THE UNITED WAY OF THE GREATER DAYTON AREA
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

THE UNITED WAY OF THE GREATER DAYTON AREA

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YEARS ENDED JUNE 30, 2016 AND 2015

INDEPENDENT AUDITORS' REPORT

Board of Directors
The United Way of the Greater Dayton Area
Dayton, Ohio

We have audited the accompanying financial statements of **The United Way of the Greater Dayton Area** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

Auditors' 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 auditors' 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.

BRADY WARE & SCHOENFELD

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The United Way of the Greater Dayton Area** as of June 30, 2016 and 2015, 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.

Brady, Ware & Schoenfeld, Inc.

Dayton, Ohio
November 17, 2016

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 887,621	$ 813,574
Pledges receivable		
Annual campaigns, net of adjustment of $611,063 and $737,941, respectively, for net realizable value	3,072,622	3,130,485
Accounts receivable - other	130,378	109,692
Prepaid expenses	8,364	8,750
Investments in municipal bonds	588,034	578,641
Reserved cash	655,537	602,834
	5,342,556	5,243,976
EQUIPMENT, NET	41,982	37,757
OTHER ASSETS		
Restricted cash	325,000	425,628
Cash surrender value of life insurance	2,122,288	2,144,298
Investments at The Dayton Foundation	2,710,714	2,943,101
Beneficial interest in perpetual trusts	2,565,716	2,710,070
	7,723,718	8,223,097
	$ 13,108,256	$ 13,504,830
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Donor designations payable	$ 2,526,501	$ 2,627,866
Allocations payable	1,972,152	2,246,671
Accounts payable and accrued expenses	184,099	158,150
Affiliate payable	44,197	-
	4,726,949	5,032,687
LONG-TERM LIABILITIES		
Long-term defined benefit obligation	1,100,000	1,100,000
	5,826,949	6,132,687
NET ASSETS		
Unrestricted	1,654,592	1,575,867
Temporarily restricted	2,785,999	2,811,206
Permanently restricted	2,840,716	2,985,070
	7,281,307	7,372,143
	$ 13,108,256	$ 13,504,830

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016, WITH COMPARATIVE TOTALS FOR 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2016	Totals 2015
PUBLIC SUPPORT AND REVENUE					
2016 gross campaign contributions	$ -	$ 12,734	$ -	**$ 12,734**	$ -
2015 gross campaign contributions	7,770,989	-	-	**7,770,989**	12,700
2014 gross campaign contributions	67,107	-	-	**67,107**	8,237,167
2013 gross campaign contributions	-	-	-	**-**	169,476
Less					
Donor designations	(3,391,930)	-	-	**(3,391,930)**	(3,854,068)
Adjustment for net realizable value	(296,340)	-	-	**(296,340)**	(411,902)
Total campaign revenue	4,149,826	12,734	-	**4,162,560**	4,153,373
Freedom Schools grants	183,000	-	-	**183,000**	229,500
Other contributions and grants	383,115	80,000	-	**463,115**	514,298
Service fees	195,223	-	-	**195,223**	227,804
Investment income	7,096	-	-	**7,096**	13,537
Information and referral	64,671	-	-	**64,671**	59,794
Net assets released from restrictions	96,699	(96,699)	-	**-**	-
Total public support and revenue	5,079,630	(3,965)	-	**5,075,665**	5,198,306
EXPENSES					
Program services	3,589,297	-	-	**3,589,297**	3,762,742
Support services					
Dues to affiliate	77,553	-	-	**77,553**	80,596
Management and general	270,976	-	-	**270,976**	270,128
Fundraising	1,100,385	-	-	**1,100,385**	1,127,608
Total expenses	5,038,211	-	-	**5,038,211**	5,241,074
CHANGE IN NET ASSETS FROM OPERATIONS	41,419	(3,965)	-	**37,454**	(42,768)
OTHER CHANGES					
Decrease in cash surrender value of life insurance	-	(8,631)	-	**(8,631)**	(103,833)
Gain on life insurance policies	-	25,469	-	**25,469**	30,750
Gain (loss) on investments at The Dayton Foundation and investments in municipal bonds	(63,200)	(38,080)	-	**(101,280)**	91,127
Gain (loss) on perpetual interest in trusts	100,506	-	(144,354)	**(43,848)**	50,764
TOTAL OTHER CHANGES	37,306	(21,242)	(144,354)	**(128,290)**	68,808
CHANGE IN NET ASSETS	78,725	(25,207)	(144,354)	**(90,836)**	26,040
NET ASSETS					
Beginning of year	1,575,867	2,811,206	2,985,070	**7,372,143**	7,346,103
End of year	$ 1,654,592	$ 2,785,999	$ 2,840,716	**$ 7,281,307**	$ 7,372,143

