THE UNITED WAY OF THE GREATER DAYTON AREA

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

THE UNITED WAY OF THE GREATER DAYTON AREA

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YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019, 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 audits 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.

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, 2020 and 2019, 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 18, 2020

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 559,442	$ 310,275
Pledges receivable		
Annual campaigns, net of adjustment of $452,337 and $445,440, respectively, for net realizable value	1,490,576	1,754,521
Accounts receivable - other	58,584	117,826
Prepaid expenses	985	8,975
Investments in municipal bonds	407,111	599,706
Reserved cash	83,013	2,742
	2,599,711	2,794,045
EQUIPMENT, NET	30,399	32,798
OTHER ASSETS		
Restricted cash	225,436	225,738
Cash surrender value of life insurance	1,999,795	2,055,054
Beneficial interest in funds held at The Dayton Foundation	2,995,474	3,069,017
Beneficial interest in perpetual trusts	2,886,080	2,914,264
	8,106,785	8,264,073
	$ 10,736,895	$ 11,090,916
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	$ -	$ 300,000
Donor designations payable	662,996	719,168
Grants payable	1,068,410	1,605,491
Accounts payable and accrued expenses	71,527	68,938
Affiliate payable	66,371	69
Note payable	311,500	-
	2,180,804	2,693,666
LONG-TERM DEFINED BENEFIT OBLIGATION	2,057,275	1,785,000
	4,238,079	4,478,666
NET ASSETS		
Without donor restrictions	666,463	555,314
With donor restrictions	5,832,353	6,056,936
	6,498,816	6,612,250
	$ 10,736,895	$ 11,090,916

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
PUBLIC SUPPORT AND REVENUE				
Gross campaign contributions	$ 4,780,474	$ -	**$ 4,780,474**	$ 4,786,661
Less				
Donor designations	(1,326,460)	-	**(1,326,460)**	(1,460,266)
Adjustment for net realizable value	(229,679)	-	**(229,679)**	(188,855)
Total campaign revenue	3,224,335	-	**3,224,335**	3,137,540
Freedom Schools grants	75,000	-	**75,000**	185,000
Other contributions and grants	171,074	7,275	**178,349**	412,479
Service fees	127,887	-	**127,887**	156,628
Net investment return	19,178	-	**19,178**	27,041
Information and referral	298,189	-	**298,189**	294,205
Net assets released from restrictions	258,681	(258,681)	**-**	-
Total public support and revenue	4,174,344	(251,406)	**3,922,938**	4,212,893
EXPENSES				
Program services	2,479,950	-	**2,479,950**	3,437,111
Supporting services				
Management and general	257,151	-	**257,151**	299,325
Fundraising	998,427	-	**998,427**	1,049,210
Total expenses	3,735,528	-	**3,735,528**	4,785,646
CHANGE IN NET ASSETS FROM OPERATIONS	438,816	(251,406)	**187,410**	(572,753)
OTHER CHANGES				
Decrease in cash surrender value of life insurance	-	(12,222)	**(12,222)**	(21,350)
Gain on life insurance policies	-	48,579	**48,579**	61,247
Gain (loss) on investments in municipal bonds	(9,693)	-	**(9,693)**	4,980
Gain on beneficial interest in funds held at The Dayton Foundation	40,265	18,650	**58,915**	133,720
Gain (loss) on perpetual interest in trusts	107,502	(28,184)	**79,318**	145,845
Net periodic defined benefit plan expense	(23,582)	-	**(23,582)**	-
Defined benefit plan changes other than net periodic plan expense	(442,159)	-	**(442,159)**	-
TOTAL OTHER CHANGES	(327,667)	26,823	**(300,844)**	324,442
CHANGE IN NET ASSETS	111,149	(224,583)	**(113,434)**	(248,311)
NET ASSETS				
Beginning of year	555,314	6,056,936	**6,612,250**	6,860,561
End of year	$ 666,463	$ 5,832,353	**$ 6,498,816**	$ 6,612,250

