Long-Term Debt	<u>7,340.07</u>	
Total Current Liabilities		\$ 1,742,095.52
Long-Term Debt		42,411.29
Net Assets		
Unrestricted	\$ 290,188.05	
Temporarily Restricted	<u>556,598.71</u>	
Total Net Assets		<u>846,786.76</u>
Total Liabilities and Net Assets		<u>\$ 2,631,293.57</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF NORTHEAST GEORGIA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2016

UNRESTRICTED NET ASSETS

Support and Revenue			
Campaign Contributions	\$ 2,341,012.87		
Administrative Fees	14,157.50		
Investment Income	<u>321.28</u>		
Total Support and Revenue	\$ 2,355,491.65		
Less Provision for Uncollectible Pledges	<u>(289,012.83)</u>		
	\$ 2,066,478.82		
Net Assets Released from Restrictions	<u>253,202.42</u>		
Total Support and Revenue			\$ 2,319,681.24

Expenses

Program Services			
Northeast Georgia Campaign	\$ 1,751,256.75		
Planned Giving Campaign	31,005.69		
Dolly Parton Imag Lib	158,636.43		
DPIL - WLC	28,301.98		
211 Program	37,335.10		
Fidelity Charitable Grant	53,695.73		
Stephens County Campaign	<u>90,519.13</u>		
Total Program Services	\$ 2,150,750.81		
Fund Raising	116,816.59		
Management and General	<u>146,584.95</u>		
Total Expenses			<u>2,414,152.35</u>

Decrease in Unrestricted Net Assets \$ (94,471.11)

TEMPORARILY RESTRICTED NET ASSETS

Restricted Planned Giving Contributions	\$ 6,510.90		
Restricted DPIL	103,954.23		
Restricted Womens Leadership Circle - DPIL	29,344.60		
Restricted Fidelity Charitable Grant	75,000.00		
Restricted - Northeast Georgia 2-1-1	135,432.29		
Restricted Investment Income	19,312.10		
Reclassification of Net Assets Released from Restrictions	<u>(253,202.42)</u>		

Increase in Temporarily Restricted Net Assets 116,351.70

Net Increase in Net Assets \$ 21,880.59

Net Assets Beginning of Year 824,906.17

Net Assets End of Year \$ 846,786.76

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF NORTHEAST GEORGIA, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	21,880.59
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		8,410.00
Decrease in Net Pledges Receivable		78,847.38
Decrease in Other Receivables		19.85
Increase in Other Assets		(5,252.66)
Decrease in Accounts Payable		(7,439.88)
Unrealized Gain on Investments		<u>(7,134.82)</u>
Net Cash Provided Used by Operating Activities	\$	89,330.46

CASH FLOWS FROM INVESTING ACTIVITIES

Net Increase in Cash in Savings & Certificates of Deposit	\$	30,194.59
Purchase of Equipment		(20,317.05)
Purchase of Investments		<u>(20,673.13)</u>
Net Cash Used by Investing Activities		(10,795.59)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Long-Term Debt	\$	<u>(7,693.46)</u>
Total Cash Used by Financing Activities		<u>(7,693.46)</u>
INCREASE IN CASH	\$	70,841.41
CASH AT BEGINNING OF YEAR		<u>565,726.70</u>
CASH AT END OF YEAR	\$	<u><u>636,568.11</u></u>

Cash paid during the year for:

Interest	\$	<u>2,056.66</u>
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SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES

