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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

THE UNITED WAY OF THE GREATER DAYTON AREA

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YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 and 2018, 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

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, 2019 and 2018, 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.

Effect of Adopting New Accounting Standards

As discussed in Note 2, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Brady, Ware & Schoenfeld, Inc.

Dayton, Ohio
November 20, 2019

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 310,275	$ 449,083
Pledges receivable		
Annual campaigns, net of adjustment of $445,440 and $500,448, respectively, for net realizable value	1,754,521	1,695,856
Accounts receivable - other	117,826	137,904
Prepaid expenses	8,975	7,722
Investments in municipal bonds	599,706	794,736
Reserved cash	2,742	51,704
	2,794,045	3,137,005
EQUIPMENT, NET	32,798	30,032
OTHER ASSETS		
Restricted cash	225,738	225,593
Cash surrender value of life insurance	2,055,054	2,086,132
Beneficial interest in funds held at The Dayton Foundation	3,069,017	3,065,144
Beneficial interest in perpetual trusts	2,914,264	2,873,915
	8,264,073	8,250,784
	$ 11,090,916	$ 11,417,821
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	$ 300,000	$ -
Donor designations payable	719,168	755,011
Grants payable	1,605,491	1,854,236
Accounts payable and accrued expenses	68,938	130,064
Affiliate payable	69	32,949
	2,693,666	2,772,260
LONG-TERM DEFINED BENEFIT OBLIGATION	1,785,000	1,785,000
	4,478,666	4,557,260
NET ASSETS		
Without donor restrictions	555,314	900,831
With donor restrictions	6,056,936	5,959,730
	6,612,250	6,860,561
	$ 11,090,916	$ 11,417,821

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019, WITH COMPARATIVE TOTALS FOR 2018

	Without Donor Restrictions	With Donor Restrictions	**2019**	2018
PUBLIC SUPPORT AND REVENUE				
2019 gross campaign contributions	$ 10,000	$ -	**$ 10,000**	$ -
2018 gross campaign contributions	4,690,324	-	**4,690,324**	29,195
2017 gross campaign contributions	81,845	-	**81,845**	5,114,298
2016 gross campaign contributions	4,492	-	**4,492**	36,422
2015 gross campaign contributions	-	-	**-**	13,456
Less				
Donor designations	(1,460,266)	-	**(1,460,266)**	(1,379,408)
Adjustment for net realizable value	(188,855)	-	**(188,855)**	(219,502)
Total campaign revenue	3,137,540	-	**3,137,540**	3,594,461
Freedom Schools grants	185,000	-	**185,000**	198,000
Other contributions and grants	224,379	188,100	**412,479**	300,650
Service fees	156,628	-	**156,628**	170,166
Net investment return	27,041	-	**27,041**	28,203
Information and referral	294,205	-	**294,205**	254,474
Net assets released from restrictions	208,889	(208,889)	**-**	-
Total public support and revenue	4,233,682	(20,789)	**4,212,893**	4,545,954
EXPENSES				
Program services	3,437,111	-	**3,437,111**	3,540,511
Supporting services				
Management and general	299,325	-	**299,325**	319,092
Fundraising	1,049,210	-	**1,049,210**	1,118,907
Total expenses	4,785,646	-	**4,785,646**	4,978,510
CHANGE IN NET ASSETS FROM OPERATIONS	(551,964)	(20,789)	**(572,753)**	(432,556)
OTHER CHANGES				
Increase (decrease) in cash surrender value of life insurance	-	(21,350)	**(21,350)**	1,437
Gain on life insurance policies	-	61,247	**61,247**	45,078
Gain (loss) on investments in municipal bonds	4,980	-	**4,980**	(18,079)
Gain on beneficial interest in funds held at The Dayton Foundation	95,972	37,748	**133,720**	234,445
Gain on perpetual interest in trusts	105,495	40,350	**145,845**	199,292
TOTAL OTHER CHANGES	206,447	117,995	**324,442**	462,173
Change in net assets before pension adjustment	(345,517)	97,206	**(248,311)**	29,617
Defined benefit plan adjustment	-	-	**-**	(235,000)
CHANGE IN NET ASSETS	(345,517)	97,206	**(248,311)**	(205,383)
NET ASSETS				
Beginning of year	900,831	5,959,730	**6,860,561**	7,065,944
End of year	$ 555,314	$ 6,056,936	**$ 6,612,250**	$ 6,860,561