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
2015 gross campaign contributions	$ -	$ 12,700	$ -	**$ 12,700**
2014 gross campaign contributions	8,237,167	-	-	**8,237,167**
2013 gross campaign contributions	169,476	-	-	**169,476**
Less				
Donor designations	(3,854,068)	-	-	**(3,854,068)**
Adjustment for net realizable value	(411,902)	-	-	**(411,902)**
Total campaign revenue	4,140,673	12,700	-	**4,153,373**
Freedom Schools grants	229,500	-	-	**229,500**
Other contributions and grants	514,298	-	-	**514,298**
Service fees	227,804	-	-	**227,804**
Investment income	13,537	-	-	**13,537**
Information and referral	59,794	-	-	**59,794**
Net assets released from restrictions	90,799	(90,799)	-	**-**
Total public support and revenue	5,276,405	(78,099)	-	**5,198,306**
EXPENSES				
Program services	3,762,742	-	-	**3,762,742**
Support services				
Dues to affiliate	80,596	-	-	**80,596**
Management and general	270,128	-	-	**270,128**
Fundraising	1,127,608	-	-	**1,127,608**
Total expenses	5,241,074	-	-	**5,241,074**
CHANGE IN NET ASSETS FROM OPERATIONS	35,331	(78,099)	-	**(42,768)**
OTHER CHANGES				
Decrease in cash surrender value of life insurance	-	(103,833)	-	**(103,833)**
Gain on life insurance policies	-	30,750	-	**30,750**
Gain on investments at The Dayton Foundation and investments in municipal bonds	67,632	23,495	-	**91,127**
Gain (loss) on perpetual interest in trusts	93,997	-	(43,233)	**50,764**
TOTAL OTHER CHANGES	161,629	(49,588)	(43,233)	**68,808**
CHANGE IN NET ASSETS	196,960	(127,687)	(43,233)	**26,040**
NET ASSETS				
Beginning of year	1,378,907	2,938,893	3,028,303	**7,346,103**
End of year	$ 1,575,867	$ 2,811,206	$ 2,985,070	**$ 7,372,143**

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Program Services	**Supporting Services**	**Total**	Program Services	Supporting Services	Total
Salaries	**$ 605,971**	**$ 685,752**	**$ 1,291,723**	$ 584,488	$ 730,096	$ 1,314,584
Employee benefits	**215,062**	**213,266**	**428,328**	179,975	216,518	396,493
Payroll taxes	**49,581**	**55,971**	**105,552**	47,583	57,635	105,218
Total Salaries and Related Expenses	**870,614**	**954,989**	**1,825,603**	812,046	1,004,249	1,816,295
Professional fees and purchased services	**284,874**	**135,537**	**420,411**	225,902	124,184	350,086
Supplies	**155,083**	**11,800**	**166,883**	134,080	12,581	146,661
Telephone	**12,978**	**9,953**	**22,931**	12,165	7,844	20,009
Postage and shipping	**362**	**3,348**	**3,710**	434	6,948	7,382
Occupancy	**99,193**	**74,669**	**173,862**	91,238	82,357	173,595
Rental and maintenance of equipment	**1,228**	**2,944**	**4,172**	1,238	2,933	4,171
Printing and publications	**62,127**	**78,458**	**140,585**	44,666	58,780	103,446
Travel	**18,371**	**7,958**	**26,329**	34,425	7,485	41,910
Conferences, conventions and meetings	**37,793**	**13,668**	**51,461**	36,085	10,115	46,200
Subscriptions and publications	**768**	**556**	**1,324**	960	740	1,700
Membership dues	**2,731**	**2,400**	**5,131**	3,092	3,239	6,331
Administrative	**-**	**65,641**	**65,641**	-	69,083	69,083
Miscellaneous	**4,379**	**1,043**	**5,422**	6,914	(336)	6,578
Total Expenses Before Depreciation	**1,550,501**	**1,362,964**	**2,913,465**	1,403,245	1,390,202	2,793,447
Depreciation	**3,599**	**8,397**	**11,996**	3,229	7,534	10,763
Total Operating Expenses	**1,554,100**	**1,371,361**	**2,925,461**	1,406,474	1,397,736	2,804,210
Allocations	**2,035,197**	**-**	**2,035,197**	2,356,268	-	2,356,268
United Way of America dues	**-**	**77,553**	**77,553**	-	80,596	80,596
Total Expenses	**$ 3,589,297**	**$ 1,448,914**	**$ 5,038,211**	$ 3,762,742	$ 1,478,332	$ 5,241,074

