

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

or

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-21656

A. Full title of the Plan and address of the Plan, if different  
from that of the issuer named below:

United Community Banks, Inc.  
Profit Sharing Plan

B. Name of the issuer of the securities held pursuant to the plan and  
the address of the principal executive office:

United Community Banks, Inc.  
63 Highway 515, PO Box 398  
Blairsville, GA 30512

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Trustees  
United Community Banks, Inc. Profit Sharing Plan

We have audited the accompanying statements of net assets available for plan benefits of United Community Banks, Inc. Profit Sharing Plan as of December 31, 2001 and 2000, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2001. These financial statements are the responsibility of the Plan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly in all material respects, the net assets available for plan benefits of United Community Banks, Inc. Profit Sharing Plan as of December 31, 2001 and 2000 and the changes in its net assets available for plan benefits for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Our audit of the Plan's financial statements as of and for the year ended December 31, 2001, was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets Held for Investment Purposes is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management and has been subjected to the auditing procedures applied in our audit of the basic financial statements for the year ended December 31, 2001, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Porter Keadle Moore, LLP

Atlanta, Georgia  
June 14, 2002

**UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN**

**Statements of Net Assets Available for Plan Benefits**

**December 31, 2001 and 2000**

	<u>2001</u>	<u>2000</u>
Assets:		
Investments at fair value:		
Cash	\$ 21,673	12,683
Common stock of United Community Banks, Inc.	9,056,084	7,111,348
Shares of registered investment company - Mutual funds	17,393,303	14,648,038
	<hr/>	<hr/>
Total investments	26,471,060	21,772,069
	<hr/>	<hr/>
Receivables:		
Employer's contributions	1,136,627	469,907
Accrued dividends	23,831	17,562
Participant loans	427	710
	<hr/>	<hr/>
Total receivables	1,160,885	488,179
	<hr/>	<hr/>
Total assets	27,631,945	22,260,248
	<hr/>	<hr/>
Liabilities, consisting of:		
Contributions refundable	-	9,010
	<hr/>	<hr/>
Net assets available for plan benefits	\$ 27,631,945	22,251,238
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See accompanying notes to financial statements.

UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

Statement of Changes in Net Assets Available for Plan Benefits

For the Year Ended December 31, 2001

Additions to net assets attributable to:	
Investment income:	
Interest and dividends	\$ 375,854
Net appreciation in fair value of investments	684,410
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Total investment income	1,060,264
Contributions:	
Employer discretionary	993,997
Employer match	1,211,223
Employee deferrals	2,019,240
Employee rollovers	143,515
Merged plans	712,634
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Total contributions	5,080,609
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Total additions	6,140,873
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Deductions from net assets attributable to:	
Distributions paid to participants	760,166
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Net increase in net assets available for plan benefits	5,380,707
Net assets available for plan benefits:	
Beginning of year	22,251,238
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End of year	\$ 27,631,945
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See accompanying notes to financial statements

# UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

## Notes to Financial Statements

### (1) Description of the Plan

The following description of United Community Banks, Inc. Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

#### General

The Plan is a defined contribution plan, and was formed to provide benefits exclusively for the employees of United Community Banks, Inc. and its subsidiaries (the "Company"). Employees are eligible to participate in the Plan on the next immediate enrollment date following employment, but are eligible to participate in the matching portion after the completion of one year of service with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

#### Contributions

Employees of the Company participating in the Plan are entitled to make pre-tax contributions to the Plan in amounts from 2% to 15% of their annual compensation. The Company's matching contribution is up to 5% of a participant's annual compensation for those who have completed at least one year of service and have elected to make deferred contributions. The Company may also make an additional discretionary contribution in any Plan year. Contributions are subject to certain limitations.

#### Vesting

Participants are immediately vested in their voluntary contributions to the Plan. Participants vest in the Company's contributions according to the following schedule:

<u>Years of Service</u>	<u>Percentage</u>
Less than 1	0%
2	33%
3	66%
3 or more	100%

Participants automatically become 100% vested upon death or disability while still an active employee of the Company. Upon termination of employment, amounts not vested will be forfeited with such forfeitures reducing future employer matching or profit sharing contributions. Forfeitures during 2001 totaled \$162,119.