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
2018 gross campaign contributions	$ 29,195	$ -	**$ 29,195**
2017 gross campaign contributions	5,114,298	-	**5,114,298**
2016 gross campaign contributions	36,422	-	**36,422**
2015 gross campaign contributions	13,456	-	**13,456**
Less			
Donor designations	(1,379,408)	-	**(1,379,408)**
Adjustment for net realizable value	(219,502)	-	**(219,502)**
Total campaign revenue	3,594,461	-	**3,594,461**
Freedom Schools grants	198,000	-	**198,000**
Other contributions and grants	262,023	38,627	**300,650**
Service fees	170,166	-	**170,166**
Net investment return	28,203	-	**28,203**
Information and referral	254,474	-	**254,474**
Net assets released from restrictions	83,297	(83,297)	**-**
Total public support and revenue	4,590,624	(44,670)	**4,545,954**
EXPENSES			
Program services	3,540,511	-	**3,540,511**
Supporting services			
Management and general	319,092	-	**319,092**
Fundraising	1,118,907	-	**1,118,907**
Total expenses	4,978,510	-	**4,978,510**
CHANGE IN NET ASSETS FROM OPERATIONS	(387,886)	(44,670)	**(432,556)**
OTHER CHANGES			
Increase in cash surrender value of life insurance	-	1,437	**1,437**
Gain on life insurance policies	-	45,078	**45,078**
Loss on investments in municipal bonds	(18,079)	-	**(18,079)**
Gain on beneficial interest in funds held at The Dayton Foundation	169,441	65,004	**234,445**
Gain on perpetual interest in trusts	103,649	95,643	**199,292**
TOTAL OTHER CHANGES	255,011	207,162	**462,173**
Change in net assets before pension adjustment	(132,875)	162,492	**29,617**
Defined benefit plan adjustment	(235,000)	-	**(235,000)**
CHANGE IN NET ASSETS	(367,875)	162,492	**(205,383)**
NET ASSETS			
Beginning of year	1,268,706	5,797,238	**7,065,944**
End of year	$ 900,831	$ 5,959,730	**$ 6,860,561**

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program				Supporting Services		
	Community Impact	HelpLink	Special Projects	Total	Management and General	Fundraising	Total Expenses
Salaries	$ 283,511	$ 418,711	$ 51,767	$ 753,989	$ 128,402	$ 554,243	$ 1,436,634
Employee benefits	128,677	173,113	28,215	330,005	46,323	228,478	604,806
Payroll taxes	22,101	34,471	4,148	60,720	10,005	43,347	114,072
Total salaries and related expenses	434,289	626,295	84,130	1,144,714	184,730	826,068	2,155,512
Professional fees and purchased services	300,603	44,401	5,003	350,007	25,821	86,805	462,633
Supplies	28,582	1,364	144	30,090	1,560	5,100	36,750
Telephone	2,264	22,115	511	24,890	1,257	5,177	31,324
Postage and shipping	223	79	46	348	350	1,763	2,461
Occupancy	34,896	66,229	5,916	107,041	11,704	55,802	174,547
Rental and maintenance of equipment	739	1,267	8	2,014	247	1,195	3,456
Printing and publications	58,770	17,479	2,210	78,459	2,926	39,373	120,758
Travel	10,531	741	1,498	12,770	575	4,885	18,230
Conferences, conventions and meetings	37,251	1,157	258	38,666	1,394	4,922	44,982
Subscriptions and publications	160	818	51	1,029	39	348	1,416
Membership dues	393	914	1,162	2,469	630	2,378	5,477
Miscellaneous	1,202	5,154	120	6,476	2,937	8,010	17,423
Total expenses before depreciation	909,903	788,013	101,057	1,798,973	234,170	1,041,826	3,074,969
Depreciation	2,215	1,994	222	4,431	2,954	7,384	14,769
Total operating expenses	912,118	790,007	101,279	1,803,404	237,124	1,049,210	3,089,738
Grants	1,633,707	-	-	1,633,707	-	-	1,633,707
United Way of America dues	-	-	-	-	62,201	-	62,201
Total expenses	$ 2,545,825	$ 790,007	$ 101,279	$ 3,437,111	$ 299,325	$ 1,049,210	$ 4,785,646

