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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

THE UNITED WAY OF THE GREATER DAYTON AREA

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YEARS ENDED JUNE 30, 2018 AND 2017

BRADY WARE
& SCHOENFELD

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, 2018 and 2017, 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, 2018 and 2017, 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 21, 2018

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 449,083**	$ 596,696
Pledges receivable		
Annual campaigns, net of adjustment of $500,448 and $692,516, respectively, for net realizable value	**1,695,856**	2,804,927
Accounts receivable - other	**137,904**	143,062
Prepaid expenses	**7,722**	7,507
Investments in municipal bonds	**794,736**	687,436
Reserved cash	**51,704**	925,150
	3,137,005	5,164,778
EQUIPMENT, NET	**30,032**	40,352
OTHER ASSETS		
Restricted cash	**225,593**	325,746
Cash surrender value of life insurance	**2,086,132**	2,076,507
Investments at The Dayton Foundation	**3,065,144**	2,954,287
Beneficial interest in perpetual trusts	**2,873,915**	2,778,272
	8,250,784	8,134,812
	$ 11,417,821	$ 13,339,942
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Donor designations payable	**$ 755,011**	$ 2,590,135
Grants payable	**1,854,236**	1,906,462
Accounts payable and accrued expenses	**130,064**	180,252
Affiliate payable	**32,949**	47,149
	2,772,260	4,723,998
LONG-TERM LIABILITIES		
Long-term defined benefit obligation	**1,785,000**	1,550,000
	4,557,260	6,273,998
NET ASSETS		
Unrestricted	**900,831**	1,268,706
Temporarily restricted	**2,810,815**	2,743,966
Permanently restricted	**3,148,915**	3,053,272
	6,860,561	7,065,944
	$ 11,417,821	$ 13,339,942

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2018	Totals 2017
PUBLIC SUPPORT AND REVENUE					
2018 gross campaign contributions	$ 29,195	$ -	$ -	**$ 29,195**	$ -
2017 gross campaign contributions	5,114,298	-	-	**5,114,298**	11,500
2016 gross campaign contributions	36,422	-	-	**36,422**	7,614,422
2015 gross campaign contributions	13,456	-	-	**13,456**	38,546
2014 gross campaign contributions	-	-	-	**-**	970
Less					
Donor designations	(1,379,408)	-	-	**(1,379,408)**	(3,426,190)
Adjustment for net realizable value	(219,502)	-	-	**(219,502)**	(390,589)
Total campaign revenue	3,594,461	-	-	**3,594,461**	3,848,659
Freedom Schools grants	198,000	-	-	**198,000**	200,000
Other contributions and grants	318,397	38,627	-	**357,024**	304,565
Service fees	170,166	-	-	**170,166**	189,877
Investment income	28,203	-	-	**28,203**	11,116
Information and referral	198,100	-	-	**198,100**	91,518
Net assets released from restrictions	83,297	(83,297)	-	**-**	-
Total public support and revenue	4,590,624	(44,670)	-	**4,545,954**	4,645,735
EXPENSES					
Program services	3,540,511	-	-	**3,540,511**	3,566,933
Supporting services					
Management and general	319,092	-	-	**319,092**	353,791
Fundraising	1,118,907	-	-	**1,118,907**	1,184,513
Total expenses	4,978,510	-	-	**4,978,510**	5,105,237
CHANGE IN NET ASSETS FROM OPERATIONS	(387,886)	(44,670)	-	**(432,556)**	(459,502)
OTHER CHANGES					
Increase (decrease) in cash surrender value of life insurance	-	1,437	-	**1,437**	(34,122)
Gain on life insurance policies	-	45,078	-	**45,078**	47,560
Gain on investments at The Dayton Foundation and investments in municipal bonds	151,362	65,004	-	**216,366**	364,623
Gain on perpetual interest in trusts	103,649	-	95,643	**199,292**	316,078
TOTAL OTHER CHANGES	255,011	111,519	95,643	**462,173**	694,139
Change in net assets before pension adjustment	(132,875)	66,849	95,643	**29,617**	234,637
Defined benefit plan adjustment	(235,000)	-	-	**(235,000)**	(450,000)
CHANGE IN NET ASSETS	(367,875)	66,849	95,643	**(205,383)**	(215,363)
NET ASSETS					
Beginning of year	1,268,706	2,743,966	3,053,272	**7,065,944**	7,281,307
End of year	$ 900,831	$ 2,810,815	$ 3,148,915	**$ 6,860,561**	$ 7,065,944

