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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

THE UNITED WAY OF THE GREATER DAYTON AREA

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YEARS ENDED JUNE 30, 2014 AND 2013

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, 2014 and 2013, 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.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

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, 2014 and 2013, 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 19, 2014

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 684,657**	$ 731,931
Pledges receivable		
Annual campaigns, net of adjustment of $782,614 and $899,590, respectively, for net realizable value	**3,191,546**	3,858,606
Accounts receivable - other	**204,717**	234,763
Prepaid expenses	**8,782**	1,901
Investments in municipal bonds	**552,690**	545,171
Reserved cash - CFC	**560,419**	84,572
	5,202,811	5,456,944
EQUIPMENT, NET	**36,928**	48,813
OTHER ASSETS		
Restricted cash	**426,138**	425,282
Cash surrender value of life insurance	**2,248,131**	2,169,996
Investments at The Dayton Foundation	**2,970,152**	2,493,459
Beneficial interest in perpetual trusts	**2,753,303**	2,432,472
	8,397,724	7,521,209
	$ 13,637,463	$ 13,026,966
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Donor designations payable	**$ 2,563,292**	$ 2,855,893
Allocations payable	**2,469,134**	2,614,156
Accounts payable and accrued expenses	**158,934**	169,890
	5,191,360	5,639,939
LONG-TERM LIABILITIES		
Long-term defined benefit obligation	**1,100,000**	1,100,000
	6,291,360	6,739,939
NET ASSETS		
Unrestricted	**1,378,907**	811,857
Temporarily restricted	**2,938,893**	2,767,698
Permanently restricted	**3,028,303**	2,707,472
	7,346,103	6,287,027
	$ 13,637,463	$ 13,026,966

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE TOTALS FOR 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2014	Totals 2013
PUBLIC SUPPORT AND REVENUE					
2014 gross campaign contributions	$ -	$ 28,476	$ -	**$ 28,476**	$ -
2013 gross campaign contributions	8,430,409	-	-	**8,430,409**	27,500
2012 gross campaign contributions	163,248	-	-	**163,248**	10,036,243
2011 gross campaign contributions	-	-	-	**-**	100,769
Less					
Donor designations	(3,722,120)	-	-	**(3,722,120)**	(4,964,277)
Adjustment for net realizable value	(421,589)	-	-	**(421,589)**	(501,318)
Total campaign revenue	4,449,948	28,476	-	**4,478,424**	4,698,917
Freedom Schools grants	284,800	-	-	**284,800**	4,500
Other contributions and grants	460,127	-	-	**460,127**	335,635
Service fees	315,347	-	-	**315,347**	347,744
Investment income	5,685	-	-	**5,685**	5,942
Information and referral	61,827	-	-	**61,827**	62,192
Net assets released from restrictions	74,246	(74,246)	-	**-**	-
Total public support and revenue	5,651,980	(45,770)	-	**5,606,210**	5,454,930
EXPENSES					
Program services	3,961,142	-	-	**3,961,142**	4,033,364
Support services					
Dues to affiliate	93,792	-	-	**93,792**	95,516
Management and general	273,431	-	-	**273,431**	276,441
Fundraising	1,188,284	-	-	**1,188,284**	1,352,606
Total expenses	5,516,649	-	-	**5,516,649**	5,757,927
CHANGE IN NET ASSETS FROM OPERATIONS	135,331	(45,770)	-	**89,561**	(302,997)
OTHER CHANGES					
Increase in cash surrender value of life insurance	-	78,135	-	**78,135**	43,973
Gain on life insurance policies	63,943	16,446	-	**80,389**	67,929
Gain on investments at The Dayton Foundation and investments in municipal bonds	277,834	122,384	-	**400,218**	306,227
Gain on perpetual interest in trusts	89,942	-	320,831	**410,773**	259,074
TOTAL OTHER CHANGES	431,719	216,965	320,831	**969,515**	677,203
CHANGE IN NET ASSETS	567,050	171,195	320,831	**1,059,076**	374,206
NET ASSETS					
Beginning of year	811,857	2,767,698	2,707,472	**6,287,027**	5,912,821
End of year	$ 1,378,907	$ 2,938,893	$ 3,028,303	**$ 7,346,103**	$ 6,287,027