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Gross campaign contributions	$ 4,786,661	$ -	**$ 4,786,661**
Less			
Donor designations	(1,460,266)	-	**(1,460,266)**
Adjustment for net realizable value	(188,855)	-	**(188,855)**
Total campaign revenue	3,137,540	-	**3,137,540**
Freedom Schools grants	185,000	-	**185,000**
Other contributions and grants	224,379	188,100	**412,479**
Service fees	156,628	-	**156,628**
Net investment return	27,041	-	**27,041**
Information and referral	294,205	-	**294,205**
Net assets released from restrictions	208,889	(208,889)	**-**
Total public support and revenue	4,233,682	(20,789)	**4,212,893**
EXPENSES			
Program services	3,437,111	-	**3,437,111**
Supporting services			
Management and general	299,325	-	**299,325**
Fundraising	1,049,210	-	**1,049,210**
Total expenses	4,785,646	-	**4,785,646**
CHANGE IN NET ASSETS FROM OPERATIONS	(551,964)	(20,789)	**(572,753)**
OTHER CHANGES			
Decrease in cash surrender value of life insurance	-	(21,350)	**(21,350)**
Gain on life insurance policies	-	61,247	**61,247**
Gain on investments in municipal bonds	4,980	-	**4,980**
Gain on beneficial interest in funds held at The Dayton Foundation	95,972	37,748	**133,720**
Gain on perpetual interest in trusts	105,495	40,350	**145,845**
TOTAL OTHER CHANGES	206,447	117,995	**324,442**
CHANGE IN NET ASSETS	(345,517)	97,206	**(248,311)**
NET ASSETS			
Beginning of year	900,831	5,959,730	**6,860,561**
End of year	$ 555,314	$ 6,056,936	**$ 6,612,250**

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program				Supporting Services		
	Community Impact	HelpLink	Special Projects	Total	Management and General	Fundraising	Total Expenses
Salaries	$ 287,411	$ 447,686	$ 50,998	$ 786,095	$ 120,328	$ 584,762	$ 1,491,185
Employee benefits	82,468	96,741	23,323	202,532	29,386	159,076	390,994
Payroll taxes	22,860	37,333	4,087	64,280	6,663	37,212	108,155
Total salaries and related expenses	392,739	581,760	78,408	1,052,907	156,377	781,050	1,990,334
Professional fees and purchased services	90,256	50,545	4,967	145,768	23,314	85,053	254,135
Supplies	2,108	1,041	288	3,437	1,016	3,525	7,978
Telephone	2,588	17,854	550	20,992	1,382	5,963	28,337
Postage and shipping	109	98	63	270	619	2,515	3,404
Occupancy	28,371	67,161	5,090	100,622	9,558	46,578	156,758
Rental and maintenance of equipment	871	1,816	10	2,697	291	1,408	4,396
Printing and publications	16,990	6,369	732	24,091	1,409	50,187	75,687
Travel	2,013	617	1,828	4,458	554	4,545	9,557
Conferences, conventions and meetings	6,554	764	58	7,376	208	2,368	9,952
Subscriptions and publications	80	299	36	415	21	181	617
Membership dues	304	4,333	706	5,343	506	1,736	7,585
Miscellaneous	1,271	1,269	127	2,667	2,400	6,353	11,420
Total expenses before depreciation	544,254	733,926	92,863	1,371,043	197,655	991,462	2,560,160
Depreciation	2,090	1,881	209	4,180	2,786	6,965	13,931
Total operating expenses	546,344	735,807	93,072	1,375,223	200,441	998,427	2,574,091
Grants	1,104,727	-	-	1,104,727	-	-	1,104,727
United Way of America dues	-	-	-	-	56,710	-	56,710
Total expenses	$ 1,651,071	$ 735,807	$ 93,072	$ 2,479,950	$ 257,151	$ 998,427	$ 3,735,528

