

**THE UNITED WAY OF THE GREATER  
DAYTON AREA**

**(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**

**THE UNITED WAY OF THE GREATER DAYTON AREA**

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**YEARS ENDED JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **The United Way of the Greater Dayton Area** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **The United Way of the Greater Dayton Area's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

## INDEPENDENT AUDITORS' REPORT - CONTINUED

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### Auditors' Responsibilities for the Audit of the Financial Statements - Continued

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of the Greater Dayton Area's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **The United Way of the Greater Dayton Area's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Dayton, Ohio  
November 16, 2022

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 850,965	\$ 541,588
Pledges receivable		
Annual campaigns, net of adjustment of \$342,780 and \$404,852, respectively, for net realizable value	1,048,038	1,206,424
Accounts receivable - other	84,726	21,091
Employee Retention Credit receivable	212,440	-
Prepaid expenses	392	330
Investments in municipal bonds	403,366	421,397
Reserved cash	-	1,110,423
	<u>2,599,927</u>	<u>3,301,253</u>
Total current assets		
EQUIPMENT, NET	<u>54,161</u>	<u>63,594</u>
OTHER ASSETS		
Restricted cash	225,563	225,495
Cash surrender value of life insurance	1,633,560	1,740,233
Beneficial interest in funds held at The Dayton Foundation	3,030,451	3,619,905
Beneficial interest in perpetual trusts	2,999,768	3,570,311
	<u>7,889,342</u>	<u>9,155,944</u>
	<u>\$ 10,543,430</u>	<u>\$ 12,520,791</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Donor designations payable	\$ 451,759	\$ 458,325
Grants payable	979,986	1,070,479
Accounts payable and accrued expenses	80,109	64,760
Affiliate payable	-	1,074,363
	<u>1,511,854</u>	<u>2,667,927</u>
Total current liabilities		
LONG-TERM DEFINED BENEFIT OBLIGATION	<u>967,952</u>	<u>1,144,928</u>
Total liabilities	<u>2,479,806</u>	<u>3,812,855</u>
NET ASSETS		
Without donor restrictions	2,353,032	2,130,088
With donor restrictions	5,710,592	6,577,848
	<u>8,063,624</u>	<u>8,707,936</u>
	<u>\$ 10,543,430</u>	<u>\$ 12,520,791</u>

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross campaign contributions	\$ 3,512,349	\$ 9,432	\$ 3,521,781	\$ 3,699,583
Less				
Donor designations	(794,929)	-	(794,929)	(902,259)
Adjustment for net realizable value	(184,573)	-	(184,573)	(155,789)
Total campaign revenue	2,532,847	9,432	2,542,279	2,641,535
Freedom Schools grants	80,000	-	80,000	-
Other contributions and grants	813,819	-	813,819	587,246
Service fees	101,588	-	101,588	112,405
Net investment return	11,901	-	11,901	10,504
Information and referral	359,605	-	359,605	283,296
Net assets released from restrictions	202,484	(202,484)	-	-
Total public support and revenue	4,102,244	(193,052)	3,909,192	3,634,986
<b>EXPENSES</b>				
Program services	2,563,219	-	2,563,219	2,251,043
Supporting services				
Management and general	226,818	-	226,818	261,010
Fundraising	793,874	-	793,874	893,743
Total expenses	3,583,911	-	3,583,911	3,405,796
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>				
	518,333	(193,052)	325,281	229,190
<b>OTHER CHANGES</b>				
Increase (decrease) in cash surrender value of life insurance	-	(89)	(89)	6,561
Gain on redemption of life insurance policies	-	36,582	36,582	9,242
Gain (loss) on investments in municipal bonds	(26,741)	-	(26,741)	5,105
Gain (loss) on beneficial interest in funds held at The Dayton Foundation	(330,580)	(140,154)	(470,734)	739,927
Gain (loss) on perpetual interest in trusts	112,956	(570,543)	(457,587)	792,628
Net periodic defined benefit plan benefit	61,742	-	61,742	55,083
Defined benefit plan changes other than net periodic plan benefit	(112,766)	-	(112,766)	371,384
<b>TOTAL OTHER CHANGES</b>	(295,389)	(674,204)	(969,593)	1,979,930
<b>CHANGE IN NET ASSETS</b>	222,944	(867,256)	(644,312)	2,209,120
<b>NET ASSETS</b>				
Beginning of year	2,130,088	6,577,848	8,707,936	6,498,816
End of year	\$ 2,353,032	\$ 5,710,592	\$ 8,063,624	\$ 8,707,936