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
2017 gross campaign contributions	$ -	$ 11,500	$ -	**$ 11,500**
2016 gross campaign contributions	7,614,422	-	-	**7,614,422**
2015 gross campaign contributions	38,546	-	-	**38,546**
2014 gross campaign contributions	970	-	-	**970**
Less				
Donor designations	(3,426,190)	-	-	**(3,426,190)**
Adjustment for net realizable value	(390,589)	-	-	**(390,589)**
Total campaign revenue	3,837,159	11,500	-	**3,848,659**
Freedom Schools grants	200,000	-	-	**200,000**
Other contributions and grants	302,065	2,500	-	**304,565**
Service fees	189,877	-	-	**189,877**
Investment income	11,116	-	-	**11,116**
Information and referral	91,518	-	-	**91,518**
Net assets released from restrictions	176,743	(176,743)	-	**-**
Total public support and revenue	4,808,478	(162,743)	-	**4,645,735**
EXPENSES				
Program services	3,566,933	-	-	**3,566,933**
Supporting services				
Management and general	353,791	-	-	**353,791**
Fundraising	1,184,513	-	-	**1,184,513**
Total expenses	5,105,237	-	-	**5,105,237**
CHANGE IN NET ASSETS FROM OPERATIONS	(296,759)	(162,743)	-	**(459,502)**
OTHER CHANGES				
Decrease in cash surrender value of life insurance	-	(34,122)	-	**(34,122)**
Gain on life insurance policies	-	47,560	-	**47,560**
Gain on investments at The Dayton Foundation and investments in municipal bonds	257,351	107,272	-	**364,623**
Gain on perpetual interest in trusts	103,522	-	212,556	**316,078**
TOTAL OTHER CHANGES	360,873	120,710	212,556	**694,139**
Change in net assets before pension adjustment	64,114	(42,033)	212,556	**234,637**
Defined benefit plan adjustment	(450,000)	-	-	**(450,000)**
CHANGE IN NET ASSETS	(385,886)	(42,033)	212,556	**(215,363)**
NET ASSETS				
Beginning of year	1,654,592	2,785,999	2,840,716	**7,281,307**
End of year	$ 1,268,706	$ 2,743,966	$ 3,053,272	**$ 7,065,944**

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Program Services	**Supporting Services**	**Total**	Program Services	Supporting Services	Total
Salaries	**$ 681,031**	**$ 738,323**	**$ 1,419,354**	$ 648,865	$ 745,608	$ 1,394,473
Employee benefits	**323,176**	**285,027**	**608,203**	250,662	243,494	494,156
Payroll taxes	**54,359**	**56,280**	**110,639**	52,501	58,893	111,394
Total salaries and related expenses	**1,058,566**	**1,079,630**	**2,138,196**	952,028	1,047,995	2,000,023
Professional fees and purchased services	**400,667**	**104,396**	**505,063**	414,118	152,487	566,605
Supplies	**26,809**	**7,563**	**34,372**	19,876	7,486	27,362
Telephone	**14,965**	**6,519**	**21,484**	15,697	7,830	23,527
Postage and shipping	**529**	**2,880**	**3,409**	353	10,438	10,791
Occupancy	**103,310**	**73,671**	**176,981**	101,287	73,762	175,049
Rental and maintenance of equipment	**2,739**	**1,962**	**4,701**	1,268	965	2,233
Printing and publications	**38,034**	**37,347**	**75,381**	60,618	66,048	126,666
Travel	**11,829**	**5,414**	**17,243**	12,690	7,313	20,003
Conferences, conventions and meetings	**32,753**	**1,497**	**34,250**	34,621	13,387	48,008
Subscriptions and publications	**905**	**783**	**1,688**	828	696	1,524
Membership dues	**6,177**	**2,497**	**8,674**	3,243	3,029	6,272
Administrative	**-**	**33,692**	**33,692**	-	62,200	62,200
Miscellaneous	**1,451**	**2,117**	**3,568**	3,991	3,195	7,186
Total expenses before depreciation	**1,698,734**	**1,359,968**	**3,058,702**	1,620,618	1,456,831	3,077,449
Depreciation	**3,984**	**9,296**	**13,280**	4,029	9,400	13,429
Total operating expenses	**1,702,718**	**1,369,264**	**3,071,982**	1,624,647	1,466,231	3,090,878
Grants	**1,837,793**	**-**	**1,837,793**	1,942,286	-	1,942,286
United Way of America dues	**-**	**68,735**	**68,735**	-	72,073	72,073
Total expenses	**$ 3,540,511**	**$ 1,437,999**	**$ 4,978,510**	$ 3,566,933	$ 1,538,304	$ 5,105,237