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	**$ (113,434)**	$ (248,311)
Adjustments to reconcile change in net assets to net cash and cash equivalents, reserved cash and restricted cash used by operating activities:		
Depreciation	**13,931**	14,769
Decrease in value of cash surrender value of life insurance	**12,222**	21,350
Gain on redemption of life insurance	**(48,579)**	(61,247)
Net realized and unrealized (gain) loss on investments and beneficial interest in funds held at The Dayton Foundation	**15,414**	(79,859)
Net investment (gain) loss from perpetual interest in trusts	**28,184**	(40,350)
Contributions to defined benefit plan	**(193,466)**	-
Net periodic defined benefit plan expense	**23,582**	-
Defined benefit plan changes other than periodic plan expense	**442,159**	-
	180,013	(393,648)
Changes in operating assets and liabilities:		
Pledges receivable - annual campaigns, net	**263,945**	(58,665)
Accounts receivable - other	**59,242**	20,078
Prepaid expenses	**7,990**	(1,253)
Donor designations payable	**(56,172)**	(35,843)
Grants payable	**(537,081)**	(248,745)
Accounts payable and accrued expenses	**2,589**	(61,126)
Affiliate payable	**66,302**	(32,880)
Net cash and cash equivalents, reserved cash and restricted cash used by operating activities	**(13,172)**	(812,082)
INVESTING ACTIVITIES		
Purchase of equipment	**(11,532)**	(17,535)
Purchases of investments	**(64,444)**	(66,650)
Proceeds received from investments	**315,168**	337,667
Life insurance premium payments	**(23,928)**	(34,800)
Proceeds from life insurance policies	**115,544**	105,775
Net cash and cash equivalents, reserved cash and restricted cash provided by investing activities	**330,808**	324,457
FINANCING ACTIVITIES		
Borrowings on note payable	**311,500**	-
Net borrowings (payments) on line of credit	**(300,000)**	300,000
Net cash and cash equivalents, reserved cash and restricted cash provided by financing activities	**11,500**	300,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, RESERVED CASH AND RESTRICTED CASH	**329,136**	(187,625)
CASH AND CASH EQUIVALENTS, RESERVED CASH AND RESTRICTED CASH		
Beginning of year	**538,755**	726,380
End of year	**$ 867,891**	$ 538,755

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, and community planning.

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.

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 $83,013 and $2,742 of reserved cash at June 30, 2020 and 2019, which are kept in a separate bank account for the operations of the Hall Hunger Initiative.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted Cash - The Organization had $225,436 and $225,738 of restricted cash at June 30, 2020 and 2019, which serves as collateral on the Organization's line 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 the 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 to the Organization's program services and its fundraising 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 2020 and 2019 were $47,377 and $47,371.

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.

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, 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Endowment Investment and Spending Policies - The Organization's endowment assets are largely invested with 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 to 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.

Adoption of New Accounting Standards - The Organization adopted the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, during 2020. The new standard requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities are also required to reconcile such total to amounts on the statements of financial position and disclose the nature of the restrictions. See Note 4.

Additionally, the Organization adopted the provisions of the FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, during 2020. The ASU clarifies and improves the scope and the accounting guidance for contributions received, including determining whether a contribution is conditional, and contributions made.

The Organization adopted the provisions of the FASB's ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)*, during 2020. The standard requires that the service cost component be presented in the same line items as other compensation costs arising from services rendered by the pertinent employees during the period, and the other components of net benefit cost be presented in the statement of activities separately from the service cost component and outside a subtotal of changes in net assets from operations. The ASU is effective for fiscal years beginning after December 31, 2018 (for nonpublic entities), with early adoption permitted. The guidance should be applied retrospectively to all periods presented. As a result of adopting the standard, the other components of net benefit cost are included in other changes in the statements of activities. The Company did not incur any service costs related to the new single-employer pension plan during 2020.

Recently Issued Accounting Standards Not Yet Adopted - In May 2014, the 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, 2021. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2023. 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 18, 2020, 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.

	2020	2019
Cash and cash equivalents	**$ 559,442**	$ 310,275
Pledges receivable, net	**1,490,576**	1,754,521
Accounts receivable - other	**58,584**	117,826
Investments in municipal bonds	**407,111**	599,706
Reserved cash	**83,013**	2,742
Restricted cash	**225,436**	225,738
Beneficial interest in funds held at The Dayton Foundation	**2,995,474**	3,069,017
Beneficial interest in perpetual trusts	**2,886,080**	2,914,264
Total financial assets	**8,705,716**	8,994,089
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	**(83,013)**	(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	**(2,880,962)**	(2,954,974)
Beneficial interest in perpetual trusts less next year's approved draw	**(2,777,683)**	(2,806,762)
Financial assets available to meet cash needs for general expenditures within one year	**$ 2,964,058**	$ 3,106,008

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.