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2016

	Affiliated Organizations	Fund Distribution	Direct Services	HelpLink	Special Projects	Total
Salaries	$ -	$ 35,460	$ 224,642	$ 296,797	$ 49,072	**$ 605,971**
Employee benefits	-	8,855	70,238	110,712	25,257	**215,062**
Payroll taxes	-	3,036	18,582	24,442	3,521	**49,581**
Total Salaries and Related Expenses	-	47,351	313,462	431,951	77,850	**870,614**
Professional fees and purchased services	-	6,695	238,890	34,549	4,740	**284,874**
Supplies	-	765	148,613	5,322	383	**155,083**
Telephone	-	883	1,716	7,743	2,636	**12,978**
Postage and shipping	-	57	139	113	53	**362**
Occupancy	-	5,354	30,587	56,932	6,320	**99,193**
Rental and maintenance of equipment	-	148	790	276	14	**1,228**
Printing and publications	-	5,782	35,623	17,546	3,176	**62,127**
Travel	-	1,213	14,669	679	1,810	**18,371**
Conferences, conventions and meetings	-	355	36,334	885	219	**37,793**
Subscriptions and publications	-	75	160	509	24	**768**
Membership dues	-	160	465	1,469	637	**2,731**
Miscellaneous	-	56	257	4,051	15	**4,379**
Total Expenses Before Depreciation	-	68,894	821,705	562,025	97,877	**1,550,501**
Depreciation	-	576	1,224	1,619	180	**3,599**
Total Operating Expenses	-	69,470	822,929	563,644	98,057	**1,554,100**
Allocations	2,035,197	-	-	-	-	**2,035,197**
Total Expenses	$ 2,035,197	$ 69,470	$ 822,929	$ 563,644	$ 98,057	**$ 3,589,297**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2015

	Affiliated Organizations	Fund Distribution	Direct Services	HelpLink	Special Projects	Total
Salaries	$ -	$ 24,560	$ 230,431	$ 271,876	$ 57,621	**$ 584,488**
Employee benefits	-	9,912	62,568	86,202	21,293	**179,975**
Payroll taxes	-	2,064	18,783	22,167	4,569	**47,583**
Total Salaries and Related Expenses	-	36,536	311,782	380,245	83,483	**812,046**
Professional fees and purchased services	-	6,961	185,410	27,935	5,596	**225,902**
Supplies	-	396	130,704	1,198	1,782	**134,080**
Telephone	-	710	1,321	7,313	2,821	**12,165**
Postage and shipping	-	14	191	143	86	**434**
Occupancy	-	5,591	31,909	48,190	5,548	**91,238**
Rental and maintenance of equipment	-	153	767	300	18	**1,238**
Printing and publications	-	4,984	22,912	15,097	1,673	**44,666**
Travel	-	469	31,432	262	2,262	**34,425**
Conferences, conventions and meetings	-	153	34,962	670	300	**36,085**
Subscriptions and publications	-	76	161	551	172	**960**
Membership dues	-	212	601	1,697	582	**3,092**
Miscellaneous	-	10	107	6,766	31	**6,914**
Total Expenses Before Depreciation	-	56,265	752,259	490,367	104,354	**1,403,245**
Depreciation	-	517	1,098	1,453	161	**3,229**
Total Operating Expenses	-	56,782	753,357	491,820	104,515	**1,406,474**
Allocations	2,356,268	-	-	-	-	**2,356,268**
Total Expenses	$ 2,356,268	$ 56,782	$ 753,357	$ 491,820	$ 104,515	**$ 3,762,742**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2016

	Due to Affiliate	Management and General	Fundraising	Total
Salaries	$ -	$ 136,075	$ 549,677	**$ 685,752**
Employee benefits	-	38,530	174,736	**213,266**
Payroll taxes	-	11,112	44,859	**55,971**
Total Salaries and Related Expenses	-	185,717	769,272	**954,989**
Professional fees and purchased services	-	30,579	104,958	**135,537**
Supplies	-	3,189	8,611	**11,800**
Telephone	-	2,192	7,761	**9,953**
Postage and shipping	-	676	2,672	**3,348**
Occupancy	-	12,914	61,755	**74,669**
Rental and maintenance of equipment	-	284	2,660	**2,944**
Printing and publications	-	12,010	66,448	**78,458**
Travel	-	1,032	6,926	**7,958**
Conferences, conventions and meetings	-	2,641	11,027	**13,668**
Subscriptions and publications	-	62	494	**556**
Membership dues	-	579	1,821	**2,400**
Administrative	-	16,410	49,231	**65,641**
Miscellaneous	-	292	751	**1,043**
Total Expenses Before Depreciation	-	268,577	1,094,387	**1,362,964**
Depreciation	-	2,399	5,998	**8,397**
Total Operating Expenses	-	270,976	1,100,385	**1,371,361**
United Way of America dues	77,553	-	-	**77,553**
Total Expenses	$ 77,553	$ 270,976	$ 1,100,385	**$ 1,448,914**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2015