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
2013 gross campaign contributions	$ -	$ 27,500	$ -	**$ 27,500**
2012 gross campaign contributions	10,036,243	-	-	**10,036,243**
2011 gross campaign contributions	100,769	-	-	**100,769**
Less				
Donor designations	(4,964,277)	-	-	**(4,964,277)**
Adjustment for net realizable value	(501,318)	-	-	**(501,318)**
Total campaign revenue	4,671,417	27,500	-	**4,698,917**
Freedom Schools grants	4,500	-	-	**4,500**
Other contributions and grants	335,635	-	-	**335,635**
Service fees	347,744	-	-	**347,744**
Investment income	5,942	-	-	**5,942**
Information and referral	62,192	-	-	**62,192**
Net assets released from restrictions	43,606	(43,606)	-	**-**
Total public support and revenue	5,471,036	(16,106)	-	**5,454,930**
EXPENSES				
Program services	4,033,364	-	-	**4,033,364**
Support services				
Dues to affiliate	95,516	-	-	**95,516**
Management and general	276,441	-	-	**276,441**
Fundraising	1,352,606	-	-	**1,352,606**
Total expenses	5,757,927	-	-	**5,757,927**
CHANGE IN NET ASSETS FROM OPERATIONS	(286,891)	(16,106)	-	**(302,997)**
OTHER CHANGES				
Increase in cash surrender value of life insurance	-	43,973	-	**43,973**
Gain on life insurance policies	53,458	14,471	-	**67,929**
Gain on investments at The Dayton Foundation and investments in municipal bonds	218,419	87,808	-	**306,227**
Gain on perpetual interest in trusts	86,568	-	172,506	**259,074**
Total expenses	358,445	146,252	172,506	**677,203**
CHANGE IN NET ASSETS	71,554	130,146	172,506	**374,206**
NET ASSETS				
Beginning of year	740,303	2,637,552	2,534,966	**5,912,821**
End of year	$ 811,857	$ 2,767,698	$ 2,707,472	**$ 6,287,027**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Program Services	**Supporting Services**	**Total**	Program Services	Supporting Services	Total
Salaries	$ 627,195	$ 751,103	**$ 1,378,298**	$ 688,740	$ 832,953	$ 1,521,693
Employee benefits	194,551	246,988	**441,539**	229,979	239,948	469,927
Payroll taxes	46,966	55,936	**102,902**	59,974	69,529	129,503
Total Salaries and Related Expenses	868,712	1,054,027	**1,922,739**	978,693	1,142,430	2,121,123
Professional fees and purchased services	73,937	128,676	**202,613**	120,229	164,320	284,549
Supplies	3,720	12,209	**15,929**	11,384	11,514	22,898
Telephone	14,865	12,486	**27,351**	19,636	14,852	34,488
Postage and shipping	611	5,796	**6,407**	1,458	11,134	12,592
Occupancy	89,469	89,939	**179,408**	110,987	72,413	183,400
Rental and maintenance of equipment	1,271	2,901	**4,172**	2,576	2,769	5,345
Printing and publications	52,847	64,543	**117,390**	85,835	85,154	170,989
Travel	5,229	10,302	**15,531**	6,168	9,248	15,416
Conferences, conventions and meetings	8,260	6,680	**14,940**	10,904	5,312	16,216
Subscriptions and publications	863	309	**1,172**	933	489	1,422
Membership dues	2,627	2,492	**5,119**	6,056	2,504	8,560
State affiliation dues	-	-	**-**	-	19,343	19,343
Administrative	-	73,208	**73,208**	-	66,916	66,916
Miscellaneous	3,873	(11,544)	**(7,671)**	16,960	8,504	25,464
Total Expenses Before Depreciation	1,126,284	1,452,024	**2,578,308**	1,371,819	1,616,902	2,988,721
Depreciation	4,154	9,691	**13,845**	5,205	12,145	17,350
Total Operating Expenses	1,130,438	1,461,715	**2,592,153**	1,377,024	1,629,047	3,006,071
Allocations	2,503,731	-	**2,503,731**	2,651,863	-	2,651,863
Grants - Freedom Schools	326,973	-	**326,973**	4,477	-	4,477
United Way of America dues	-	93,792	**93,792**	-	95,516	95,516
Total Expenses	$ 3,961,142	$ 1,555,507	**$ 5,516,649**	$ 4,033,364	$ 1,724,563	$ 5,757,927