NOTE 3 - LIQUIDITY AND AVAILABILITY - CONTINUED

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 at June 30, 2020 and 2019, $1,969,853 and $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 decline in revenue or to temporarily fund new ventures, should the Board of Directors elect to do so.

NOTE 4 - CASH AND CASH EQUIVALENTS, RESERVED CASH AND RESTRICTED CASH

For purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents are considered as consisting of interest-bearing deposits and short-term investments with original maturities of three months or less. Reserved cash consists of cash maintained in a separate bank account, the use of which is reserved for covering expenses related to the Hall Hunger Initiative. Restricted cash consists of cash maintained in a separate bank account to use as collateral against the Organization's line of credit. See Note 9 for further detail.

The following table provides a reconciliation of cash and cash equivalents, reserved cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	2020	2019
Cash and cash equivalents	**$ 559,442**	$ 310,275
Reserved cash	**83,013**	2,742
Restricted cash	**225,436**	225,738
Total cash and cash equivalents, reserved cash and restricted cash shown in the statements of cash flows	**$ 867,891**	$ 538,755

NOTE 5 - EQUIPMENT

	2020	2019
Equipment	**$ 179,685**	$ 209,267
Less accumulated depreciation	**149,286**	176,469
	$ 30,399	$ 32,798

NOTE 6 - 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.

The investments and beneficial interest in funds held at The Dayton Foundation consist of the following at June 30, 2020 and 2019:

	2020	2019
Without donor restrictions:		
United Way of the Greater Dayton Area Endowment Fund	**$ 1,316,081**	$ 1,339,545
United Way of the Greater Dayton Area Memorial Fund	**732,915**	765,457
	2,048,996	2,105,002
With donor restrictions:		
United Way of the Greater Dayton Area Campaign Fund	**429,829**	437,480
Rike Family Endowment Fund	**490,159**	498,889
Gertrude Mellen Fund	**26,490**	27,646
	946,478	964,015
Total beneficial interest in funds held at The Dayton Foundation	**$ 2,995,474**	$ 3,069,017
Investments in municipal bonds	**$ 407,111**	$ 599,706

NOTE 7 - 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 titled "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.

NOTE 7 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS - CONTINUED

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

	2020	2019
C.H. Dean & Associates Inc. Fund	**$ 267,194**	$ 276,009
Berry Family Fund	**2,542,844**	2,560,304
Marie S. Aull Fund	**76,042**	77,951
	$ 2,886,080	$ 2,914,264

NOTE 8 - 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.

Beneficial interests in funds held at The Dayton Foundation and beneficial interest in perpetual trusts are disclosed as Level 3 inputs. 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 trusts: 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 8 - FAIR VALUE MEASUREMENTS - CONTINUED

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2020 are as follows:

	2020			
	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	**$ 407,111**	$ 407,111	$ -	$ -
Beneficial interest in funds held at The Dayton Foundation	**2,733,475**	-	-	2,733,475
Beneficial interest in perpetual trusts	**2,886,080**	-	-	2,886,080
Total assets in the fair value hierarchy	**6,026,666**	407,111	-	5,619,555
Alternative investments, NAV as a practical expedient [a]	**261,999**	-	-	-
	$ 6,288,665	$ 407,111	$ -	$ 5,619,555

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 perpetual trusts	**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

[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 8 - 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, 2020 and 2019:

	2020	
	Beneficial Interest in Funds Held at The Dayton Foundation	**Beneficial Interest in Perpetual Trusts**
Balance, beginning of year	**$ 2,816,600**	**$ 2,914,264**
Distributions	**(114,993)**	**(107,502)**
Change in fair value	**31,868**	**79,318**
Balance, end of year	**$ 2,733,475**	**$ 2,886,080**