#### Payment of Benefits

Upon retirement, a participant is entitled to receive 100% of his vested account balance in a lump-sum distribution or periodic payments over a predetermined period. Upon the death of a participant, the designated beneficiary is entitled to receive 100% of the participant's account in a lump-sum distribution or periodic payments over a predetermined period. In addition, disabled participants are entitled to 100% of their account balance. Plan participants who are terminated for reasons other than retirement, death or disability are entitled to receive only the vested portion of their account. The Plan also allows for certain hardship withdrawals prior to termination of employment.

#### Administrative Expenses

Administrative expenses of the Plan are absorbed by the Company.

## UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

### Notes to Financial Statements, continued

#### (1) Description of the Plan, continued

##### Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. The participants affected by the termination or discontinuance of contributions will immediately become 100% vested in their accounts.

#### (2) Summary of Significant Accounting Policies

##### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and present the net assets available for benefits and changes in those assets of the Plan. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

##### Investment Valuation

The Plan's investments are stated at fair value. United Community Banks, Inc. common stock at December 31, 2001 and 2000 had no quoted market price and its value was based on independent appraisals. Investments in mutual funds are valued at fair value based on quoted market prices of the underlying fund securities.

The Plan provides for investments in various investment securities, which are exposed to various risks such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

The net gain/(loss) from investment activity includes realized and unrealized gains and losses from investment activity as well as earnings on investments. Unrealized gains/(losses) are calculated as the difference between the current value of securities as of the end of the plan year and either the current value at the end of the preceding year or the actual cost if such investments were purchased during the current year. Realized gains or losses on sales of investments are calculated as the difference between sales proceeds and the current value of investments at the beginning of the year or the actual cost if such investments were purchased during the year. Earnings on investments include interest and dividends received on the Company's common stock and mutual fund shares.

Securities transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date.

#### (3) Merged Plans

During 2001, the Dawson County Bank Section 401(k) Profit Sharing Plan and the Brintech, Inc. 401(k) and Profit Sharing Plan were merged into the Plan. Plan assets approximating \$713,000 were transferred into the Plan as a result of the mergers.

UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

Notes to Financial Statements, continued

(4) Investments

The following table represents investments at December 31, 2001 and 2000.

	<u>2001</u>	<u>2000</u>
Cash	\$ 21,673	12,683
SEI Asset Allocation Funds:		
Money Market	-	63,531
Diversified Conservative Income A	-	1,182,969
Diversified Conservative A	-	2,025,396
Diversified Global Moderate Growth	-	230,845
Diversified Moderate Growth	-	6,043,480
Diversified Global Growth A	-	2,202,286
Diversified Global Stock A	-	404,031
Diversified U.S. Stock A	-	1,727,200
Corporate Daily Income Fund	-	768,300
	<u>          </u>	<u>          </u>
Total SEI Asset Allocation Funds	\$ --	14,648,038
	<u>          </u>	<u>          </u>
INTRUST Funds:		
AI Money Market	\$ 647,371	-
Federated – U.S. Treasury Cash Reserves Fund	24,344	-
AI Nestegg 2040 Fund	2,421,772	-
AI Nestegg 2030 Fund	2,507,556	-
AI Nestegg 2020 Fund	6,228,197	-
AI Nestegg 2010 Fund	2,321,682	-
AI Nestegg Capital Preservation Fund (formerly Nestegg 2000 Fund)	1,377,874	-
American Independence International Multi-Manager Stock Fund	68,761	-
Federated Stock Trust Fund	393,478	-
Federated Max-Cap Fund	230,214	-
Franklin Strategic Small MIDCAP Growth Fund	153,677	-
MSIF MIDCAP Value Advisor Fund	96,574	-
Putnam New Opportunities Fund	244,021	-
Pimco Total Return Bond Fund	677,782	-
	<u>          </u>	<u>          </u>
Total INTRUST Funds	\$ 17,393,303	-
	<u>          </u>	<u>          </u>
United Community Banks, Inc. Common Stock (238,318 and 234,157 shares at December 31, 2001 and 2000, respectively)	\$ 9,056,084	7,111,348
	<u>          </u>	<u>          </u>

UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

Notes to Financial Statements, continued

**(4) Investments, continued**

During 2001, the Plan's investments (including investments bought, sold, and held during the year) appreciated in value by \$684,410 as follows:

<u>Net Change in Fair Value</u>	<u>Year Ended December 31, 2001</u>
Investments at Fair Value as Determined by Quoted Market Price Mutual Funds	\$ (1,326,828)
Investments at Estimated Fair Value Common Stock	2,011,238
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Net change in Fair Value	\$ 684,410
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**(5) Tax Status**

The Plan obtained its latest determination letter on May 30, 1996, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. However, the Plan sponsor and the Plan's tax counsel believe the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**(6) Change In Trustee**

As of February 1, 2001, the Plan changed the trustee of the plan from United Community Banks, Inc. Trust Department to INTRUST Bank, N.A. At January 31, 2001, substantially all plan assets were transferred to INTRUST Bank, N.A. and the Plan no longer invested in SEI funds.

**(7) Party-In-Interest Transactions**

The Plan received cash dividends of \$23,831 on its investment in United Community Banks, Inc. common stock during 2001.

**(8) Subsequent Event**

On March 18, 2002 United Community Banks' common stock began trading on the Nasdaq Stock Market under the ticker symbol UCBI.

**UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN**

**Schedule of Assets Held for Investment Purposes**

**December 31, 2001**

**Employer Identification Number: 58-0554454**

**Plan Number: 001**

(a) Identity of issuer or <u>similar party (b)</u>	<u>Description of assets (c)</u>	<u>Cost (d)</u>	<u>Fair Value (e)</u>
* United Community Banks, Inc.	Common Stock – 238,818 shares	N/A	\$ 9,056,084
INTRUST	AI Money Market – 647,371 shares	N/A	647,371
INTRUST	AI Federated – U.S. Treasury Cash Reserves – 24,344 shares	N/A	24,344
	AI Nest Egg 2040 – 263,809 shares	N/A	2,421,772
INTRUST	AI Nest Egg 2030 – 265,913 shares	N/A	2,507,556
INTRUST	AI Nest Egg 2020 – 650,125 shares	N/A	6,228,197
INTRUST	AI Nest Egg 2010 – 233,335 shares	N/A	2,321,682
	AI Nest Egg Capital Preservation – 138,064 shares	N/A	1,377,874
INTRUST	AI International Multi-Money Manager Stock Fund – 7,067 shares	N/A	68,761
INTRUST	Federated Stock Trust – 11,593 shares	N/A	393,478
INTRUST	Federated Max-Cap – 9,889 shares	N/A	230,214
INTRUST	Franklin Strategic Small Mid-Cap Growth – 4,930 shares	N/A	153,677
INTRUST	MSIF MIDCAP Value Advisor – 4,764 shares	N/A	96,574
INTRUST	Putnam New Opportunities – 5,955 shares	N/A	244,021
INTRUST	Pimco Total Return Bond – 64,797 shares	N/A	677,782

\* Party in interest

N/A Due to Plan being fully participant directed, such values are not applicable.

**The Plan.** Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED COMMUNITY BANKS, INC.  
PROFIT SHARING PLAN  
By Intrust Bank, N.A., Plan Administrator

By: /s/ John Goff

Title: Vice President & Trust Officer INTRUST BANK, N.A.

Date: June 28, 2002

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**EXHIBIT INDEX**

Exhibit 23                      Consent of Independent Certified Public Accountants

**Exhibit 23**

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in the Registration Statement (Form S-8 File Number 333-86876) pertaining to the United Community Banks, Inc. Profit Sharing Plan of our report dated June 14, 2002, with respect to the financial statements of the United Community Banks, Inc. Profit Sharing Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2001.

/s/ Porter Keadle Moore, LLP

Atlanta, Georgia  
June 28, 2002