	Due to Affiliate	Management and General	Fundraising	Total
Salaries	$ -	$ 143,355	$ 586,741	**$ 730,096**
Employee benefits	-	36,781	179,737	**216,518**
Payroll taxes	-	11,206	46,429	**57,635**
Total Salaries and Related Expenses	-	191,342	812,907	**1,004,249**
Professional fees and purchased services	-	26,917	97,267	**124,184**
Supplies	-	3,252	9,329	**12,581**
Telephone	-	1,574	6,270	**7,844**
Postage and shipping	-	1,541	5,407	**6,948**
Occupancy	-	13,298	69,059	**82,357**
Rental and maintenance of equipment	-	314	2,619	**2,933**
Printing and publications	-	8,309	50,471	**58,780**
Travel	-	1,084	6,401	**7,485**
Conferences, conventions and meetings	-	2,187	7,928	**10,115**
Subscriptions and publications	-	118	622	**740**
Membership dues	-	845	2,394	**3,239**
Administrative	-	17,271	51,812	**69,083**
Miscellaneous	-	(77)	(259)	**(336)**
Total Expenses Before Depreciation	-	267,975	1,122,227	**1,390,202**
Depreciation	-	2,153	5,381	**7,534**
Total Operating Expenses	-	270,128	1,127,608	**1,397,736**
United Way of America dues	80,596	-	-	**80,596**
Total Expenses	$ 80,596	$ 270,128	$ 1,127,608	**$ 1,478,332**

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	$ (90,836)	$ 26,040
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	11,996	10,763
In-kind contribution - property	(3,832)	-
Decrease in value of cash surrender value of life insurance	8,631	78,833
Gain on redemption of life insurance	(25,469)	(5,750)
Net realized and unrealized (gain) loss on investments	139,265	(48,700)
Net investment loss from perpetual interest in trusts	144,354	43,233
	184,109	104,419
Changes in operating assets and liabilities:		
Pledges receivable - annual campaign, net	57,863	61,061
Accounts receivable	(20,686)	95,025
Prepaid expenses	386	32
Reserved cash	(52,703)	(42,415)
Restricted cash	100,628	510
Donor designations payable	(101,365)	64,574
Allocations payable	(274,519)	(222,463)
Accounts payable and accrued expenses	25,949	(784)
Affiliate payable	44,197	-
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	(36,141)	59,959
INVESTING ACTIVITIES		
Equipment additions	(12,389)	(11,591)
Purchases of investments	(25,340)	(63,594)
Proceeds received from investments	109,069	113,393
Life insurance premium payments	(10,700)	-
Proceeds from life insurance policies	49,548	30,750
Net Cash and Cash Equivalents Provided by Investing Activities	110,188	68,958
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,047	128,917
CASH AND CASH EQUIVALENTS		
Beginning of year	813,574	684,657
End of year	$ 887,621	$ 813,574
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash transactions		
Donated property and equipment	$ 3,832	$ -

See notes to financial statements.

NOTE A - NATURE OF ORGANIZATION

The United Way of the Greater Dayton Area (the "Organization") is a nonprofit organization. The Organization engages in fundraising through annual pledge campaigns. Support received is then used to fund various nonprofit health and human service agencies within the greater Dayton area through a competitive grant process to achieve measurable outcomes in the areas of Education, Income and Basic Needs, and Health and Well-Being. The Organization also distributes contributions designated to specific agencies as a service to donors participating in the annual campaign. In addition, the Organization provides direct services including: 24-hour information and referral, volunteer recruitment and placement, services for dislocated workers, and community planning.

The Organization is the Principal Combined Fund Organization ("PCFO") of the Combined Federal Campaign ("CFC") of Champaign, Clark, Clinton, Darke, Fayette, Greene, Miami, Montgomery, Preble, Shelby and Warren Counties, which solicits funds from federal employees. The United Way of the Greater Dayton Area, as PCFO, collects the campaign contributions and disburses them to qualified agencies, net of campaign expenses. The activity of the CFC is included in the accompanying financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting principles and practices of the Organization are set forth to facilitate the understanding of data presented in the financial statements:

Basis of Presentation - The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounting Changes - In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Equivalent) (Topic 820).* The standard provides that for investments for which fair value is measured using net asset value per share (or its equivalent) as a practical expedient, the investments should not be categorized within the fair value hierarchy. The ASU is effective for fiscal years beginning after December 15, 2016 (for nonpublic entities), with early adoption permitted. The guidance should be applied retrospectively to all periods presented. The Organization has elected to early adopt this standard.

Net Asset Classification - Accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The accounting standards also improve disclosures about an organization's endowment funds, both donor restricted endowment funds and board designated endowment funds, whether or not the Organization is subject to UPMIFA.