	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	139,983	145,844
Balance, end of year	$ 2,816,600	$ 2,914,264

NOTE 9 - LINE OF CREDIT

The Organization obtained a $350,000 revolving line of credit from PNC Bank in June 2019. The line of credit offers the Organization cash advances to use for working capital or other general business purposes and expires in May 2021. 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 (0.16% and 2.40% at June 30, 2020 and 2019) plus 200 basis points. Interest expense related to the line of credit for the years 2020 and 2019 was $5,030 and $525. There was no outstanding balance on the revolving line of credit at June 30, 2020. 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 $225,436 and $225,738 as of June 30, 2020 and 2019, and is classified as restricted cash in the statements of financial position.

NOTE 10 - NOTE PAYABLE

The Organization received a term note in the amount of $311,500 from PNC Bank in April 2020. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security ("CARES") Act's Paycheck Protection Program ("PPP"). Interest is payable at a fixed rate of 1.00%. Interest and principal payments have been deferred until October 2020, wherein all accrued interest that is not forgiven under the Program becomes due. All or a portion of this note may be forgiven if certain conditions are met regarding use of the funds received, as detailed in the provisions of the CARES Act. The Organization has recorded a current liability on the statement of financial position for the entire loan amount at June 30, 2020, as the Organization expects the entire loan amount to be forgiven within one year.

NOTE 11 - NET ASSETS WITHOUT DONOR RESTRICTIONS

A summary of appropriated and unappropriated net assets without donor restrictions as of June 30, 2020 and 2019 are as follows:

	2020	2019
Appropriated		
Funds held at The Dayton Foundation	**$ 2,048,996**	$ 2,105,002
Unappropriated deficit	**(1,382,533)**	(1,549,688)
Net assets without donor restrictions	**$ 666,463**	$ 555,314

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

The following table summarizes net assets with donor restrictions at June 30, 2020 and 2019:

	2020	2019
Time restricted net assets:		
Cash surrender value of life insurance	**$ 1,999,795**	$ 2,055,054
Purpose restricted net assets:		
United Way of the Greater Dayton Area Campaign Fund	**429,829**	437,480
VetsLink	**-**	123,603
Rike Family Endowment Fund investment earnings	**240,159**	248,889
Gertrude Mellen Fund investment earnings	**1,490**	2,646
	671,478	812,618
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	**2,886,080**	2,914,264
	$ 5,832,353	$ 6,056,936

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

The following schedule is the assets released from restrictions for the years ended June 30, 2020 and 2019:

	2020	2019
Release of purpose restriction	$ 210,102	$ 147,642
Release of time restriction	48,579	61,247
	$ 258,681	$ 208,889

NOTE 13 - 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 14 - MULTI-EMPLOYER PENSION PLAN

The Organization and certain affiliated agencies participated in a non-contributory, multi-employer defined benefit pension plan (the "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"). Contributions to the multi-employer defined benefit pension plan for the years 2020 and 2019 were $102,557 and $300,778.

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

Early in fiscal year 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, which represents its estimated portion of the obligation. This estimate was calculated based on the respective liability of the Plan at December 31, 2018. The total unfunded liability of the Plan as of December 31, 2018, based on information and projections provided by the plan's actuary, was $11,500,000.

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 14 - MULTI-EMPLOYER PENSION PLAN - CONTINUED

Effective September 1, 2019, the multi-employer pension plan executed a spin-off agreement with Pension Benefit Guaranty Corporation approval. Seven of the nine participating agencies, including the Organization, were spun off into their own single-employer pension plans. One of the two remaining agencies took over sponsorship of the multi-employer pension plan. The effects of the spin-off on the long-term defined benefit obligation liability were not known as of June 30, 2019. See Note 15 for detail regarding the effect of the liability as of June 30, 2020.