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Gross campaign contributions	\$ 3,593,737	\$ 105,846	\$ 3,699,583
Less			
Donor designations	(902,259)	-	(902,259)
Adjustment for net realizable value	(155,789)	-	(155,789)
Total campaign revenue	2,535,689	105,846	2,641,535
Other contributions and grants	565,405	21,841	587,246
Service fees	112,405	-	112,405
Net investment return	10,504	-	10,504
Information and referral	283,296	-	283,296
Net assets released from restrictions	311,718	(311,718)	-
Total public support and revenue	3,819,017	(184,031)	3,634,986
<b>EXPENSES</b>			
Program services	2,251,043	-	2,251,043
Supporting services			
Management and general	261,010	-	261,010
Fundraising	893,743	-	893,743
Total expenses	3,405,796	-	3,405,796
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>			
	413,221	(184,031)	229,190
<b>OTHER CHANGES</b>			
Increase in cash surrender value of life insurance	-	6,561	6,561
Gain on redemption of life insurance policies	-	9,242	9,242
Gain on investments in municipal bonds	5,105	-	5,105
Gain on beneficial interest in funds held at The Dayton Foundation	510,435	229,492	739,927
Gain on perpetual interest in trusts	108,397	684,231	792,628
Net periodic defined benefit plan benefit	55,083	-	55,083
Defined benefit plan changes other than net periodic plan benefit	371,384	-	371,384
<b>TOTAL OTHER CHANGES</b>	1,050,404	929,526	1,979,930
<b>CHANGE IN NET ASSETS</b>	1,463,625	745,495	2,209,120
<b>NET ASSETS</b>			
Beginning of year	666,463	5,832,353	6,498,816
End of year	\$ 2,130,088	\$ 6,577,848	\$ 8,707,936

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program				Supporting Services		Total Expenses
	Community Impact	HelpLink	Special Projects	Total	Management and General	Fundraising	
Salaries	\$ 300,269	\$ 474,200	\$ 56,698	\$ 831,167	\$ 96,649	\$ 496,222	\$ 1,424,038
Employee benefits	66,363	56,728	22,454	145,545	18,820	96,973	261,338
Payroll taxes	23,315	31,001	4,041	58,357	7,520	38,530	104,407
Total salaries and related expenses	389,947	561,929	83,193	1,035,069	122,989	631,725	1,789,783
Professional fees and purchased services	169,205	41,257	5,364	215,826	18,325	75,218	309,369
Supplies	10,231	489	175	10,895	368	1,041	12,304
Telephone	1,756	19,180	515	21,451	839	4,213	26,503
Postage and shipping	40	23	35	98	127	830	1,055
Occupancy	13,597	25,508	2,927	42,032	3,895	24,937	70,864
Rental and maintenance of equipment	691	1,408	8	2,107	203	1,146	3,456
Subscriptions and publications	81	73	8	162	17	165	344
Printing and publications	38,379	7,275	4,244	49,898	2,676	38,385	90,959
Travel	133	13	266	412	72	976	1,460
Conferences, conventions and meetings	10,947	843	29	11,819	468	2,560	14,847
Membership dues	197	1,237	846	2,280	387	1,473	4,140
Miscellaneous	200	180	20	400	1,081	2,811	4,292
Total expenses before depreciation	635,404	659,415	97,630	1,392,449	151,447	785,480	2,329,376
Depreciation	2,518	2,266	252	5,036	3,357	8,394	16,787
Total operating expenses	637,922	661,681	97,882	1,397,485	154,804	793,874	2,346,163
Grants	1,165,734	-	-	1,165,734	-	-	1,165,734
United Way of America dues	-	-	-	-	72,014	-	72,014
Total expenses	\$ 1,803,656	\$ 661,681	\$ 97,882	\$ 2,563,219	\$ 226,818	\$ 793,874	\$ 3,583,911

See notes to financial statements.



THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program				Supporting Services		Total Expenses
	Community Impact	HelpLink	Special Projects	Total	Management and General	Fundraising	
Salaries	\$ 292,806	\$ 413,032	\$ 49,482	\$ 755,320	\$ 113,885	\$ 562,473	\$ 1,431,678
Employee benefits	64,336	45,983	14,965	125,284	20,007	110,587	255,878
Payroll taxes	20,649	25,816	3,310	49,775	8,235	39,422	97,432
Total salaries and related expenses	377,791	484,831	67,757	930,379	142,127	712,482	1,784,988
Professional fees and purchased services	27,484	45,247	5,250	77,981	18,949	77,677	174,607
Supplies	907	1,711	143	2,761	952	2,458	6,171
Telephone	2,355	18,578	627	21,560	1,125	5,469	28,154
Postage and shipping	76	31	41	148	208	1,582	1,938
Occupancy	23,218	46,838	4,540	74,596	7,642	41,312	123,550
Rental and maintenance of equipment	829	1,690	9	2,528	244	1,373	4,145
Subscriptions and publications	272	245	56	573	62	574	1,209
Printing and publications	12,450	3,726	9,645	25,821	3,062	39,513	68,396
Travel	51	14	101	166	28	185	379
Conferences, conventions and meetings	370	603	22	995	326	1,077	2,398
Membership dues	244	1,279	634	2,157	418	1,499	4,074
Miscellaneous	408	3,564	43	4,015	97	23	4,135
Total expenses before depreciation	446,455	608,357	88,868	1,143,680	175,240	885,224	2,204,144
Depreciation	2,556	2,300	255	5,111	3,408	8,519	17,038
Total operating expenses	449,011	610,657	89,123	1,148,791	178,648	893,743	2,221,182
Grants	1,102,252	-	-	1,102,252	-	-	1,102,252
United Way of America dues	-	-	-	-	82,362	-	82,362
Total expenses	\$ 1,551,263	\$ 610,657	\$ 89,123	\$ 2,251,043	\$ 261,010	\$ 893,743	\$ 3,405,796

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (644,312)	\$ 2,209,120
Adjustments to reconcile change in net assets to net cash and cash equivalents, reserved cash and restricted cash provided (used) by operating activities:		
Depreciation	16,787	17,038
Forgiveness of Paycheck Protection Program loan	-	(311,500)
(Increase) decrease in value of cash surrender value of life insurance	89	(6,561)
Gain on redemption of life insurance policies	(36,582)	(9,242)
Net realized and unrealized (gain) loss on investments and beneficial interest in funds held at The Dayton Foundation	562,081	(694,063)
Net investment (gain) loss from perpetual interest in trusts	570,543	(684,231)
Contributions to defined benefit plan	(228,000)	(485,880)
Net periodic defined benefit plan benefit	(61,742)	(55,083)
Defined benefit plan changes other than periodic plan benefit	<u>112,766</u>	<u>(371,384)</u>
	291,630	(391,786)
Changes in operating assets and liabilities:		
Pledges receivable - annual campaigns, net	158,386	284,152
Accounts receivable - other	(63,635)	37,493
Employee Retention Credit receivable	(212,440)	-
Prepaid expenses	(62)	655
Donor designations payable	(6,566)	(204,671)
Grants payable	(90,493)	2,069
Accounts payable and accrued expenses	15,349	(6,767)
Affiliate payable	<u>(1,074,363)</u>	<u>1,007,992</u>
Net cash and cash equivalents, reserved cash and restricted cash provided (used) by operating activities	<u>(982,194)</u>	<u>729,137</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(7,354)	(50,233)
Purchases of investments	(73,617)	(60,325)
Proceeds received from sales and maturities of investments	119,021	115,671
Proceeds from life insurance policies	<u>143,166</u>	<u>275,365</u>
Net cash and cash equivalents, reserved cash and restricted cash provided by investing activities	<u>181,216</u>	<u>280,478</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, RESERVED CASH AND RESTRICTED CASH</b>	<b>(800,978)</b>	<b>1,009,615</b>
<b>CASH AND CASH EQUIVALENTS, RESERVED CASH AND RESTRICTED CASH</b>		
Beginning of year	<u>1,877,506</u>	<u>867,891</u>
End of year	<u>\$ 1,076,528</u>	<u>\$ 1,877,506</u>

## THE UNITED WAY OF THE GREATER DAYTON AREA

### NOTES TO FINANCIAL STATEMENTS

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#### 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.