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program				Supporting Services		
	Community Impact	HelpLink	Special Projects	Total	Management and General	Fundraising	Total Expenses
Salaries	$ 276,255	$ 348,649	$ 56,127	$ 681,031	$ 135,742	$ 602,581	$ 1,419,354
Employee benefits	134,556	163,174	25,446	323,176	47,583	237,444	608,203
Payroll taxes	21,448	28,599	4,312	54,359	10,454	45,826	110,639
Total salaries and related expenses	432,259	540,422	85,885	1,058,566	193,779	885,851	2,138,196
Professional fees and purchased services	363,682	32,536	4,449	400,667	23,873	80,523	505,063
Supplies	24,452	2,019	338	26,809	1,760	5,803	34,372
Telephone	2,124	11,550	1,291	14,965	1,241	5,278	21,484
Postage and shipping	304	193	32	529	592	2,288	3,409
Occupancy	35,685	62,163	5,462	103,310	12,793	60,878	176,981
Rental and maintenance of equipment	1,005	1,723	11	2,739	336	1,626	4,701
Printing and publications	28,736	7,051	2,247	38,034	2,216	35,131	75,381
Travel	9,726	606	1,497	11,829	572	4,842	17,243
Conferences, conventions and meetings	31,737	787	229	32,753	856	641	34,250
Subscriptions and publications	336	503	66	905	76	707	1,688
Membership dues	563	4,539	1,075	6,177	564	1,933	8,674
Administrative	-	-	-	-	8,423	25,269	33,692
Miscellaneous	547	849	55	1,451	620	1,497	3,568
Total expenses before depreciation	931,156	664,941	102,637	1,698,734	247,701	1,112,267	3,058,702
Depreciation	1,992	1,793	199	3,984	2,656	6,640	13,280
Total operating expenses	933,148	666,734	102,836	1,702,718	250,357	1,118,907	3,071,982
Grants	1,837,793	-	-	1,837,793	-	-	1,837,793
United Way of America dues	-	-	-	-	68,735	-	68,735
Total expenses	$ 2,770,941	$ 666,734	$ 102,836	$ 3,540,511	$ 319,092	$ 1,118,907	$ 4,978,510

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	**$ (248,311)**	$ (205,383)
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation	**14,769**	13,280
(Increase) decrease in value of cash surrender value of life insurance	**21,350**	(1,437)
Gain on redemption of life insurance	**(61,247)**	(45,078)
Net realized and unrealized gain on investments and beneficial interest in funds held at The Dayton Foundation	**(79,859)**	(167,220)
Net investment gain from perpetual interest in trusts	**(40,350)**	(95,643)
	(393,648)	(501,481)
Changes in operating assets and liabilities:		
Pledges receivable - annual campaigns, net	**(58,665)**	1,109,071
Accounts receivable - other	**20,078**	5,158
Prepaid expenses	**(1,253)**	(215)
Reserved cash	**48,962**	873,446
Restricted cash	**(145)**	100,153
Donor designations payable	**(35,843)**	(1,835,124)
Grants payable	**(248,745)**	(52,226)
Accounts payable and accrued expenses	**(61,126)**	(50,188)
Affiliate payable	**(32,880)**	(14,200)
Defined benefit plan obligation	**-**	235,000
Net cash and cash equivalents used by operating activities	**(763,265)**	(130,606)
INVESTING ACTIVITIES		
Purchase of equipment	**(17,535)**	(2,960)
Purchases of investments	**(66,650)**	(161,946)
Proceeds received from investments	**337,667**	111,009
Life insurance premium payments	**(34,800)**	(9,900)
Proceeds from life insurance policies	**105,775**	46,790
Net cash and cash equivalents provided (used) by investing activities	**324,457**	(17,007)
FINANCING ACTIVITIES		
Borrowings on line of credit	**300,000**	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(138,808)**	(147,613)
CASH AND CASH EQUIVALENTS		
Beginning of year	**449,083**	596,696
End of year	**$ 310,275**	$ 449,083