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2014

	Affiliated Organizations	Fund Distribution	Direct Services	HelpLink	Special Projects	Total
Salaries	$ -	$ 45,254	$ 241,121	$ 290,983	$ 49,837	**$ 627,195**
Employee benefits	-	20,247	68,506	89,358	16,440	**194,551**
Payroll taxes	-	3,368	17,714	21,864	4,020	**46,966**
Total Salaries and Related Expenses	-	68,869	327,341	402,205	70,297	**868,712**
Professional fees and purchased services	-	7,069	30,948	29,272	6,648	**73,937**
Supplies	-	455	1,448	1,566	251	**3,720**
Telephone	-	1,414	2,271	8,177	3,003	**14,865**
Postage and shipping	-	27	223	335	26	**611**
Occupancy	-	6,167	35,220	44,338	3,744	**89,469**
Rental and maintenance of equipment	-	169	692	379	31	**1,271**
Printing and publications	-	5,669	23,845	21,926	1,407	**52,847**
Travel	-	1,134	1,576	439	2,080	**5,229**
Conferences, conventions and meetings	-	116	7,691	415	38	**8,260**
Subscriptions and publications	-	29	61	672	101	**863**
Membership dues	-	137	487	1,484	519	**2,627**
Miscellaneous	-	(161)	(341)	4,425	(50)	**3,873**
Total Expenses Before Depreciation	-	91,094	431,462	515,633	88,095	**1,126,284**
Depreciation	-	665	1,412	1,869	208	**4,154**
Total Operating Expenses	-	91,759	432,874	517,502	88,303	**1,130,438**
Allocations	2,503,731	-	-	-	-	**2,503,731**
Grants - Freedom Schools	326,973	-	-	-	-	**326,973**
Total Expenses	$ 2,830,704	$ 91,759	$ 432,874	$ 517,502	$ 88,303	**$ 3,961,142**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2013

	Affiliated Organizations	Fund Distribution	Direct Services	HelpLink	Special Projects	**Total**
Salaries	$ -	$ 50,811	$ 292,153	$ 285,364	$ 60,412	**$ 688,740**
Employee benefits	-	18,451	81,071	98,151	32,306	**229,979**
Payroll taxes	-	4,169	23,466	27,089	5,250	**59,974**
Total Salaries and Related Expenses	-	73,431	396,690	410,604	97,968	**978,693**
Professional fees and purchased services	-	11,506	51,760	46,713	10,250	**120,229**
Supplies	-	491	5,914	3,848	1,131	**11,384**
Telephone	-	1,581	3,182	10,982	3,891	**19,636**
Postage and shipping	-	65	639	520	234	**1,458**
Occupancy	-	5,480	44,066	57,647	3,794	**110,987**
Rental and maintenance of equipment	-	153	1,381	1,020	22	**2,576**
Printing and publications	-	7,853	41,070	34,565	2,347	**85,835**
Travel	-	2,346	1,371	717	1,734	**6,168**
Conferences, conventions and meetings	-	342	9,761	684	117	**10,904**
Subscriptions and publications	-	47	100	685	101	**933**
Membership dues	-	137	491	4,804	624	**6,056**
Miscellaneous	-	575	5,010	11,321	54	**16,960**
Total Expenses Before Depreciation	-	104,007	561,435	584,110	122,267	**1,371,819**
Depreciation	-	833	1,770	2,342	260	**5,205**
Total Operating Expenses	-	104,840	563,205	586,452	122,527	**1,377,024**
Allocations	2,651,863	-	-	-	-	**2,651,863**
Grants - Freedom Schools	4,477	-	-	-	-	**4,477**
Total Expenses	$ 2,656,340	$ 104,840	$ 563,205	$ 586,452	$ 122,527	**$ 4,033,364**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2014