Operating Activities		
Receipt of Donated In-Kind Operating Expenses	\$	<u>10,401.00</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	PROGRAM SERVICES										Total Program Services	Fund- Raising	Management and General	2016 Combined
	Northeast Georgia Campaign	Plan Giving Campaign	Dolly Parton Imag Lib Program	Stephens County Campaign	Women's Leadership Circle	Fidelity Charitable Grant	211 Program	Total Program Services	Fund- Raising	Management and General				
Agency Allocations	\$ 1,643,100.00	\$ -	\$ -	\$ 71,700.00	\$ -	\$ 37,832.35	\$ -	\$ 1,714,800.00	\$ -	\$ -	\$ 1,714,800.00	\$ -	\$ -	\$ 1,714,800.00
Salaries	76,084.75	22,260.33	34,095.38	4,315.82	690.76	37,832.35	27,350.20	202,629.59	80,046.86	53,055.87	335,732.32	80,046.86	53,055.87	335,732.32
Payroll Taxes	6,518.58	995.13	2,106.36	439.23	79.36	699.43	2,223.62	13,061.71	7,522.15	5,093.45	25,677.31	7,522.15	5,093.45	25,677.31
Retirement Plan Contribution	5,741.09	882.39	374.08	374.08	72.44	671.69	374.08	8,489.85	6,686.32	3,427.43	18,603.60	6,686.32	3,427.43	18,603.60
Administrative Fees				13,600.00				13,600.00						13,600.00
Contract Labor/Outside Services														
Occupancy													8,854.18	8,854.18
Mortgage Interest													2,056.66	2,056.66
Office Expense	519.92	1,269.68	168.38			4,705.13	200.00	2,157.98	330.70	5,656.45	8,145.13	330.70	5,656.45	8,145.13
Computer Expense	1,576.35							6,281.48			6,281.48			6,281.48
Telephone	5,090.13						4,400.39	9,490.52			9,490.52			9,490.52
Travel	39.37						61.95	101.32	804.89	147.91	1,054.12	804.89	147.91	1,054.12
Staff Training										1,130.29	1,130.29			1,130.29
Community Education Program														
Meeting Expenses	220.06							220.06	6,368.92	365.96	6,954.94	6,368.92	365.96	6,954.94
National Dues										26,152.00	26,152.00			26,152.00
Dues and Subscriptions		1,002.00		90.00				1,092.00		1,804.00	2,896.00		1,804.00	2,896.00
Insurance		1,099.75					2,670.36	3,770.11		5,011.00	8,781.11		5,011.00	8,781.11
Legal and Accounting										25,419.75	25,419.75		25,419.75	25,419.75
Depreciation and Amortization										8,410.00	8,410.00		8,410.00	8,410.00
Campaign Supplies and Expense	6,116.50		430.14					6,546.64	14,044.65		20,591.29	14,044.65		20,591.29
DPIL Expense-Books			112,131.75					112,131.75			112,131.75			112,131.75
DPIL Expense-Special events			9,159.45		27,459.42		54.50	36,673.37			36,673.37			36,673.37
Other Program Expenses	6,250.00	3,496.41	170.89			9,787.13		19,704.43	1,012.10		20,716.53	1,012.10		20,716.53
Total Program Expenses	\$ 1,751,256.75	\$ 31,005.69	\$ 158,636.43	\$ 90,519.13	\$ 28,301.98	\$ 53,695.73	\$ 37,335.10	\$ 2,150,750.81	\$ 116,816.59	\$ 146,584.95	\$ 2,414,152.35	\$ 116,816.59	\$ 146,584.95	\$ 2,414,152.35

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**UNITED WAY OF NORTHEAST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of the United Way of Northeast Georgia, Inc. is to increase the ability of people to care for one another through the combined efforts of volunteers and service providers, and to be an effective catalyst in a community-wide effort to provide a quality life for all. This is accomplished through annual fund drives for the benefit of approved agencies. United Way of Northeast Georgia, Inc. is exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code.

Northeast Georgia Campaign

Organized in 1952, the United Way of Northeast Georgia, Inc. serves eight counties of Northeast Georgia.

Stephens County Campaign

The United Way of Northeast Georgia, Inc. is responsible for the annual fund drive and financial management of the United Way activities of Stephens County, Georgia. The Stephens County advisory board makes local recommendations to the Board of Directors of the United Way of Northeast Georgia. The agreement can be cancelled if either party gives a six month notice.