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Community Impact	**HelpLink**	**Special Projects**	**Total**	Community Impact	HelpLink	Special Projects	Total
Salaries	**$ 276,255**	**$ 348,649**	**$ 56,127**	**$ 681,031**	$ 274,539	$ 320,282	$ 54,044	$ 648,865
Employee benefits	**134,556**	**163,174**	**25,446**	**323,176**	103,001	123,960	23,701	250,662
Payroll taxes	**21,448**	**28,599**	**4,312**	**54,359**	21,905	26,205	4,391	52,501
Total salaries and related expenses	**432,259**	**540,422**	**85,885**	**1,058,566**	399,445	470,447	82,136	952,028
Professional fees and purchased services	**363,682**	**32,536**	**4,449**	**400,667**	358,019	51,130	4,969	414,118
Supplies	**24,452**	**2,019**	**338**	**26,809**	17,841	1,565	470	19,876
Telephone	**2,124**	**11,550**	**1,291**	**14,965**	2,340	11,167	2,190	15,697
Postage and shipping	**304**	**193**	**32**	**529**	227	111	15	353
Occupancy	**35,685**	**62,163**	**5,462**	**103,310**	35,580	59,614	6,093	101,287
Rental and maintenance of equipment	**1,005**	**1,723**	**11**	**2,739**	494	768	6	1,268
Printing and publications	**28,736**	**7,051**	**2,247**	**38,034**	42,125	16,389	2,104	60,618
Travel	**9,726**	**606**	**1,497**	**11,829**	10,914	740	1,036	12,690
Conferences, conventions and meetings	**31,737**	**787**	**229**	**32,753**	32,943	1,560	118	34,621
Subscriptions and publications	**336**	**503**	**66**	**905**	298	468	62	828
Membership dues	**563**	**4,539**	**1,075**	**6,177**	613	1,597	1,033	3,243
Miscellaneous	**547**	**849**	**55**	**1,451**	1,164	2,797	30	3,991
Total expenses before depreciation	**931,156**	**664,941**	**102,637**	**1,698,734**	902,003	618,353	100,262	1,620,618
Depreciation	**1,992**	**1,793**	**199**	**3,984**	2,015	1,813	201	4,029
Total operating expenses	**933,148**	**666,734**	**102,836**	**1,702,718**	904,018	620,166	100,463	1,624,647
Grants	**1,837,793**	**-**	**-**	**1,837,793**	1,942,286	-	-	1,942,286
Total expenses	**$ 2,770,941**	**$ 666,734**	**$ 102,836**	**$ 3,540,511**	$ 2,846,304	$ 620,166	$ 100,463	$ 3,566,933