	Due to Affiliate	Management and General	Fundraising	Total
Salaries	$ -	$ 145,415	$ 605,688	**$ 751,103**
Employee benefits	-	38,733	208,255	**246,988**
Payroll taxes	-	10,864	45,072	**55,936**
Total Salaries and Related Expenses	-	195,012	859,015	**1,054,027**
Professional fees and purchased services	-	26,047	102,629	**128,676**
Supplies	-	3,139	9,070	**12,209**
Telephone	-	1,871	10,615	**12,486**
Postage and shipping	-	1,310	4,486	**5,796**
Occupancy	-	14,322	75,617	**89,939**
Rental and maintenance of equipment	-	415	2,486	**2,901**
Printing and publications	-	9,716	54,827	**64,543**
Travel	-	1,238	9,064	**10,302**
Conferences, conventions and meetings	-	1,655	5,025	**6,680**
Subscriptions and publications	-	50	259	**309**
Membership dues	-	556	1,936	**2,492**
Administrative	-	18,302	54,906	**73,208**
Miscellaneous	-	(2,971)	(8,573)	**(11,544)**
Total Expenses Before Depreciation	-	270,662	1,181,362	**1,452,024**
Depreciation	-	2,769	6,922	**9,691**
Total Operating Expenses	-	273,431	1,188,284	**1,461,715**
United Way of America dues	93,792	-	-	**93,792**
Total Expenses	$ 93,792	$ 273,431	$ 1,188,284	**$ 1,555,507**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2013

	Due to Affiliate	Management and General	Fundraising	Total
Salaries	$ -	$ 140,428	$ 692,525	**$ 832,953**
Employee benefits	-	36,772	203,176	**239,948**
Payroll taxes	-	11,712	57,817	**69,529**
Total Salaries and Related Expenses	-	188,912	953,518	**1,142,430**
Professional fees and purchased services	-	32,118	132,202	**164,320**
Supplies	-	1,840	9,674	**11,514**
Telephone	-	2,049	12,803	**14,852**
Postage and shipping	-	1,454	9,680	**11,134**
Occupancy	-	10,218	62,195	**72,413**
Rental and maintenance of equipment	-	349	2,420	**2,769**
Printing and publications	-	10,312	74,842	**85,154**
Travel	-	941	8,307	**9,248**
Conferences, conventions and meetings	-	1,489	3,823	**5,312**
Subscriptions and publications	-	87	402	**489**
Membership dues	-	643	1,861	**2,504**
State affiliation dues	-	4,836	14,507	**19,343**
Administrative	-	16,729	50,187	**66,916**
Miscellaneous	-	994	7,510	**8,504**
Total Expenses Before Depreciation	-	272,971	1,343,931	**1,616,902**
Depreciation	-	3,470	8,675	**12,145**
Total Operating Expenses	-	276,441	1,352,606	**1,629,047**
United Way of America dues	95,516	-	-	**95,516**
Total Expenses	$ 95,516	$ 276,441	$ 1,352,606	**$ 1,724,563**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING ACTIVITIES		
Change in net assets	**$ 1,059,076**	$ 374,206
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation	**13,845**	17,350
Increase/gain in cash surrender value of life insurance	**(158,524)**	(111,902)
Net realized and unrealized gain on investments	**(367,520)**	(267,788)
Net investment gain from perpetual interest in trusts	**(320,831)**	(172,506)
	226,046	(160,640)
Changes in operating assets and liabilities:		
Pledges receivable - annual campaign, net	**667,060**	301,338
Accounts receivable	**30,046**	(41,451)
Prepaid expenses	**(6,881)**	37,918
Reserved cash	**(475,847)**	405,579
Restricted cash	**(856)**	(425,282)
Donor designations payable	**(145,022)**	(285,844)
Allocations payable	**(292,601)**	22,228
Accounts payable and accrued expenses	**(10,958)**	79,882
Net Cash and Cash Equivalents Used by Operating Activities	**(9,013)**	(66,272)
INVESTING ACTIVITIES		
Equipment additions	**(1,960)**	-
Purchases of investments	**(206,774)**	(121,035)
Proceeds received from investments	**90,084**	317,705
Proceeds from life insurance policies	**80,389**	67,929
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	**(38,261)**	264,599
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(47,274)**	198,327
CASH AND CASH EQUIVALENTS		
Beginning of year	**731,931**	533,604
End of year	**$ 684,657**	$ 731,931

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.

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.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 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 $560,419 and $84,572 of reserved cash and cash equivalents at June 30, 2014 and 2013, respectively, which are required to be kept in a separate bank account for the operations of the CFC.

Restricted Cash - Additionally, the Organization had $426,138 and $425,282 of restricted cash and cash equivalents at June 30, 2014 and 2013, respectively, 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 property and 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).