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 - Accounting standards require the Organization to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

> Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.
>
> Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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.

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. 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 $2,742 and $51,704 of reserved cash and cash equivalents at June 30, 2019 and 2018, which are kept in a separate bank account for the operations of the Hall Hunger Initiative.

Restricted Cash - Additionally, the Organization had $225,738 and $225,593 of restricted cash and cash equivalents at June 30, 2019 and 2018, which serves as collateral on the Organization's line of credit and letter of credit.

Contributions - In accordance with accounting standards, the Organization accounts for contributions received as support without donor restrictions or support with donor restrictions, depending on the existence or nature of any donor restrictions.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fund-raising campaigns.

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 net assets without donor restrictions 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. Net investment return includes investment income and gains, as well as investment fees incurred during the year. Total investment fees for 2019 and 2018 were $47,371 and $39,814.

Equipment - Equipment is recorded at cost, or if donated, at fair value at the date of the gift. Donations are reported as support without donor restrictions 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 - 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, 2019.

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 20 calendar quarters' average market value multiplied by 4% to determine the amount available for distribution.

Reclassifications - Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

Adoption of New Accounting Standards - The Organization adopted the provisions of the Financial Accounting Standards Board’s Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2019. ASU 2016-14 addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been applied retrospectively to all periods presented.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Recently Issued Accounting Standards Not Yet Adopted - In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the fiscal year ending June 30, 2020. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, in June 2018. This standard will be effective for the fiscal year ending June 30, 2020. The Organization is currently in the process of evaluating the impact of adoption of this standard on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the fiscal year ending June 30, 2021. Early application will be permitted. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 20, 2019, the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year such as endowments which include board designated endowments. These board designations could be drawn upon if the Board of Directors approves that action.

Cash and cash equivalents	$ 310,275
Pledges receivable, net	1,754,521
Accounts receivable - other	117,826
Investments in municipal bonds	599,706
Reserved cash	2,742
Restricted cash	225,738
Beneficial interest in funds held at The Dayton Foundation	3,069,017
Beneficial interest in perpetual trusts	2,914,264
Total financial assets	8,994,089
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	(126,345)
Endowment funds subject to the Foundation's spending policy:	
Beneficial interest in funds held at The Dayton Foundation less the next year's approved draw	(2,954,974)
Beneficial interest in perpetual trusts less next year's approved draw	(2,806,762)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,106,008

NOTE 3 - LIQUIDITY AND AVAILABILITY - continued

In addition to financial assets available to meet general expenditures over the year, the Organization anticipates covering its general expenditures by collecting public support and earned revenue, utilizing donor-restricted resources from current gifts and appropriating the return on its investment portfolio. The Organization also has available a line of credit with a borrowing limit of $350,000 as described in Note 9.

The endowments consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use and the Organization's mission. Donor-restricted endowment funds are not available for general expenditure.

Of the total beneficial interest in funds held at The Dayton Foundation included in the financial assets above, $2,026,197 is considered board designated. The Organization is authorized to spend a portion of the beneficial interest in funds held at the Dayton Foundation annually, subject to the Foundation's spending policies. The purpose of the spending policy is to fund programs provided by the Organization that are important to the community, and do not otherwise have available funding. The board designated portion of the total beneficial interest in funds held at The Dayton Foundation is also available to the Organization in the event of a downturn in revenue or to temporarily fund new ventures, should the Board of Directors elect to do so.