The State of Ohio adopted UPMIFA effective June 1, 2009. The Organization adopted accounting standards relating to endowment funds for the year ended June 30, 2009. Management has determined that the majority of the Organization's net assets do not meet the definition of an endowment under UPMIFA. The contributions are subject to the terms of the governing documents.

Temporarily restricted net assets consist of the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Estimates - 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents - Interest-bearing deposits and short-term investments with original maturities of three months or less are classified as cash equivalents, with the exception of money market accounts held by The Dayton Foundation. Periodically during the year, the Organization may have cash deposits with a single institution in excess of federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Reserved Cash - The Organization had $655,537 and $602,834 of reserved cash and cash equivalents at June 30, 2016 and 2015, which are required to be kept in a separate bank accounts for the operations of the CFC and the Hall Hunger Initiative. See Note Q.

Restricted Cash - Additionally, the Organization had $325,000 and $425,628 of restricted cash and cash equivalents at June 30, 2016 and 2015, which serves as collateral on the Organization's letter of credit. See Note G.

Contributions - Contributions are recorded at net realizable value, as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are received. All other donor restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets, depending on the nature of the restrictions.

Investments - Investment balances are comprised of funds held and managed by The Dayton Foundation (the "Foundation") as well as invested in various municipal bonds with a financial institution. Investments are reported at their fair value, based on the valuation provided by the Foundation or other financial institutions. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Equipment - Equipment is recorded at cost, or if donated, at fair value at the date of the gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all expenditures in excess of $1,000 for equipment.

Pledges Receivable - Pledges for contributions are recorded as income in the year pledged by the donor and, if unpaid, are included in pledges receivable. Pledges are recorded at net realizable value.

Tax-Exempt Status - The Organization is exempt from federal income taxes under IRS Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been classified as an organization other than a private foundation under Section 509(a)(1).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of June 30, 2016.

Endowment Investment and Spending Policies - The Organization's endowment assets are largely invested with The Dayton Foundation (the "Foundation"). The Organization has adopted the investment and spending policies used by the Foundation with regard to endowment assets held by the Foundation.

The Foundation requires investment managers to abide by an asset allocation guide. The policy for those assets held by the Foundation is to preserve the real purchasing power of the endowed assets, and provide a growing stream of income to be made available for spending, net of inflation, in order to sustain the operations of the Foundation. The Foundation's spending and investment policies work together to achieve this objective. This investment policy establishes a return objective through diversification of asset classes. The current long-term return objective is to exceed the rate of inflation, as measured by the Consumer Price Index, by 4%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds. The Foundation uses the previous 12 calendar quarters' average market value multiplied by 4% to determine the amount available for distribution.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported as unrestricted net assets. The balance of this deficiency for the Gertrude Mellen Fund was $3,667 and $2,218 as of June 30, 2016 and 2015. The deficiency resulted from unfavorable market declines.

Reclassifications - Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 financial statement presentation.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 17, 2016, the date the financial statements were available to be issued.

NOTE C - EQUIPMENT

	2016	2015
Equipment	$ 176,974	$ 172,161
Less accumulated depreciation	134,992	134,404
	$ 41,982	$ 37,757

NOTE D - INVESTMENTS

Investments consist of funds held at The Dayton Foundation, a community foundation that invests and manages donors' charitable funds, and at a financial institution.

The investments consist of the following at June 30, 2016 and 2015:

	2016	2015
Unrestricted:		
United Way of the Greater Dayton Area Endowment Fund	$ 1,189,520	$ 1,289,368
United Way of the Greater Dayton Area Memorial Fund	667,295	726,743
	1,856,815	2,016,111
Restricted:		
United Way of the Greater Dayton Area Campaign Fund	388,879	422,342
Rike Family Endowment Fund	443,687	481,866
Gertrude Mellen Fund	21,333	22,782
	853,899	926,990
Total Investments at The Dayton Foundation	$ 2,710,714	$ 2,943,101
Investments in municipal bonds	$ 588,034	$ 578,641

NOTE E - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is the beneficiary of perpetual trusts held by The Dayton Foundation. The trust assets are not in the possession of the Organization and are administered and managed by The Dayton Foundation. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on the endowment assets in perpetuity. Accordingly, the Organization has recorded an asset entitled "beneficial interest in perpetual trusts" equivalent to the present value of the expected future cash flows from the trusts. The present value is estimated at an amount equal to the fair market value of the assets of the trusts.

The annual distributions from the trust are reported as investment income that increases unrestricted net assets. The asset value is adjusted annually, using the same basis as was used to measure the asset initially, and adjustments to the value are recognized as permanently restricted gains or losses.