Accounting for Uncertainty in Income Taxes - The Organization has adopted accounting rules that prescribe when to recognize, and how to measure, the financial statement effects of income tax positions taken, or expected to be taken, on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Organization only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy as of June 30, 2014 and 2013. The federal tax returns of the Organization for 2010, 2011, and 2012 are subject to examination by taxing authority, generally for three years after the due date.

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 5% 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 $1,519 and $3,417 as of June 30, 2014 and 2013, respectively. The deficiency resulted from unfavorable market declines.

Reclassifications - Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 financial statement presentation.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 19, 2014, the date the financial statements were available to be issued.

NOTE C - EQUIPMENT

	2014	2013
Equipment	**$ 164,320**	$ 162,360
Less accumulated depreciation	**127,392**	113,547
	$ 36,928	$ 48,813

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, 2014 and 2013:

	2014	2013
Unrestricted:		
United Way of the Greater Dayton Area Endowment Fund	$ 1,297,492	$ 1,156,174
United Way of the Greater Dayton Area Memorial Fund	736,893	495,500
	2,034,385	1,651,674
Restricted:		
United Way of the Greater Dayton Area Campaign Fund	426,115	383,104
Rike Family Endowment Fund	486,171	437,098
Gertrude Mellen Fund	23,481	21,583
	935,767	841,785
Total Investments at The Dayton Foundation	$ 2,970,152	$ 2,493,459
Investments in municipal bonds	$ 552,690	$ 545,171

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.

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

	2014	2013
C.H. Dean & Associates Inc. Fund	$ 279,829	$ 244,541
Berry Family Fund	2,395,244	2,117,257
Marie S. Aull Fund	78,230	70,674
	$ 2,753,303	$ 2,432,472

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, 2014.

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, fixed income, real estate mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year-end.

Hedge fund of funds: Assets are part of pooled investments held by The Dayton Foundation, and are valued at the equity (pro rata interest) in the net assets of the hedge fund of funds, based on valuations provided by respective fund managers. The fair values reported by the fund managers are based on quoted market prices, if available, or other valuation methods.

*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.

Cash surrender value of life insurance: Valued based upon amounts provided by the Organization's insurance agent.

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, 2014 are as follows:

	2014			
	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	**$ 59,403**	$ -	$ 59,403	$ -
Domestic equity funds	**1,277,165**	-	1,277,165	-
International equity funds	**623,732**	-	623,732	-
Fixed income	**968,511**	552,690	415,821	-
Hedge fund of funds	**594,031**	-	-	594,031
Beneficial interest in perpetual trusts	**2,753,303**	-	-	2,753,303
Cash surrender value of life insurance	**2,248,131**	-	-	2,248,131
	$ 8,524,276	$ 552,690	$ 2,376,121	$ 5,595,465

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2013 are as follows:

	2013			
	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	**$ 74,804**	$ -	$ 74,804	$ -
Domestic equity funds	**997,383**	-	997,383	-
International equity funds	**498,692**	-	498,692	-
Fixed income	**944,124**	545,171	398,953	-
Hedge fund of funds	**498,692**	-	-	498,692
Real estate mutual funds	**24,935**	-	24,935	-
Beneficial interest in perpetual trusts	**2,432,472**	-	-	2,432,472
Cash surrender value of life insurance	**2,169,996**	-	-	2,169,996
	$ 7,641,098	$ 545,171	$ 1,994,767	$ 5,101,160

NOTE F - FAIR VALUE MEASUREMENTS - continued

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2014 and 2013:

	2014		
	Cash Surrender Value of Life Insurance	**Hedge Fund of Funds**	**Beneficial Interest in Perpetual Trusts**
Balance, beginning of year	**$ 2,169,996**	**$ 498,692**	**$ 2,432,472**
Total gains (realized and unrealized)	**158,524**	**95,339**	**-**
Change in fair value	**-**	**-**	**410,773**
Distributions	**-**	**-**	**(89,942)**
Proceeds	**(80,389)**	**-**	**-**
Balance, end of year	**$ 2,248,131**	**$ 594,031**	**$ 2,753,303**