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Management and General	**Fundraising**	**Total**	Management and General	Fundraising	Total
Salaries	**$ 135,742**	**$ 602,581**	**$ 738,323**	$ 141,731	$ 603,877	$ 745,608
Employee benefits	**47,583**	**237,444**	**285,027**	41,771	201,723	243,494
Payroll taxes	**10,454**	**45,826**	**56,280**	11,256	47,637	58,893
Total salaries and related expenses	**193,779**	**885,851**	**1,079,630**	194,758	853,237	1,047,995
Professional fees and purchased services	**23,873**	**80,523**	**104,396**	35,357	117,130	152,487
Supplies	**1,760**	**5,803**	**7,563**	1,660	5,826	7,486
Telephone	**1,241**	**5,278**	**6,519**	1,498	6,332	7,830
Postage and shipping	**592**	**2,288**	**2,880**	1,814	8,624	10,438
Occupancy	**12,793**	**60,878**	**73,671**	12,758	61,004	73,762
Rental and maintenance of equipment	**336**	**1,626**	**1,962**	165	800	965
Printing and publications	**2,216**	**35,131**	**37,347**	10,110	55,938	66,048
Travel	**572**	**4,842**	**5,414**	846	6,467	7,313
Conferences, conventions and meetings	**856**	**641**	**1,497**	2,900	10,487	13,387
Subscriptions and publications	**76**	**707**	**783**	68	628	696
Membership dues	**564**	**1,933**	**2,497**	666	2,363	3,029
Administrative	**8,423**	**25,269**	**33,692**	15,550	46,650	62,200
Miscellaneous	**620**	**1,497**	**2,117**	882	2,313	3,195
Total expenses before depreciation	**247,701**	**1,112,267**	**1,359,968**	279,032	1,177,799	1,456,831
Depreciation	**2,656**	**6,640**	**9,296**	2,686	6,714	9,400
Total operating expenses	**250,357**	**1,118,907**	**1,369,264**	281,718	1,184,513	1,466,231
United Way of America dues	**68,735**	**-**	**68,735**	72,073	-	72,073
Total expenses	**$ 319,092**	**$ 1,118,907**	**$ 1,437,999**	$ 353,791	$ 1,184,513	$ 1,538,304

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	$ (205,383)	$ (215,363)
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation	13,280	13,429
(Increase) decrease in value of cash surrender value of life insurance	(1,437)	34,122
Gain on redemption of life insurance	(45,078)	(47,560)
Net realized and unrealized gain on investments	(167,220)	(316,824)
Net investment gain from perpetual interest in trusts	(95,643)	(212,556)
	(501,481)	(744,752)
Changes in operating assets and liabilities:		
Pledges receivable - annual campaigns, net	1,109,071	267,695
Accounts receivable - other	5,158	(12,684)
Prepaid expenses	(215)	857
Reserved cash	873,446	(269,613)
Restricted cash	100,153	(746)
Donor designations payable	(1,835,124)	63,634
Grants payable	(52,226)	(65,690)
Accounts payable and accrued expenses	(50,188)	(3,847)
Affiliate payable	(14,200)	2,952
Defined benefit plan obligation	235,000	450,000
Net cash and cash equivalents used by operating activities	(130,606)	(312,194)
INVESTING ACTIVITIES		
Purchase of equipment	(2,960)	(11,799)
Purchases of investments	(161,946)	(137,788)
Proceeds received from investments	111,009	111,637
Life insurance premium payments	(9,900)	(29,400)
Proceeds from life insurance policies	46,790	88,619
Net cash and cash equivalents provided (used) by investing activities	(17,007)	21,269
NET DECREASE IN CASH AND CASH EQUIVALENTS	(147,613)	(290,925)
CASH AND CASH EQUIVALENTS		
Beginning of year	596,696	887,621
End of year	$ 449,083	$ 596,696

See notes to financial statements.

NOTE 1 - 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 programs within the greater Dayton area through a competitive grant process to achieve measurable outcomes in the areas of Health, Education, and Financial Stability. 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 was 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 solicited funds from federal employees. The Organization, as PCFO, collected the campaign contributions and disbursed them to qualified agencies, net of campaign expenses. The last CFC campaign was solicited in 2016, and the campaign contributions and disbursements were recorded in 2017. For the Organization, as PCFO, the CFC concluded in 2018 and all related campaign contributions and disbursements were made prior to June 30, 2018. The activity of the CFC is included in the accompanying financial statements.

NOTE 2 - 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.