Success by 6

Success by 6 provides needed services, education, and support for parents in Athens-Clarke County so that their children will be physically, mentally and emotionally prepared to begin and succeed in school by age 6.

DPIL Program (formerly Wee Read)

United Way Success By 6 and local community volunteers have partnered with the First Foundation for Childhood Literacy to send a colorful, new, age appropriate book each month to every Athens-Clarke County and Oconee County child under 5 years of age.

Basis of Accounting

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

UNITED WAY OF NORTHEAST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Campaign Pledges

Annual campaign pledges are generally available for unrestricted use in the related campaign year. Pledges receivable are valued at the amount pledged less an allowance for estimated uncollectible amounts. The allowance is \$474,989.81 at December 31, 2016. All pledges are receivable during the annual fund drive period of one year. Campaign pledges outstanding after two years are written off as a charge against allowance for uncollectible pledges. The provision for uncollectible pledges is based on historical experience.

Contributed Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund raising and program services. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Investments

Investments consist of pooled funds with the Athens Area Community Foundation. The funds are allocated 35% in Fund 08 Bonds Fund of America and 65% in various equity mutual funds with American Funds. The investments are stated at their current market values at December 31, 2016.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, which is computed using the straight-line and declining balance methods over the estimated useful lives of the various assets, primarily thirty-nine years for buildings and five years for equipment. Donated property and equipment are valued at their estimated fair value on the date received. Major expenditures for improvements, which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related gains or losses are included in income.

Agency Allocations

Commitments for grants and allocation to agencies and others payable during the next 12 months are recorded when approved by the Board of Directors in order to properly match expenses to support and revenue. There are no commitments beyond 12 months.

Cash Flows

The indirect method is used to report cash flows.

UNITED WAY OF NORTHEAST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Organization's policy is to allow sick leave of 1 day per month. Employees cannot accumulate sick leave from year to year. Therefore, none is accrued at December 31, 2016.

The Organization's vacation policy is two weeks after one full year of service, three weeks after five full years of service and four weeks after ten full years of service. Vacation cannot be carried over and is used each year by the employees. Therefore, none is accrued at December 31, 2016.

Income Taxes

United Way of Northeast Georgia, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, United Way of Northeast Georgia, Inc. has made no provision for federal income taxes in the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B - LONG-TERM DEBT

The Organization is liable for a mortgage payable to Athens First Bank and Trust payable in monthly installments of \$812.51 including interest at a fixed rate of 3.75%. The loan is secured by real estate. The mortgage balloons on July 29, 2017. The note has been renewed as of August 3, 2017 for an additional five years. The new monthly payment is \$842.52 per month at 4.50%. Minimum maturities of all debt are as follows:

2017	\$ 7,340.07
2018	8,373.02
2019	8,757.68
2020	9,160.03
2021	9,580.82
Thereafter	<u>6,539.74</u>
	<u>\$49,751.36</u>

UNITED WAY OF NORTHEAST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE C - RETIREMENT PLANS

The Organization adopted two retirement plans effective January 1, 1992. Both plans are available to all employees. A tax-deferred annuity plan permits employees to defer a portion of their salary until future years. Participation in the plan is optional, and is funded entirely by participating employees. Assets of the plan are managed by Mutual of America, under one or more of several investment options at each employee's direction. The employee contribution totaled \$-0- during 2016. A SEP thrift retirement plan is funded entirely by the employer. Contributions made by the employer are based on 7% of the gross wages of the participants. Investments are placed in Mutual of America's Interest Accumulated Fund at an interest rate set by Mutual of America. Employer contributions totaled \$18,305.99 during 2016.

NOTE D – CONCENTRATED CREDIT RISKS

Cash deposits are maintained at several financial institutions. The balances are insured by FDIC up to \$250,000.00. At December 31, 2016 bank balances exceeded federally insured limits by \$56,236.45.