## THE UNITED WAY OF THE GREATER DAYTON AREA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Reserved Cash** - The Organization had \$1,110,423 of reserved cash at June 30, 2021, which was kept in a separate bank account for the operations of the Hall Hunger Initiative. The Organization had no reserved cash as of June 30, 2022.

**Restricted Cash** - The Organization had \$225,563 and \$225,495 of restricted cash at June 30, 2022 and 2021, 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.

**Contributed Services and Materials ("In-Kind")** - Services and materials are donated to the Organization by various individuals and companies. Donated materials are recorded at fair market value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. In addition to the recorded contributions, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns. Since these services do not meet the requirements for recognition, the value thereof is not reflected in the accompanying financial statements. Contributed services and materials are utilized for the Organization's programs. Unless otherwise noted, contributed services and materials did not have any donor-imposed restrictions.

The Organization did not have any contributed services and materials for the years 2022 and 2021.

**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 institution. 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 2022 and 2021 were \$53,095 and \$52,812.

**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).

## THE UNITED WAY OF THE GREATER DAYTON AREA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Accounting for Uncertainty in Income Taxes** - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of June 30, 2022.

**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.

**Reclassifications** - Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation.

**Recently Issued Accounting Standards Not Yet Adopted** - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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. 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 16, 2022, the date the financial statements were available to be issued.

## THE UNITED WAY OF THE GREATER DAYTON AREA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 3 - REVENUE RECOGNITION

The FASB issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). Topic 606 replaced most existing revenue recognition guidance in U.S. GAAP, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Topic 606 does not apply to public support received by the Organization or to return on investments.

The Organization adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. Adoption of the new guidance did not require any changes to the Organization's accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, or deferred costs. Accordingly, there has been no adjustments to net assets or any other statement of financial position accounts as of July 1, 2020, to reflect adoption of the new guidance.

The Organization derives its revenue primarily from charitable contributions and government grants. A smaller portion of revenue is related to information and referral services, as well as the Organization's service fees. Revenue subject to ASC Topic 606 includes information and referral services and service fees. Revenue from information and referral services is recognized ratably over the course of the related contract, as services are provided throughout its duration. For service fees, revenue is recognized when the service has been provided to the customer, which is when designations have been processed by the Organization. Incidental items that are immaterial in the context of the contract are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year. The nature of the Organization's business does not give rise to variable consideration. The Organization does not have any significant financing components.

Revenue from performance obligations satisfied at a point in time consists of service fees. Revenue from performance obligations satisfied over time consists of information and referral services.

The contract balances at June 30, 2022, 2021 and 2020 included other receivables of \$28,079, \$21,091, and \$20,423.

#### Performance Obligations

Performance obligations related to service fees are satisfied at a point in time. The Organization acts as an intermediary in the distribution of grants and charitable contributions throughout the communities it serves. The Organization thus provides administrative and processing services as these funds are distributed to designated entities. Revenue from service fees is recognized when these administrative and processing services are provided, which is when a designation has been processed by the Organization.

Performance obligations related to information and referral services are satisfied over time, as the services are provided. The Organization provides a 24-hour service which aids in volunteer recruitment and placement, as well as general community planning and assistance. Information and referral services revenue is recognized as service is provided, which is over the course of the related contract.