NOTE 2 - 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 $51,704 and $925,150 of reserved cash and cash equivalents at June 30, 2018 and 2017, which are required to be kept in a separate bank accounts for the operations of the CFC and the Hall Hunger Initiative. As of June 30, 2018, reserved cash consisted only of Hall Hunger Initiative funds, as CFC operations has ceased during fiscal year 2018 and all funds had been disbursed before June 30, 2018. See Note 17.

Restricted Cash - Additionally, the Organization had $225,593 and $325,746 of restricted cash and cash equivalents at June 30, 2018 and 2017, which serves as collateral on the Organization's letter of credit. See Note 7.

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 2 - 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, 2018.

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. Beginning in 2018, the Foundation uses the previous 20 calendar quarters' average market value multiplied by 4% to determine the amount available for distribution. In prior years, the Foundation used the previous 12 calendar quarters' average market value in their calculation.

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 $1,135 as of June 30, 2017. The deficiency resulted from unfavorable market declines. There was no deficiency as of June 30, 2018.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 21, 2018, the date the financial statements were available to be issued.

NOTE 3 - EQUIPMENT

	2018	2017
Equipment	**$ 191,733**	$ 188,773
Less accumulated depreciation	**161,701**	148,421
	$ 30,032	$ 40,352

NOTE 4 - 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, 2018 and 2017:

	2018	2017
Unrestricted:		
United Way of the Greater Dayton Area Endowment Fund	$ 1,336,673	$ 1,295,147
United Way of the Greater Dayton Area Memorial Fund	767,418	729,913
	2,104,091	2,025,060
Restricted:		
United Way of the Greater Dayton Area Campaign Fund	436,534	422,985
Rike Family Endowment Fund	497,818	482,377
Gertrude Mellen Fund	26,701	23,865
	961,053	929,227
Total Investments at The Dayton Foundation	$ 3,065,144	$ 2,954,287
Investments in municipal bonds	$ 794,736	$ 687,436

NOTE 5 - 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.

	2018	2017
C.H. Dean & Associates Inc. Fund	$ 275,960	$ 274,466
Berry Family Fund	2,519,620	2,427,397
Marie S. Aull Fund	78,335	76,409
	$ 2,873,915	$ 2,778,272

NOTE 6 - 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, 2018.

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 funds and real estate mutual 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 6 - FAIR VALUE MEASUREMENTS - continued

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2018 are as follows:

	2018			
	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	**$ 166,913**	$ -	$ 166,913	$ -
Domestic equity funds	**1,325,953**	-	1,325,953	-
International equity funds	**825,362**	-	825,362	-
Fixed income	**1,226,083**	794,736	431,347	-
Real estate mutual funds	**39,706**	-	39,706	-
Beneficial interest in perpetual trusts	**2,873,915**	-	2,873,915	-
Total assets in the fair value hierarchy	**6,457,932**	794,736	5,663,196	-
Alternative investments, NAV as a practical expedient [(a)]	**275,863**	-	-	-
	$ 6,733,795	$ 794,736	$ 5,663,196	$ -

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2017 are as follows:

	2017			
	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	**$ 81,091**	$ -	$ 81,091	$ -
Domestic equity funds	**1,168,463**	-	1,168,463	-
International equity funds	**774,436**	-	774,436	-
Fixed income	**1,234,283**	687,436	546,847	-
Real estate mutual funds	**15,076**	-	15,076	-
Beneficial interest in perpetual trusts	**2,778,272**	-	2,778,272	-
Total assets in the fair value hierarchy	**6,051,621**	687,436	5,364,185	-
Alternative investments, NAV as a practical expedient [(a)]	**368,374**	-	-	-
	$ 6,419,995	$ 687,436	$ 5,364,185	$ -

[(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 7 - LETTER OF CREDIT

The Organization entered into a letter of credit agreement with PNC which expired in May 2018, and allowed the Organization to receive standby letters of credit that, in aggregate, could not exceed $325,000. The agreement was amended on May 23, 2018, and the maximum aggregate balance was reduced from $325,000 to $225,000. Interest is charged at the Prime Rate (5.00% and 4.25% at June 30, 2018 and 2017) for both agreements. There were no outstanding letters of credit as of June 30, 2018 and 2017.