NOTE E – RESTRICTED CASH

Monies that have been given for Planned Giving, the DPIL Program (formerly Wee Read), the Women's Leadership Circle for DPIL and the Northeast Georgia 2-1-1 Program are shown as restricted. The Organization also received an anonymous grant of \$75,000 to be administered by Fidelity Charitable. The grant is to be used specifically for staff restructuring and training, Day of Caring supplies, the DPIL Program, and office equipment. At December 31, 2016 a total of \$77,450.65 is shown as restricted for anonymous grants which includes a carry-over of \$2,450.65 from the prior year and the \$75,000 grant received in 2016.

NOTE F – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents

Carrying amounts for cash and cash equivalents approximate fair values. (See Note A)

Pledges Receivable

Carrying amounts for unconditional pledges are valued at the amount pledged less an allowance for estimated uncollectible amounts based on prior year's experience. All pledges are receivable during the annual fund drive period of one year. The present value of the pledges receivable approximates the fair value of the pledges. (See Note A)

UNITED WAY OF NORTHEAST GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE F – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Investments

The fair value of marketable securities is based on quoted market prices at year end and are all considered to be level 1 investments. (See Note A)

Long-Term Debt

The carrying amount of the Organization's long-term debt approximates fair value. (See Note B)

NOTE G – SUBSEQUENT EVENTS

Subsequent Events were evaluated through September 19, 2017, which is the date that the financials were available to be issued. Management does not believe that there were any subsequent events that need to be disclosed in the financial statements.

UNITED WAY OF NORTHEAST GEORGIA, INC.
SCHEDULE OF AGENCY ALLOCATIONS
DECEMBER 31, 2016

NORTHEAST GEORGIA

ABHS Custom Industries	\$ 15,000.00
ABHS Jackson Creative	32,000.00
Action Inc Full Plate	45,500.00
Athens Boys and Girls Club, Inc.	125,000.00
Prevent Child Abuse Athens	48,100.00
Athens Community Council On Aging, Inc.	144,000.00
Athens Neighborhood Health Center, Inc.	36,500.00
The Tree House	43,000.00
Community Connection of Northeast Georgia, Inc.	40,000.00
East Georgia Chapter of the American Red Cross	111,000.00
Extra Special People, Inc.	62,400.00
Family Counseling Service of Athens, Inc.	128,000.00
Food Bank of Northeast Georgia	52,800.00
Harmony House	9,200.00
Hope Haven School for the Mentally Retarded, Inc.	118,700.00
Kids in Action	35,000.00
ABHS Fine Finish	47,300.00
Madison-Morgan County Caring Place, Inc.	6,000.00
Northeast Georgia Council Boy Scouts of America	64,300.00
Girls Scouts of Historic Georgia	27,000.00
Oglethorpe County Senior Citizens Center	19,000.00
Project ADAM Community Assistance Center, Inc.	71,000.00
Project Safe, Inc.	53,900.00
Reins of Life, Inc.	32,000.00
The Cottage Sexual Assault Center	49,000.00
The Salvation Army	128,000.00
Winder Boys and Girls Club	45,800.00
YWCO Girls Club	53,600.00
Total Northeast Georgia	<u>\$ 1,643,100.00</u>

STEPHENS COUNTY

Boy Scouts	\$ 5,000.00
Boys & Girls Club	10,800.00
Campfire Boys & Girls	7,000.00
Circle of Hope	8,200.00
Power House for Kids	4,600.00
Reins of Life, Inc.	3,300.00
Stephens County 4-H Clubs	6,600.00
Stephens County Food Bank	8,400.00
Toccoa Soup Kitchen	10,800.00
Toccoa-Stephens County Literacy Council	7,000.00
Total Stephens County	<u>\$ 71,700.00</u>

TOTAL AGENCY ALLOCATIONS \$ 1,714,800.00