NOTE E - BENEFICIAL INTEREST IN PERPETUAL TRUSTS - continued

The following endowments have been created at The Dayton Foundation from which the Organization is entitled to receive certain income and benefits.

	2016	2015
C.H. Dean & Associates Inc. Fund	**$ 263,593**	$ 268,627
Berry Family Fund	**2,231,454**	2,364,275
Marie S. Aull Fund	**70,669**	77,168
	$ 2,565,716	$ 2,710,070

NOTE F - FAIR VALUE MEASUREMENTS

Accounting standards have a single definition of fair value and a framework for measuring fair value in accordance with generally accepted accounting principles. These standards apply whenever other authoritative literature requires (or permits) certain assets and liabilities to be measured at fair value. Items carried at fair value on a recurring basis consist of certain investment funds. The Organization also uses fair value concepts to test various long lived assets for impairment in the event a triggering event has occurred.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Organization uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value.

Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

Money market: Valued based on the contractual terms of the underlying money market; provides a daily mil-rate for income accretion.

Domestic equity funds, international equity funds and fixed income funds: Valued at the net asset value (NAV) of shares held by the Organization at year-end.

*Beneficial interest in perpetual trust*s: Value determined based on the fair value of the underlying trust assets, which is estimated to approximate the present value of the future cash flow of the trust distributions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE F - FAIR VALUE MEASUREMENTS - continued

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2016 are as follows:

	2016			
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Investments				
Money market	$ **108,428**	$ -	$ 108,428	$ -
Domestic equity funds	**975,857**	-	975,857	-
International equity funds	**704,786**	-	704,786	-
Fixed income	**994,641**	588,034	406,607	-
Beneficial interest in perpetual trusts	**2,565,716**	-	2,565,716	-
Total assets in the fair value hierarchy	**5,349,428**	588,034	4,761,394	-
Alternative investments, NAV as a practical expedient [a]	**515,036**	-	-	-
	$ 5,864,464	$ 588,034	$ 4,761,394	$ -

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2015 are as follows:

	2015			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market	$ **88,293**	$ -	$ 88,293	$ -
Domestic equity funds	**1,206,672**	-	1,206,672	-
International equity funds	**647,482**	-	647,482	-
Fixed income	**931,813**	578,641	353,172	-
Beneficial interest in perpetual trusts	**2,710,070**	-	2,710,070	-
Total assets in the fair value hierarchy	**5,584,330**	578,641	5,005,689	-
Alternative investments, NAV as a practical expedient [a]	**647,482**	-	-	-
	$ 6,231,812	$ 578,641	$ 5,005,689	$ -

[a] In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

NOTE G - LETTER OF CREDIT

The Organization entered into a letter of credit agreement with PNC which expired in May 2016, and was extended through March 2017. The agreement allowed the Organization to receive standby letters of credit that, in aggregate, may not exceed $400,000. The agreement was amended on May 31, 2016, and the maximum aggregate balance was reduced to $325,000. Until the amendment, interest was charged at 2.00% plus a floating rate per annum equal to the greater of the Prime Rate (3.50% and 3.25% at June 30, 2016 and 2015), the Federal Funds Rate (0.50% and 0.25% at June 30, 2016 and 2015) plus 0.50%, or the Daily LIBOR Rate (0.41% and 0.11% at June 30, 2016 and 2015) plus 1.00%. After May 31, 2016, interest is charged at the Prime Rate. There were no outstanding letters of credit as of June 30, 2016 and 2015.

The letter of credit is collateralized by a money market account held at PNC Bank. The balance of this account was $325,000 and $425,628 as of June 30, 2016 and 2015, and is classified as restricted cash in the statement of financial position.

NOTE H - UNRESTRICTED NET ASSETS

A summary of appropriated and unappropriated unrestricted net assets as of June 30, 2016 and 2015 are as follows:

	2016	2015
Appropriated		
Funds held at The Dayton Foundation	**$ 1,856,815**	$ 2,016,111
Unappropriated deficit	**(202,223)**	(440,244)
Unrestricted net assets	**$ 1,654,592**	$ 1,575,867

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

	2016	2015
Cash surrender value of life insurance	**$ 2,122,288**	$ 2,144,298
United Way of the Greater Dayton Area Campaign Fund	**388,879**	422,342
Silverlink	**68,410**	-
Rike Family Endowment Fund investment earnings	**193,688**	231,866
Contributions for 2015 campaign	**-**	12,700
Contributions for 2016 campaign	**12,734**	-
	$ 2,785,999	$ 2,811,206

The following schedule is the assets released from restrictions for the years ended June 30, 2016 and 2015:

	2016	2015
Release of purpose restriction	**$ 58,530**	$ 31,573
Release of time restriction	**38,169**	59,226
	$ 96,699	$ 90,799

NOTE J - PERMANENTLY RESTRICTED NET ASSETS

	2016	2015
Gertrude Mellen Fund	**$ 25,000**	$ 25,000
Rike Family Endowment Fund	**250,000**	250,000
Beneficial interest in perpetual trusts	**2,565,716**	2,710,070
	$ 2,840,716	$ 2,985,070

NOTE K - CONCENTRATION OF CREDIT RISK

The Organization operates in the greater Dayton, Ohio area, including Montgomery, Greene and Preble Counties. Most of its revenue and support comes from businesses and individuals within these counties.