The letter of credit is collateralized by a money market account held at PNC Bank. The balance of this account was $225,593 and $325,746 as of June 30, 2018 and 2017, and is classified as restricted cash in the statements of financial position.

NOTE 8 - UNRESTRICTED NET ASSETS

A summary of appropriated and unappropriated unrestricted net assets as of June 30, 2018 and 2017 are as follows:

	2018	2017
Appropriated		
Funds held at The Dayton Foundation	**$ 2,104,091**	$ 2,025,060
Unappropriated deficit	**(1,203,260)**	(756,354)
Unrestricted net assets	**$ 900,831**	$ 1,268,706

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

	2018	2017
Cash surrender value of life insurance	**$ 2,086,132**	$ 2,076,507
United Way of the Greater Dayton Area Campaign Fund	**436,534**	422,985
SilverLink	**-**	595
VetsLink	**38,627**	-
Rike Family Endowment Fund investment earnings	**247,821**	232,379
Gertrude Mellen Fund investment earnings	**1,701**	-
Contributions for 2017 campaign	**-**	11,500
	$ 2,810,815	$ 2,743,966

The following schedule is the assets released from restrictions for the years ended June 30, 2018 and 2017:

	2018	2017
Release of purpose restriction	**$ 26,719**	$ 116,449
Release of time restriction	**56,578**	60,294
	$ 83,297	$ 176,743

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS

	2018	2017
Gertrude Mellen Fund	$ 25,000	$ 25,000
Rike Family Endowment Fund	250,000	250,000
Beneficial interest in perpetual trusts	2,873,915	2,778,272
	$ 3,148,915	$ 3,053,272

NOTE 11 - 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 12 - 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 contributions for the years 2018 and 2017 was $284,215 and $191,796.

This multi-employer defined benefit pension plan was frozen as of December 31, 2008. The Plan was underfunded as of June 30, 2018 and 2017.

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 $1,785,000 and $1,550,000 as of June 30, 2018 and 2017, 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, 2018 and 2017, based on information and projections provided by the plan's actuary, was $12,700,000 and $11,000,000.

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 multi-employer pension plan is in the process of investigating spinning off the participating employers into their own defined benefit pension plans. A spin off proposal agreement has been drafted and signed by all nine participating employers. It was submitted to the Pension Benefit Guaranty Corporation (PBGC) in November 2017. The liability may increase in the event the PBGC accepts the terms of the agreement and the participating employers successfully spin off. The proposed spin-off date in the agreement submitted to PBGC was December 31, 2017. However, if approved by the PBGC, the actual date of the spin-off cannot be reasonably estimated as of year end.

NOTE 12 - MULTI-EMPLOYER PENSION PLAN - continued

The following represents information about the Organization's multi-employer pension plan as of June 30, 2018 and 2017 and the years then ended:

Name of Pension Fund	EIN and Plan Number	Pension Protection Act Zone Status 2018	Pension Protection Act Zone Status 2017	FIP/RP Status	Contributions for the Year Ended June 30 2018	Contributions for the Year Ended June 30 2017	Surcharge Imposed
Employee Benefit Plan of the United Way of the Greater Dayton Area and Affiliated Agencies	31-0536658 Plan No. 333	*	*	*	$ 284,215	$ 191,796	*

* 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, 2017, 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 13 - 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 2018 and 2017 was $85,378 and $82,106.

NOTE 14 - 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 15 - GRANTS 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. As discussed in Note 1, the Organization ceased involvement with Combined Federal Campaign in 2018 and the remaining campaign disbursements were made prior to June 30, 2018. Volunteer and donor grants and designations to agencies for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
United Way Agencies and Combined Federal Campaign	**$ 3,070,035**	$ 5,275,862
Neighboring United Way Agencies	**147,166**	92,614
	$ 3,217,201	$ 5,368,476

NOTE 15 - GRANTS AND DESIGNATED DISBURSEMENTS TO AFFILIATED ORGANIZATIONS - continued

Total volunteer and donor grants and designations of the campaigns for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Grants	$ 1,837,793	$ 1,942,286
Designated disbursements	1,379,408	3,426,190
	$ 3,217,201	$ 5,368,476

NOTE 16 - INCOME FROM MEMBER AGENCIES

The Organization provided certain services to various agencies throughout the year. Income from services was $170,166 and $189,877 for the years 2018 and 2017.