**THE UNITED WAY OF THE GREATER DAYTON AREA**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 - REVENUE RECOGNITION - CONTINUED**

Revenue

Revenue recognized from performance obligations satisfied at a point in time and over time for 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Performance obligations satisfied at a point in time	\$ 101,588	\$ 112,405
Performance obligations satisfied over time	<u>359,605</u>	<u>283,296</u>
	<u>\$ 461,193</u>	<u>\$ 395,701</u>

**NOTE 4 - 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.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 850,965	\$ 541,588
Pledges receivable, net	1,048,038	1,206,424
Accounts receivable - other	84,726	21,091
Employee Retention Credit receivable	212,440	-
Investments in municipal bonds	403,366	421,397
Reserved cash	-	1,110,423
Restricted cash	225,563	225,495
Beneficial interest in funds held at The Dayton Foundation	3,030,451	3,619,905
Beneficial interest in perpetual trusts	<u>2,999,768</u>	<u>3,570,311</u>
Total financial assets	<b>8,855,317</b>	10,716,634
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	(115,278)	(163,747)
Restricted cash	(225,563)	(225,495)
Donor designations payable	(451,759)	(458,325)
Affiliate payable	-	(1,074,363)
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	(2,906,289)	(3,501,929)
Beneficial interest in perpetual trusts less next year's		
approved draw	<u>(2,879,413)</u>	<u>(3,457,355)</u>
Financial assets available to meet cash needs for general		
expenditures within one year	<u>\$ 2,277,015</u>	<u>\$ 1,835,420</u>

# THE UNITED WAY OF THE GREATER DAYTON AREA

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 - 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. Additionally, the Organization has available a line of credit with a borrowing limit of \$350,000 as described in Note 11. In September 2022, the Organization was awarded a \$500,000 grant. The funds from this grant will be allocated for internal and external uses over the next program year.

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, 2022 and 2021, \$2,068,464 and \$2,480,288 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 5 - 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 11 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.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 850,965	\$ 541,588
Reserved cash	-	1,110,423
Restricted cash	<u>225,563</u>	<u>225,495</u>
Total cash and cash equivalents, reserved cash and restricted cash shown in the statements of cash flows	<u>\$ 1,076,528</u>	<u>\$ 1,877,506</u>



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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - EMPLOYEE RETENTION CREDIT**

Due to hardships caused by the COVID-19 pandemic, the Organization qualified for an Employee Retention Credit ("ERC"). The ERC was provided for under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), including subsequent amendments. For the calendar year 2021, the ERC was equal to 70% of qualified wages paid to employees during a qualifying quarter, capped at \$10,000 of qualified wages per employee. This payroll tax credit was available to offset certain employment taxes with any excess being refunded. The ERC for qualifying quarters in 2021 was estimated to be \$404,985, and was filed during the year ended June 30, 2022. Of this amount, \$192,545 was received as of June 30, 2022, with the remainder reported as a receivable on the statements of financial position. The full amount is recorded as other contributions and grants revenue on the statement of activities for the year 2022.

**NOTE 7 - EQUIPMENT**

	<u>2022</u>	<u>2021</u>
Equipment	\$ 153,959	\$ 160,190
Less accumulated depreciation	<u>99,798</u>	<u>96,596</u>
	<u>\$ 54,161</u>	<u>\$ 63,594</u>

**NOTE 8 - 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
United Way of the Greater Dayton Area Endowment Fund	\$ 1,338,309	\$ 1,583,283
United Way of the Greater Dayton Area Memorial Fund	<u>730,155</u>	<u>897,005</u>
	<u>2,068,464</u>	<u>2,480,288</u>
With donor restrictions:		
United Way of the Greater Dayton Area Campaign Fund	437,130	517,226
Rike Family Endowment Fund	498,372	589,697
Gertrude Mellen Fund	<u>26,485</u>	<u>32,694</u>
	<u>961,987</u>	<u>1,139,617</u>
Total beneficial interest in funds held at The Dayton Foundation	<u>\$ 3,030,451</u>	<u>\$ 3,619,905</u>
Investments in municipal bonds	<u>\$ 403,366</u>	<u>\$ 421,397</u>

## THE UNITED WAY OF THE GREATER DAYTON AREA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 9 - 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.