NOTE 4 - EQUIPMENT

	2019	2018
Equipment	**$ 209,267**	$ 191,733
Less accumulated depreciation	**176,469**	161,701
	$ 32,798	$ 30,032

NOTE 5 - INVESTMENTS AND BENEFICIAL INTEREST IN FUNDS HELD AT THE DAYTON FOUNDATION

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

NOTE 5 - INVESTMENTS AND BENEFICIAL INTEREST IN FUNDS HELD AT THE DAYTON FOUNDATION - continued

The investments and beneficial interest in funds held at The Dayton Foundation consist of the following at June 30, 2019 and 2018:

	2019	2018
Without Donor Restrictions:		
United Way of the Greater Dayton Area Endowment Fund	$ 1,339,545	$ 1,336,673
United Way of the Greater Dayton Area Memorial Fund	765,457	767,418
	2,105,002	2,104,091
With Donor Restrictions:		
United Way of the Greater Dayton Area Campaign Fund	437,480	436,534
Rike Family Endowment Fund	498,889	497,818
Gertrude Mellen Fund	27,646	26,701
	964,015	961,053
Total Beneficial Interest in Funds Held at The Dayton Foundation	$ 3,069,017	$ 3,065,144
Investments in municipal bonds	$ 599,706	$ 794,736

NOTE 6 - 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 net assets without donor restrictions. 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 gains or losses with donor restrictions.

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

	2019	2018
C.H. Dean & Associates Inc. Fund	$ 276,009	$ 275,960
Berry Family Fund	2,560,304	2,519,620
Marie S. Aull Fund	77,951	78,335
	$ 2,914,264	$ 2,873,915

NOTE 7 - 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.

During 2019, the Organization changed its methodology for the disclosure of beneficial interest in funds held at The Dayton Foundation and beneficial interest in perpetual trusts. Beneficial interests are disclosed as Level 3 inputs under the new methodology. This change in methodology has been retroactively applied to the beneficial interests at June 30, 2018. The following is a description of the valuation methodologies used for assets measured at fair value.

Beneficial interest in funds held The Dayton Foundation: Value determined based on the fair value of the underlying trust assets.

Fixed income funds: Valued at the net asset value (NAV) of shares held by the Organization at year-end.

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

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

NOTE 7 - FAIR VALUE MEASUREMENTS - continued

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2019 are as follows:

	2019			
	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				
Fixed income	**$ 599,706**	$ 599,706	$ -	$ -
Beneficial interest in funds held at The Dayton Foundation	**2,816,600**	-	-	2,816,600
Beneficial interest in perpetual trusts	**2,914,264**	-	-	2,914,264
Total assets in the fair value hierarchy	**6,330,570**	599,706	-	5,730,864
Alternative investments, NAV as a practical expedient [(a)]	**252,418**	-	-	-
	$ 6,582,988	$ 599,706	$ -	$ 5,730,864

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				
Fixed income	**$ 794,736**	$ 794,736	$ -	$ -
Beneficial interest in funds held at The Dayton Foundation	**2,789,281**	-	-	2,789,281
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

[(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 - 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, 2019 and 2018:

	2019	
	Beneficial Interest in Funds Held at The Dayton Foundation	**Beneficial Interest in Perpetual Trusts**
Balance, beginning of year	**$ 2,789,281**	**$ 2,873,915**
Distributions	**(112,664)**	**(105,495)**
Change in fair value	**139,982**	**145,845**
Balance, end of year	**$ 2,816,599**	**$ 2,914,265**

	2018	
	Beneficial Interest in Funds Held at The Dayton Foundation	Beneficial Interest in Perpetual Trusts
Balance, beginning of year	$ 2,585,913	$ 2,778,272
Contributions	525	-
Distributions	(111,009)	(103,649)
Change in fair value	313,852	199,292
Balance, end of year	$ 2,789,281	$ 2,873,915

NOTE 8 - LETTER OF CREDIT

In the fiscal year ended June 30, 2018, the Organization entered into a letter of credit agreement with PNC Bank which was to expire in May 2019, and allowed the Organization to receive standby letters of credit that, in the aggregate, could not exceed $225,000. Interest would have been charged at the Prime Rate (5.00% at June 30, 2018). There were no outstanding letters of credit as of June 30, 2018. The requirement for maintaining this letter of credit was lifted in April 2019, and the letter of credit was terminated ahead of its expiration date.