NOTE L - MULTI-EMPLOYER PENSION PLAN

The Organization and certain affiliated agencies participated in a non-contributory, multi-employer defined benefit pension plan, which covered substantially all of the Organization's employees. The Plan covered substantially all full-time employees of the Organization and Affiliated Agencies who completed one year of service and attained at least 1,000 hours of service, provided the participant was at least 21 years old. If an employee had been a previous participant in the Plan through the Organization, or another nonprofit agency, he or she would be eligible the first of the month following his or her date of hire, provided that the prior service was within three years of his or her most recent hire date with the Organization. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Pension expense for the years 2016 and 2015 was $156,788 and $145,485.

This multi-employer defined benefit pension plan was frozen as of December 31, 2008. The Plan was underfunded as of June 30, 2016 and 2015.

Early in fiscal year-end 2012, participating agencies requested a spin off analysis to estimate each member's portion of the unfunded pension plan. Prior to this time an estimate of the liability by agency was not available. Since a reasonable estimate of the liability became available, the Organization has recorded an accrued expense of $1,100,000 as of June 30, 2016 and 2015, which represents its estimated portion of the obligation. These estimates were calculated based on the respective liabilities of the Plan at December 31. The total unfunded liability of the Plan as of December 31, 2015 and 2014, based on information and projections provided by the plan's actuary, was $10,800,000.

The risks in participating in multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to the employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Organization chooses to stop participating in the plan, it may be required to pay a withdrawal liability to the plan. The Organization has no plans to withdraw from its multi-employer pension plan.

NOTE L - RETIREMENT PLANS - continued

The following represents information about the Organization's multi-employer pension plan as of June 30, 2016 and 2015 and the years then ended:

		Pension Protection Act Zone Status			Contributions for the Year Ended June 30		
Name of Pension Fund	EIN and Plan Number	**2016**	2015	FIP/RP Status	**2016**	2015	Surcharge Imposed
Employee Benefit Plan of the United Way of the Greater Dayton Area and Affiliated Agencies	31-0536658 Plan No. 333	*	*	*	**$ 156,788**	$ 145,485	*

* The Plan is considered to be a multiple employer plan for Internal Revenue Service purposes and, therefore, the Pension Protection Act Zone Status has not been evaluated by the Plan's actuary. The Plan is considered to be a Cooperative and Small Employer Charity Plan (CSEC). As of January 1, 2016, the funded status of the Plan was less than 80%, as a result, plan management was required to develop a funding restoration plan to fully fund the deficit over the next seven years, or as soon as is practicable.

NOTE M - RETIREMENT PLAN

Effective January 1, 2009, the Organization established a Safe Harbor 401(k) Plan which covers substantially all of the Organization's employees. The Plan covers full-time employees of the Organization who have completed one year of service and attained at least 1,000 hours of service, provided the participant is at least 21 years old. The Organization will contribute at least 4% each year of the employee's compensation as the safe harbor contribution. The expense for the years 2016 and 2015 was $76,723 and $79,641.

NOTE N - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an internal cost allocation method.

NOTE O - ALLOCATIONS AND DESIGNATED DISBURSEMENTS TO AFFILIATED ORGANIZATIONS

Each calendar year, the Organization disburses the previous year's campaign proceeds to its affiliated organizations. These disbursements include both designated and undesignated pledges. Volunteer and donor allocations to agencies for the years ended June 30, 2016 and 2015 were as follows:

	2016	2015
United Way Agencies	**$ 3,661,309**	$ 4,107,050
Neighboring United Way Agencies	**84,039**	98,454
Combined Federal Campaign	**1,681,779**	2,004,832
	$ 5,427,127	$ 6,210,336

NOTE O - ALLOCATIONS AND DESIGNATED DISBURSEMENTS TO AFFILIATED ORGANIZATIONS - continued

Total volunteer and donor allocations of the campaigns for the years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Allocations	**$ 2,035,197**	$ 2,356,268
Designated disbursements	**3,391,930**	3,854,068
	$ 5,427,127	$ 6,210,336

NOTE P - INCOME FROM MEMBER AGENCIES

The Organization provided certain services to various agencies throughout the year. Income from services was $195,223 and $227,804 for the years 2016 and 2015.