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

	<u>2022</u>	<u>2021</u>
C.H. Dean & Associates Inc. Fund	\$ 257,115	\$ 285,942
Berry Family Fund	2,666,343	3,193,485
Marie S. Aull Fund	<u>76,310</u>	<u>90,884</u>
	<u>\$ 2,999,768</u>	<u>\$ 3,570,311</u>

#### NOTE 10 - 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.

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NOTES TO FINANCIAL STATEMENTS

**NOTE 10 - FAIR VALUE MEASUREMENTS - CONTINUED**

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 at 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.

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2022 are as follows:

	<b>2022</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Assets</b>				
Investments				
Fixed income	\$ 403,366	\$ 403,366	\$ -	\$ -
Beneficial interest in funds held at The Dayton Foundation	2,772,898	-	-	2,772,898
Beneficial interest in perpetual trusts	<u>2,999,768</u>	<u>-</u>	<u>-</u>	<u>2,999,768</u>
Total assets in the fair value hierarchy	6,176,032	403,366	-	5,772,666
Alternative investments, NAV as a practical expedient <sup>(a)</sup>	<u>257,553</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,433,585</u>	<u>\$ 403,366</u>	<u>\$ -</u>	<u>\$ 5,772,666</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 10 - FAIR VALUE MEASUREMENTS - CONTINUED

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2021 are as follows:

	2021			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Investments				
Fixed income	\$ 421,397	\$ 421,397	\$ -	\$ -
Beneficial interest in funds held at The Dayton Foundation	3,330,312	-	-	3,330,312
Beneficial interest in perpetual trusts	<u>3,570,311</u>	<u>-</u>	<u>-</u>	<u>3,570,311</u>
Total assets in the fair value hierarchy	7,322,020	421,397	-	6,900,623
Alternative investments, NAV as a practical expedient <sup>(a)</sup>	<u>289,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,611,613</u>	<u>\$ 421,397</u>	<u>\$ -</u>	<u>\$ 6,900,623</u>

(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.

There were no transfers into or out of Level 3 investments for the years ended June 30, 2022 and 2021. The only changes that occurred during the years ended June 30, 2022 and 2021 were the change in fair value and distributions.

NOTE 11 - LINE OF CREDIT

The Organization obtained a \$350,000 revolving line of credit from PNC Bank in June 2019. The line of credit offered the Organization cash advances to use for working capital or other general business purposes. The Organization had the ability to request letters of credit in lieu of cash advances under this agreement, however, the letters of credit were not to exceed \$225,000, and the aggregate amount of the letters of credit and the outstanding cash advances on the line of credit were not to exceed \$350,000. Interest was charged at the daily LIBOR (0.09% at June 30, 2021) plus 200 basis points. There was no balance on the line of credit at June 30, 2021 and no related interest expense for the year 2021.

During March 2022, the line of credit was amended and restated. The line of credit expires in May 2023. Interest is charged at the daily Bloomberg Short-Term Bank Yield ("BSBY") rate plus 175 basis points. The BSBY rate at June 30, 2022 was 1.56%. The amended and restated agreement does not allow for letters of credit. There was no balance on the line of credit at June 30, 2022 and no related interest expense for the year 2022.

The line of credit is collateralized by a money market account held at PNC Bank. The balance of this account was \$225,563 and \$225,495 as of June 30, 2022 and 2021, and is classified as restricted cash in the statements of financial position.

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### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN

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"). The Organization recorded a current liability on the statement of financial position for the entire loan amount at June 30, 2020. In May 2021, the Organization was notified by the Small Business Administration ("SBA") that the loan balance, along with all accrued interest, was forgiven in full. The Organization recorded this forgiveness as contribution revenue for 2021.