NOTE 17 - AFFILIATE PAYABLE

The Organization received a transfer in 2018 and 2017 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 Organization to act as its agent with regards to control of its funds. The Organization included $51,704 and $63,970 of reserved cash and $32,949 and $47,149 of affiliate payables at June 30, 2018 and 2017, respectively, 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 18 - DONOR DESIGNATIONS PAYABLE

The Organization honors designations from donors to other 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. As discussed in Note 1, the Combined Federal Campaign concluded in 2018 and all related designations payable were disbursed prior to June 30, 2018.

Donor designations pledged as part of the 2017 campaign, but not disbursed as of June 30, 2018, amounted to $755,011.

Donor designations pledged as part of the 2016 campaign, but not disbursed as of June 30, 2017, amounted to $2,590,135.

NOTE 19 - 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 $9,900 and $29,400 were made by the Organization during the fiscal years 2018 and 2017. 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 2018 and 2017, the Organization received $46,790 and $88,619 from these policies.

NOTE 20 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2018:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated net assets, beginning of year	$ (1,135)	$ 232,379	$ 275,000	**$ 506,244**
Interest and dividend income	-	8,241	-	**8,241**
Net investment gain (realized and unrealized)	1,135	29,834	-	**30,969**
Fees	-	(2,646)	-	**(2,646)**
Amounts appropriated for expenditure	-	(18,286)	-	**(18,286)**
Donor designated net assets, end of year	$ -	$ 249,522	$ 275,000	**$ 524,522**

The following table summarizes all Organization net assets as of June 30, 2018:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ -	$ 249,522	$ 275,000	**$ 524,522**
Non-endowment funds:				
Operating	900,831	-	-	**900,831**
Beneficial interest in perpetual trusts	-	-	2,873,915	**2,873,915**
Purpose restricted funds	-	475,161	-	**475,161**
Cash surrender value of life insurance policies	-	2,086,132	-	**2,086,132**
	$ 900,831	$ 2,810,815	$ 3,148,915	**$ 6,860,561**

The following is a summary of changes in endowment net assets for the year ended June 30, 2017:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated net assets, beginning of year	$ (3,667)	$ 193,688	$ 275,000	**$ 465,021**
Interest and dividend income	378	7,809	-	**8,187**
Net investment gain (realized and unrealized)	2,773	52,590	-	**55,363**
Fees	(619)	(3,335)	-	**(3,954)**
Amounts appropriated for expenditure	-	(18,373)	-	**(18,373)**
Donor designated net assets, end of year	$ (1,135)	$ 232,379	$ 275,000	**$ 506,244**

NOTE 20 - ENDOWMENT FUNDS AND NET ASSETS - continued

The following table summarizes all Organization net assets as of June 30, 2017:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ (1,135)	$ 232,379	$ 275,000	**$ 506,244**
Non-endowment funds:				
Operating	1,269,841	-	-	**1,269,841**
Beneficial interest in perpetual trusts	-	-	2,778,272	**2,778,272**
Purpose restricted funds	-	423,580	-	**423,580**
Time restricted funds	-	11,500	-	**11,500**
Cash surrender value of life insurance policies	-	2,076,507	-	**2,076,507**
	$ 1,268,706	$ 2,743,966	$ 3,053,272	**$ 7,065,944**

NOTE 21 - OPERATING LEASES

The Organization leases office space in Dayton and Eaton, Ohio, and office equipment under 2018 operating leases that extend through April 2019. The Organization leased space in Xenia, Ohio until March 2018 for $6,000 annually. That lease was not renewed. The leases are as follows:

Office Space/Equipment	Annual Rent	Expiration
Dayton, Ohio Office Space	$ 120,000	April 2019
Eaton, Ohio Office Space	2,400	June 2018
Office Equipment	6,791	December 2018

Total rental expense was $134,934 and $136,100 for the years 2018 and 2017.

Minimum lease payments for operating leases as of June 30, 2018 are $105,796 for 2019.