The following represents information about the Organization's pension plan as of June 30, 2020 and 2019 and the years then ended:

Name of Pension Fund	EIN and Plan Number	Pension Protection Act Zone Status 2020	Pension Protection Act Zone Status 2019	FIP/RP Status	Contributions for the Year Ended June 30 2020	Contributions for the Year Ended June 30 2019	Surcharge Imposed
Employee Benefit Plan of the United Way of the Greater Dayton Area and Affiliated Agencies	31-0536658 Plan No. 333	*	*	*	**$ 102,557**	$ 300,778	*

* The Plan was considered to be a multiple employer plan for Internal Revenue Service purposes and, therefore, the Pension Protection Act Zone Status had not been evaluated by the Plan's actuary for the year ended June 30, 2019. The Plan was 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. The Organization spun off from the multi-employer defined pension plan during 2020, as noted above.

NOTE 15 - SINGLE-EMPLOYER PENSION PLAN

The Organization has a single-employer pension plan (the "New Plan") that was formed following the Organization's spin-off from the multi-employer pension plan discussed in Note 14. The New Plan covers the Organization's employees previously covered under the multi-employer pension plan, as well as a pro rata share of orphan participants whose employer ceased contributing to the multi-employer pension plan prior to the spin-off. New Plan assets are invested in debt and equity securities maintained by the New Plan's trustee. The historical returns of debt and equity securities under an allocation of the New Plan's current asset mix is adopted for the expected return on plan assets. The New Plan remains frozen for the purposes of participation, earnings and covered compensation.

The following amounts were determined by the Organization's actuary using measurement dates of June 30, 2020.

The components of the net periodic defined benefit plan expense are as follows for the year ended June 30, 2020:

Interest cost	$ 127,370
Expected return on assets	(124,819)
Amortization of unrecognized transition obligation	21,031
Net periodic defined benefit plan expense	$ 23,582

NOTE 15 - SINGLE-EMPLOYER PENSION PLAN - CONTINUED

The components of defined benefit plan changes other than net periodic defined benefit plan expense recognized on the statement of activities are as follows for the year ended June 30, 2020:

Net actuarial loss	$ 84,631
Unrecognized initial transition obligation	378,559
Amortization of unrecognized transition obligation	(21,031)
Total defined benefit plan changes other than net periodic defined benefit plan expense	$ 442,159

The following are reconciliations of the pension benefit obligation and the value of New Plan assets at June 30, 2020:

Pension benefit obligation	
Balance, beginning of year	$ 4,413,168
Interest cost	127,370
Benefits paid to participants	(83,961)
Balance, end of year	$ 4,456,577
New Plan assets	
Fair value, beginning of year	$ 2,249,609
Actual return on assets	40,188
Employer contributions	193,466
Benefits paid to participants	(83,961)
Fair value, end of year	$ 2,399,302

The funded status of the New Plan was as follows at June 30, 2020:

Excess of the benefit obligation over the value of New Plan assets	$ (2,057,275)
Unrecognizable actuarial loss	-
Net amount recognized	$ (2,057,275)

The net amount recognized in the statement of financial position is classified as follows at June 30, 2020:

Pension benefit cost	$ -
Unfunded pension liability	(2,057,275)
Net amount recognized	$ (2,057,275)

NOTE 15 - SINGLE-EMPLOYER PENSION PLAN - CONTINUED

Note that the value of New Plan assets and the benefit obligation are determined as of June 30, 2020. Due to the New Plan being frozen, the accumulated benefit obligation and the projected benefit obligation are the same and total $4,456,577 at June 30, 2020. Actuarial assumptions and other selected data at June 30, 2020 are summarized as follows:

Discount rate	3.50%
Expected rate of return on Plan assets	6.50%
Rate of compensation increase	N/A

The expected rate of return is based on the historical and/or projected performance of the asset classes within the portfolio. The New Plan's weighted average asset allocations at June 30, 2020 by asset category are as follows:

Asset category	
Equity securities	65%
Debt securities	35%
	100%

The Organization's overall strategy is to invest in equity and fixed income securities with a moderate risk tolerance, keeping in mind that the New Plan is frozen to participation and benefit accruals with eventual termination. The objective is for the portfolio to be comprised of a target of 60% equities and 40% fixed income with minimum and maximum ranges in mind. Liquid investments will be kept on hand at all times at amounts equal to meeting monthly obligations and annual expenditures.