	2013		
	Cash Surrender Value of Life Insurance	Hedge Fund of Funds	Beneficial Interest in Perpetual Trusts
Balance, beginning of year	$ 2,126,023	$ 484,476	$ 2,259,966
Total gains (realized and unrealized)	111,902	41,300	-
Change in fair value	-	(27,084)	259,074
Distributions	-	-	(86,568)
Proceeds	(67,929)	-	-
Balance, end of year	$ 2,169,996	$ 498,692	$ 2,432,472

NOTE G - LETTER OF CREDIT

The Organization entered into a letter of credit agreement with PNC Bank in March 2013 for a one year period. Upon expiration, the Organization extended the letter of credit agreement through May 2015. The agreement allows the Organization to receive standby letters of credit that, in aggregate, may not exceed $400,000. Interest is charged at 2.00% plus a floating rate per annum equal to the greater of the Prime Rate (3.25% at both June 30, 2014 and 2013), the Federal Funds Rate (0.25% at both June 30, 2014 and 2013) plus 0.50%, or the Daily LIBOR Rate (0.09% and 0.12% at June 30, 2014 and 2013, respectively) plus 1.00%. There were no outstanding letters of credit as of June 30, 2014 and 2013.

The letter of credit is collateralized by a money market account held at PNC Bank. The balance of this account was $426,138 and $425,282 as of June 30, 2014 and 2013, respectively, 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, 2014 and 2013 are as follows:

	2014	2013
Appropriated		
Funds held at The Dayton Foundation	$ 2,034,385	$ 1,651,674
Unappropriated deficit	(655,478)	(839,817)
Unrestricted net assets	$ 1,378,907	$ 811,857

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

	2014	2013
Cash surrender value of life insurance	$ 2,248,131	$ 2,169,996
United Way of the Greater Dayton Area Campaign Fund	426,115	383,104
Rike Family Endowment Fund investment earnings	236,171	187,098
Contributions for 2013 campaign	-	27,500
Contributions for 2014 campaign	28,476	-
	$ 2,938,893	$ 2,767,698

The following schedule is the assets released from restrictions for the years ended June 30, 2014 and 2013:

	2014	2013
Release of purpose restriction	$ 46,746	$ 43,606
Release of time restriction	27,500	-
	$ 74,246	$ 43,606

NOTE J - PERMANENTLY RESTRICTED NET ASSETS

	2014	2013
Gertrude Mellen Fund	$ 25,000	$ 25,000
Rike Family Endowment Fund	250,000	250,000
Beneficial interest in perpetual trusts	2,753,303	2,432,472
	$ 3,028,303	$ 2,707,472

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 ended June 30, 2014 and 2013 was $160,955 and $140,800, respectively.

This multi-employer defined benefit pension plan was frozen as of December 31, 2008. The Plan, which was previously fully funded, was underfunded as of June 30, 2014 and 2013.

Early in fiscal year-end 2012, participating agencies requested a spin off analysis to estimate each members' 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 $1,100,000 as of June 30, 2014 and 2013, 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, 2014 and 2013 based on information and projections provided by the plan's actuary, was $10,000,000 and $8,000,000, respectively.

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.

The following represents information about the Organization's multi-employer pension plan as of June 30, 2014 and 2013, 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**	**2014**	2013	FIP/RP Status	**2014**	2013	Surcharge Imposed
Employee Benefit Plan of the United Way of the Greater Dayton Area and Affiliated Agencies	31-0536658 Plan No. 333	*	*	N/A	**$ 160,955**	$ 140,800	N/A

* 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.

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 ended June 30, 2014 and 2013 was $85,452 and $89,826, respectively.

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 as of June 30, 2014 and 2013 were as follows:

	2014	2013
United Way Agencies	**$ 4,323,438**	$ 4,806,514
Neighboring United Way Agencies	**133,342**	146,875
Combined Federal Campaign	**1,769,071**	2,662,751
	$ 6,225,851	$ 7,616,140

Total volunteer and donor allocations of the campaigns as of June 30, 2014 and 2013 were as follows:

	2014	2013
Allocations	**$ 2,503,731**	$ 2,651,863
Designated disbursements	**3,722,120**	4,964,277
	$ 6,225,851	$ 7,616,140

NOTE P - INCOME FROM MEMBER AGENCIES

The Organization provided certain services to various agencies throughout the year. Income from services was $315,347 and $347,744 for the years ended June 30, 2014 and 2013, respectively.

NOTE Q - 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 2013 campaign, but not disbursed as of June 30, 2014, amounted to $2,563,292.