#### NOTE 13 - NET ASSETS WITHOUT DONOR RESTRICTIONS

A summary of appropriated and unappropriated net assets without donor restrictions as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Appropriated		
Funds held at The Dayton Foundation	\$ 2,068,464	\$ 2,480,288
Unappropriated surplus (deficit)	<u>284,568</u>	<u>(350,200)</u>
Net assets without donor restrictions	<u>\$ 2,353,032</u>	<u>\$ 2,130,088</u>

#### NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

The following table summarizes net assets with donor restrictions at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time restricted net assets:		
Cash surrender value of life insurance	\$ 1,633,560	\$ 1,740,233
Purpose restricted net assets:		
United Way of the Greater Dayton Area Campaign Fund	437,130	517,226
Freedom Schools pledges	115,278	105,846
HelpLink contributions	-	21,841
Rike Family Endowment Fund investment earnings	248,371	339,697
Gertrude Mellen Fund investment earnings	<u>1,485</u>	<u>7,694</u>
	802,264	992,304
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	<u>2,999,768</u>	<u>3,570,311</u>
	<u>\$ 5,710,592</u>	<u>\$ 6,577,848</u>

## THE UNITED WAY OF THE GREATER DAYTON AREA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

The following schedule is the assets released from restrictions for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Release of purpose restriction	\$ 165,902	\$ 302,476
Release of time restriction	<u>36,582</u>	<u>9,242</u>
	<u>\$ 202,484</u>	<u>\$ 311,718</u>

#### NOTE 15 - 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 16 - SINGLE-EMPLOYER PENSION PLAN

The Organization has a single-employer pension plan (the "Plan") that was formed following the Organization's spin-off from a multi-employer pension plan effective September 1, 2019. The 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. Plan assets are invested in debt and equity securities maintained by the Plan's trustee. The historical returns of debt and equity securities under an allocation of the Plan's current asset mix is adopted for the expected return on plan assets. The 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, 2022 and 2021.

The components of the net periodic defined benefit plan benefit are as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest cost	\$ 107,680	\$ 152,772
Expected return on assets	(168,679)	(159,021)
Settlement gain	(25,980)	(74,071)
Amortization of unrecognized transition obligation	<u>25,237</u>	<u>25,237</u>
Net periodic defined benefit plan benefit	<u>\$ (61,742)</u>	<u>\$ (55,083)</u>

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NOTES TO FINANCIAL STATEMENTS

**NOTE 16 - SINGLE-EMPLOYER PENSION PLAN - CONTINUED**

The components of defined benefit plan changes other than net periodic defined benefit plan benefit recognized on the statements of activities are as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Net actuarial (gain) loss	\$ 138,003	\$ (346,147)
Amortization of unrecognized transition obligation	<u>(25,237)</u>	<u>(25,237)</u>
Total defined benefit plan changes other than net periodic defined benefit plan (benefit) expense	<u>\$ 112,766</u>	<u>\$ (371,384)</u>

The following are reconciliations of the pension benefit obligation and the value of Plan assets at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pension benefit obligation		
Balance, beginning of year	\$ 3,667,043	\$ 4,456,577
Interest cost	107,680	152,772
Benefits paid to participants	(97,683)	(114,925)
Actuarial gain	(711,799)	(219,480)
Settlement gain	<u>(453,206)</u>	<u>(607,901)</u>
Balance, end of year	<u>\$ 2,512,035</u>	<u>\$ 3,667,043</u>

	<u>2022</u>	<u>2021</u>
Plan assets		
Fair value, beginning of year	\$ 2,522,115	\$ 2,399,302
Actual return on assets	(449,204)	415,104
Employer contributions	228,000	485,880
Benefits paid to participants	(97,683)	(114,925)
Settlement	<u>(659,145)</u>	<u>(663,246)</u>
Fair value, end of year	<u>\$ 1,544,083</u>	<u>\$ 2,522,115</u>

The funded status of the Plan was as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Excess of the benefit obligation over the value of Plan assets	\$ (967,952)	\$ (1,144,928)
Unrecognizable actuarial loss	<u>-</u>	<u>-</u>
Net amount recognized	<u>\$ (967,952)</u>	<u>\$ (1,144,928)</u>

**THE UNITED WAY OF THE GREATER DAYTON AREA**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - SINGLE-EMPLOYER PENSION PLAN - CONTINUED**

The net amount recognized in the statement of financial position is classified as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pension benefit cost	\$ -	\$ -
Unfunded pension liability	<u>(967,952)</u>	<u>(1,144,928)</u>
Net amount recognized	<u>\$ (967,952)</u>	<u>\$ (1,144,928)</u>