	2020			
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Asset category				
Equity securities	**$ 1,559,546**	$ 1,559,546	$ -	$ -
Debt securities	**839,756**	839,756	-	-
	$ 2,399,302	$ 2,399,302	$ -	$ -

The Organization expects to contribute $274,512 to the New Plan for the fiscal year ending June 30, 2021.

NOTE 15 - SINGLE-EMPLOYER PENSION PLAN - CONTINUED

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid from New Plan assets:

Fiscal Years Ending	Expected Benefit Payments
2021	$ 184,894
2022	186,940
2023	185,770
2024	193,962
2025	220,956
2026 - 2030	1,259,548

The unrecognized initial transition obligation for the defined benefit pension plan that will be amortized from defined benefit plan changes other than net periodic defined benefit plan expense into net periodic defined benefit plan expense over the next fiscal year is $25,237.

NOTE 16 - 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 Safe Harbor 401(k) 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 2020 and 2019 was $88,405 and $85,984.

NOTE 17 - 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 18 - 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. Volunteer and donor grants and designations to agencies for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
United Way Agencies	**$ 2,289,711**	$ 2,938,484
Neighboring United Way Agencies	**141,476**	155,489
	$ 2,431,187	$ 3,093,973

Total volunteer and donor grants and designations of the campaigns for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Grants	**$ 1,104,727**	$ 1,633,707
Designated disbursements	**1,326,460**	1,460,266
	$ 2,431,187	$ 3,093,973

NOTE 19 - INCOME FROM MEMBER AGENCIES

The Organization provided certain services to various agencies throughout the year. Income from these services was $127,887 and $156,628 for the years 2020 and 2019.

NOTE 20 - AFFILIATE PAYABLE

The Organization received a transfer in 2020 and 2019 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 has elected to have the Organization act as its agent with regards to control of its funds. The Organization reflected $83,013 and $2,742 of reserved cash and $66,371 and $69 of affiliate payables at June 30, 2020 and 2019, 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 21 - 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 2019 campaign, but not disbursed as of June 30, 2020, amounted to $662,996.

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

NOTE 22 - CASH SURRENDER VALUE OF LIFE INSURANCE

Certain contributors have named the Organization as their 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 $23,928 and $34,800 were made by the Organization during the fiscal years 2020 and 2019. 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 2020 and 2019, the Organization received $115,544 and $105,775 from these policies.

NOTE 23 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2020:

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor designated net assets, beginning of year	$ -	$ 526,535	**$ 526,535**
Net investment return	-	6,926	**6,926**
Net investment gain (realized and unrealized)	-	2,914	**2,914**
Amounts appropriated for expenditure	-	(19,726)	**(19,726)**
Donor designated net assets, end of year	$ -	$ 516,649	**$ 516,649**

The following table summarizes all Organization net assets as of June 30, 2020:

	2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment funds	$ -	$ 516,649	**$ 516,649**
Non-endowment funds:			
Operating	666,463	-	**666,463**
Beneficial interest in perpetual trusts	-	2,886,080	**2,886,080**
Purpose restricted funds	-	429,829	**429,829**
Cash surrender value of life insurance policies	-	1,999,795	**1,999,795**
	$ 666,463	$ 5,832,353	**$ 6,498,816**

NOTE 23 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED

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 24 - OPERATING LEASES

The Organization leases office space in Dayton, Eaton and Xenia, Ohio, and office equipment under 2020 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 2021
Xenia, Ohio Office Space	3,000	N/A - Automatic annual renewal unless cancelled by either party
Office Equipment	4,700	December 2023

Total rental expense was $100,579 and $119,988 for the years 2020 and 2019.

NOTE 24 - OPERATING LEASES - CONTINUED

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

2021	$ 82,640
2022	4,700
2023	2,350
	$ 89,690

NOTE 25 - UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. The rapidly developing pandemic has generated significant uncertainty in the economy, has impacted the normal operations of most businesses, and has created volatility in the financial markets. The outbreak of COVID-19 is still on-going and the extent of the impact of COVID-19 on the Organization's financial position is still uncertain. The related financial impact and duration cannot be reasonably estimated at this time.