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

NOTE 9 - LINE OF CREDIT

During June 2019, the Organization entered into a $350,000 revolving line of credit from PNC Bank. The line of credit offers the Organization cash advances to use for working capital or other general business purposes. The Organization may request letters of credit in lieu of cash advances under the line of credit, however, the letters of credit may not exceed $225,000, and the aggregate amount of the letters of credit and the outstanding cash advances on the line of credit may not exceed $350,000. Interest is charged at the LIBOR (2.40% at June 30, 2019) plus 200 basis points. The outstanding balance on the revolving line of credit was $300,000 at June 30, 2019.

The line of credit is collateralized by a money market account held at PNC Bank. The balance of this account was $225,738 as of June 30, 2019, and is classified as restricted cash in the statements of financial position.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

A summary of appropriated and unappropriated net assets without donor restrictions as of June 30, 2019 and 2018 are as follows:

	2019	2018
Appropriated		
Funds held at The Dayton Foundation	**$ 2,105,002**	$ 2,104,091
Unappropriated deficit	**(1,549,688)**	(1,203,260)
Net assets without donor restrictions	**$ 555,314**	$ 900,831

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

The following table summarizes net assets with donor restrictions at June 30, 2019 and 2018:

	2019	2018
Time restricted net assets:		
Cash surrender value of life insurance	**$ 2,055,054**	$ 2,086,132
Purpose restricted net assets:		
United Way of the Greater Dayton Area Campaign Fund	**437,480**	436,534
VetsLink	**123,603**	38,627
Rike Family Endowment Fund investment earnings	**248,889**	247,821
Gertrude Mellen Fund investment earnings	**2,646**	1,701
Net assets restricted in perpetuity:		
Rike Family Endowment Fund	**250,000**	250,000
Gertrude Mellen Fund	**25,000**	25,000
Beneficial interest in perpetual trusts	**2,914,264**	2,873,915
	$ 6,056,936	$ 5,959,730

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS - continued

The following schedule is the assets released from restrictions for the years ended June 30, 2019 and 2018:

	2019	2018
Release of purpose restriction	**$ 147,642**	$ 26,719
Release of time restriction	**61,247**	56,578
	$ 208,889	$ 83,297

NOTE 12 - 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 13 - 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 2019 and 2018 were $300,778 and $284,215.

This multi-employer defined benefit pension plan was frozen as of December 31, 2008. The Plan was underfunded as of June 30, 2019 and 2018.

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 as of June 30, 2019 and 2018, 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, 2019 and 2018, based on information and projections provided by the plan's actuary, was $11,500,000 and $12,700,000.

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.

NOTE 13 - MULTI-EMPLOYER PENSION PLAN - continued

Effective September 1, 2019, the multi-employer pension plan executed a spinoff agreement with Pension Benefit Guaranty Corporation approval. Seven of the nine participating agencies, including the Organization, were spun off into their own single-employer plans. One of the two remaining agencies took over sponsorship of the multi-employer plan. The long-term defined benefit obligation liability recorded on the Organization's statement of financial position may increase due to its status as a single-employer plan. However, the effects of the liability are not yet known and may not be known until the initial actuarial valuation is completed in the first quarter of calendar year 2020.

The following represents information about the Organization's multi-employer pension plan as of June 30, 2019 and 2018 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	**2019**	2018	FIP/RP Status	**2019**	2018	Surcharge Imposed
Employee Benefit Plan of the United Way of the Greater Dayton Area and Affiliated Agencies	31-0536658 Plan No. 333	*	*	*	**$ 300,778**	$ 284,215	*

* 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, 2019, 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 14 - 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 2019 and 2018 was $85,984 and $85,378.