Donor designations pledged as part of the 2012 campaign, but not disbursed as of June 30, 2013, amounted to $2,855,893.

NOTE R - 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. No payments were made during the fiscal year ended June 30, 2014. During the fiscal year ended June 30, 2013, the Organization made a payment of $30,000 for the premiums. 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, 2014 and 2013, the Organization received $80,389 and $67,929, respectively, from these policies.

NOTE S - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2014:

	2014			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor designated net assets, beginning of year	$ (3,417)	$ 187,098	$ 275,000	**$ 458,681**
Interest and dividend income	273	5,588	-	**5,861**
Net investment gain (realized and unrealized)	3,058	62,547	-	**65,605**
Fees	(605)	(2,915)	-	**(3,520)**
Amounts appropriated for expenditure	(828)	(16,147)	-	**(16,975)**
Donor designated net assets, end of year	$ (1,519)	$ 236,171	$ 275,000	**$ 509,652**

NOTE S - ENDOWMENT FUNDS AND NET ASSETS - continued

The following table summarizes all Organization net assets as of June 30, 2014:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ (1,519)	$ 236,171	$ 275,000	**$ 509,652**
Non-endowment funds:				
Operating	1,380,426	-	-	**1,380,426**
Beneficial interest in perpetual trusts	-	-	2,753,303	**2,753,303**
Purpose restricted funds	-	426,115	-	**426,115**
Time restricted funds	-	28,476	-	**28,476**
Cash surrender value of life insurance policies	-	2,248,131	-	**2,248,131**
	$ 1,378,907	$ 2,938,893	$ 3,028,303	**$ 7,346,103**

The following is a summary of changes in endowment net assets for the year ended June 30, 2013:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated net assets, beginning of year	$ (4,482)	$ 155,829	$ 275,000	**$ 426,347**
Interest and dividend income	174	5,816	-	**5,990**
Net investment gain (realized and unrealized)	2,158	43,086	-	**45,244**
Fees	(452)	(2,107)	-	**(2,559)**
Amounts appropriated for expenditure	(815)	(15,526)	-	**(16,341)**
Donor designated net assets, end of year	$ (3,417)	$ 187,098	$ 275,000	**$ 458,681**

The following table summarizes all Organization net assets as of June 30, 2013:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ (3,417)	$ 187,098	$ 275,000	**$ 458,681**
Non-endowment funds:				
Operating	815,274	-	-	**815,274**
Beneficial interest in perpetual trusts	-	-	2,432,472	**2,432,472**
Purpose restricted funds	-	383,104	-	**383,104**
Time restricted funds	-	27,500	-	**27,500**
Cash surrender value of life insurance policies	-	2,169,996	-	**2,169,996**
	$ 811,857	$ 2,767,698	$ 2,707,472	**$ 6,287,027**

NOTE T - OPERATING LEASES

The Organization entered into a lease in May 2010, for office space in Dayton, Ohio. The terms of the lease call for escalating rent payments through April 2015. During July 2013, the lease was amended, which resulted in a reduced monthly rent charge fixed at $10,000 through April 2015. Rental expense on this lease was $120,000 and $176,586 for the years ended June 30, 2014 and 2013, respectively.

The Organization also entered into a lease in June 2011, for office space in Xenia, Ohio. The terms of the lease call for monthly rental payments of $250 through June 2014. Upon expiration, the Organization extended the lease terms through April 2015. Rental expense was $3,000 for both the years ended June 30, 2014 and 2013.

The Organization leased office space in Eaton, Ohio for the period of July 1, 2013 through June 30, 2014. Subsequent to year-end, the Organization renewed the lease for the period July 1, 2014 through June 30, 2015 for monthly rental payments of $250. Rental expense was $3,000 for both the years ended June 30, 2014 and 2013.

The Organization leased office equipment, with monthly base rental payments of $5,033, plus a usage surcharge, through December 2013. Upon expiration, the Organization began leasing office equipment with monthly base rental payments of $566, plus a usage surcharge, through December 2018. Rental expense was $45,179 and $70,073 for the years ended June 30, 2014 and 2013, respectively.

Minimum lease payments for operating leases as of June 30, 2014 are as follows:

2015	$	112,291
2016		6,791
2017		6,791
2018		3,396
	$	129,269