NOTE Q - AFFILIATE PAYABLE

The Organization received a transfer in 2016 on behalf of the Hall Hunger Initiative from the Dayton Foundation. The Hall Hunger Initiative is not a registered 501(c)(3) tax-exempt organization, and elected to have the United Way to act as its agent with regards to control of its funds. The Organization included $44,197 of reserved cash and corresponding payable at June 30, 2016 on its Statement of Financial Position. These funds are to be distributed on a monthly basis to pay the expenses incurred by the Hall Hunger Initiative.

NOTE R - DONOR DESIGNATIONS PAYABLE

The Organization honors designations from donors to United Way partner agencies. These donations are reflected in the statements of activities as campaign contributions in the year they are pledged, less a corresponding amount of equal value for the designation.

Donor designations pledged as part of the 2015 campaign, but not disbursed as of June 30, 2016, amounted to $2,526,501.

Donor designations pledged as part of the 2014 campaign, but not disbursed as of June 30, 2015, amounted to $2,627,866.

NOTE S - CASH SURRENDER VALUE OF LIFE INSURANCE

Certain contributors have named the Organization as beneficiary on life insurance policies. The contributors' pledges were equal to the initial annual premiums due on these policies. The annual premiums, for years subsequent to the year that the pledge was made, are paid through the increases in the insurance policies' value. Premium payments of $10,700 and $0 were made by the Organization during the fiscal years 2016 and 2015. The amount recorded in the statements of financial position represents the cash surrender value of those policies, which are classified as temporarily restricted due to an implied time restriction.

During the fiscal years ended June 30, 2016 and 2015, the Organization received $49,548 and $30,750 from these policies.

NOTE T - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2016:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated net assets, beginning of year	$ (2,218)	$ 231,866	$ 275,000	**$ 504,648**
Interest and dividend income	302	6,258	-	**6,560**
Net investment loss (realized and unrealized)	(1,146)	(23,307)	-	**(24,453)**
Fees	(605)	(3,244)	-	**(3,849)**
Amounts appropriated for expenditure	-	(17,885)	-	**(17,885)**
Donor designated net assets, end of year	$ (3,667)	$ 193,688	$ 275,000	**$ 465,021**

The following table summarizes all Organization net assets as of June 30, 2016:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ (3,667)	$ 193,688	$ 275,000	**$ 465,021**
Non-endowment funds:				
Operating	1,658,259	-	-	**1,658,259**
Beneficial interest in perpetual trusts	-	-	2,565,716	**2,565,716**
Purpose restricted funds	-	457,289	-	**457,289**
Time restricted funds	-	12,734	-	**12,734**
Cash surrender value of life insurance policies	-	2,122,288	-	**2,122,288**
	$ 1,654,592	$ 2,785,999	$ 2,840,716	**$ 7,281,307**

The following is a summary of changes in endowment net assets for the year ended June 30, 2015:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated net assets, beginning of year	$ (1,519)	$ 236,171	$ 275,000	**$ 509,652**
Interest and dividend income	332	6,946	-	**7,278**
Net investment gain (realized and unrealized)	415	8,623	-	**9,038**
Fees	(605)	(3,048)	-	**(3,653)**
Amounts appropriated for expenditure	(841)	(16,826)	-	**(17,667)**
Donor designated net assets, end of year	$ (2,218)	$ 231,866	$ 275,000	**$ 504,648**

NOTE T - ENDOWMENT FUNDS AND NET ASSETS - continued

The following table summarizes all Organization net assets as of June 30, 2015:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ (2,218)	$ 231,866	$ 275,000	**$ 504,648**
Non-endowment funds:				
Operating	1,578,085	-	-	**1,578,085**
Beneficial interest in perpetual trusts	-	-	2,710,070	**2,710,070**
Purpose restricted funds	-	422,342	-	**422,342**
Time restricted funds	-	12,700	-	**12,700**
Cash surrender value of life insurance policies	-	2,144,298	-	**2,144,298**
	$ 1,575,867	$ 2,811,206	$ 2,985,070	**$ 7,372,143**

NOTE U - OPERATING LEASES

The Organization leases office space in Dayton, Eaton and Xenia, Ohio, and office equipment under 2016 operating leases that extend through December 2018. These leases are as follows:

Office Space/Equipment	Annual Rent	Expiration
Dayton, Ohio Office Space	$ 120,000	April 2017
Eaton, Ohio Office Space	2,400	June 2017
Xenia, Ohio Office Space	6,000	March 2018
Office Equipment	6,792	December 2018

Total rental expense was $139,602 and $138,093 for the years 2016 and 2015.

Minimum lease payments for operating leases as of June 30, 2016 are as follows:

2017	$ 115,191
2018	10,652
2019	3,396
	$ 129,239