NOTE 15 - 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 and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an internal cost allocation method. The main expenses that are allocated include salaries and employee benefits, which are allocated on the basis of estimates of time and effort, as well as professional fees and purchased services, which are allocated based on usage.

NOTE 16 - 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, 2019 and 2018 were as follows:

	2019	2018
United Way Agencies and Combined Federal Campaign	**$ 2,938,484**	$ 3,070,035
Neighboring United Way Agencies	**155,489**	147,166
	$ 3,093,973	$ 3,217,201

Total volunteer and donor grants and designations of the campaigns for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Grants	**$ 1,633,707**	$ 1,837,793
Designated disbursements	**1,460,266**	1,379,408
	$ 3,093,973	$ 3,217,201

NOTE 17 - INCOME FROM MEMBER AGENCIES

The Organization provided certain services to various agencies throughout the year. Income from services was $156,628 and $170,166 for the years 2019 and 2018.

NOTE 18 - AFFILIATE PAYABLE

The Organization received a transfer in 2019 and 2018 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 $2,742 and $51,704 of reserved cash and $69 and $32,949 of affiliate payables at June 30, 2019 and 2018, on its statements of financial position. These funds are to be distributed on a monthly basis to pay the expenses incurred by the Hall Hunger Initiative.

NOTE 19 - 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.

Donor designations pledged as part of the 2018 campaign, but not disbursed as of June 30, 2019, amounted to $719,168.

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

NOTE 20 - 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 $34,800 and $9,900 were made by the Organization during the fiscal years 2019 and 2018. The amount recorded in the statements of financial position represents the cash surrender value of those policies, which are classified as net assets with donor restrictions due to an implied time restriction.

During the fiscal years 2019 and 2018, the Organization received $105,775 and $46,790 from these policies.

NOTE 21 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2019:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated net assets, beginning of year	$ -	$ 524,522	**$ 524,522**
Net investment return	-	5,851	**5,851**
Net investment gain (realized and unrealized)	-	14,701	**14,701**
Amounts appropriated for expenditure	-	(18,539)	**(18,539)**
Donor designated net assets, end of year	$ -	$ 526,535	**$ 526,535**

The following table summarizes all Organization net assets as of June 30, 2019:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ -	$ 526,535	**$ 526,535**
Non-endowment funds:			
Operating	555,314	-	**555,314**
Beneficial interest in perpetual trusts	-	2,914,264	**2,914,264**
Purpose restricted funds	-	561,083	**561,083**
Cash surrender value of life insurance policies	-	2,055,054	**2,055,054**
	$ 555,314	$ 6,056,936	**$ 6,612,250**

NOTE 21 - ENDOWMENT FUNDS AND NET ASSETS - continued

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

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated net assets, beginning of year	$ (1,135)	$ 507,379	**$ 506,244**
Net investment return	-	5,595	**5,595**
Net investment gain (realized and unrealized)	1,135	29,834	**30,969**
Amounts appropriated for expenditure	-	(18,286)	**(18,286)**
Donor designated net assets, end of year	$ -	$ 524,522	**$ 524,522**

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

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ -	$ 524,522	**$ 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	$ 5,959,730	**$ 6,860,561**

NOTE 22 - OPERATING LEASES

The Organization leases office space in Dayton, Eaton and Xenia, Ohio, and office equipment under 2019 operating leases that extend through December 2023. The leases are as follows:

Office Space/Equipment	Annual Rent	Expiration
Dayton, Ohio Office Space	$ 90,000	April 2021
Eaton, Ohio Office Space	2,940	June 2020
Xenia, Ohio Office Space	3,000	June 2020
Office Equipment	4,548	December 2023

Total rental expense was $119,988 and $134,934 for the years 2019 and 2018.

Minimum lease payments for operating leases over the next four years are as follows:

2020	$ 100,488
2021	79,548
2022	4,548
2023	2,274
	$ 186,858