Note that the values of Plan assets and the benefit obligations are determined as of June 30, 2022 and 2021. Due to the Plan being frozen, the accumulated benefit obligations and the projected benefit obligations are the same and totaled \$2,512,035 and \$3,667,043 at June 30, 2022 and 2021. Actuarial assumptions and other selected data at June 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	<b>4.38%</b>	3.00%
Expected rate of return on Plan assets	<b>6.50%</b>	6.50%
Rate of compensation increase	<b>N/A</b>	N/A

The expected rate of return is based on the historical and/or projected performance of the asset classes within the portfolio. The Plan's weighted average asset allocations at June 30, 2022 and 2021 by asset category are as follows:

Asset category	<u>2022</u>	<u>2021</u>
Equity securities	<b>57%</b>	65%
Debt securities	<b>36%</b>	35%
Cash and cash equivalents	<u>7%</u>	<u>0%</u>
	<u><b>100%</b></u>	<u>100%</u>

The Organization's overall strategy is to invest in equity and fixed income securities with a moderate risk tolerance, keeping in mind that the 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.



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NOTES TO FINANCIAL STATEMENTS

**NOTE 16 - SINGLE-EMPLOYER PENSION PLAN - CONTINUED**

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2022:

Asset category	2022			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 880,127	\$ 880,127	\$ -	\$ -
Debt securities	555,870	555,870	-	-
Cash and cash equivalents	<u>108,086</u>	<u>108,086</u>	-	-
	<u>\$ 1,544,083</u>	<u>\$ 1,544,083</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2021:

Asset category	2021			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 1,639,375	\$ 1,639,375	\$ -	\$ -
Debt securities	<u>882,740</u>	<u>882,740</u>	-	-
	<u>\$ 2,522,115</u>	<u>\$ 2,522,115</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization expects to contribute \$228,000 to the Plan for the fiscal year ending June 30, 2023.

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

<u>Fiscal Years Ending</u>	<u>Expected Benefit Payments</u>
2023	\$ 143,131
2024	147,704
2025	151,008
2026	148,847
2027	153,746
2028 - 2032	784,823

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 benefit into net periodic defined benefit plan benefit over the next fiscal year is \$25,237.

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### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 17 - 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 2022 and 2021 was \$54,663 and \$57,640.

#### NOTE 18 - 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 19 - 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, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
United Way Agencies	\$ 1,864,007	\$ 1,900,303
Neighboring United Way Agencies	<u>96,656</u>	<u>104,208</u>
	<u>\$ 1,960,663</u>	<u>\$ 2,004,511</u>

Total volunteer and donor grants and designations of the campaigns for the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Grants	\$ 1,165,734	\$ 1,102,252
Designated disbursements	<u>794,929</u>	<u>902,259</u>
	<u>\$ 1,960,663</u>	<u>\$ 2,004,511</u>

#### NOTE 20 - INCOME FROM MEMBER AGENCIES

The Organization provided certain services to various agencies throughout the year. Income from these services was \$101,588 and \$112,405 for the years 2022 and 2021.

## THE UNITED WAY OF THE GREATER DAYTON AREA

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 21 - AFFILIATE PAYABLE

During 2021, the Organization received gifts on behalf of the Hall Hunger Initiative. The Hall Hunger Initiative is not a registered 501(c)(3) tax-exempt organization, and elected to have the Organization act as its agent with regards to control of its funds. The Organization reflected \$1,110,423 of reserved cash and \$1,074,363 of affiliate payables at June 30, 2021, on its statement of financial position. These funds were to be distributed on a monthly basis to pay the expenses incurred by the Hall Hunger Initiative.

Effective August 31, 2021, the Organization transferred its duty as fiduciary agent to a third party and relinquished control of all funds managed on behalf of the Hall Hunger Initiative to the third party. There was no reserved cash or affiliate payables remaining on the statement of financial position at June 30, 2022.

#### NOTE 22 - 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 campaigns run in 2021 or prior, but not disbursed as of June 30, 2022 amounted to \$451,759.

Donor designations pledged as part of campaigns run in 2020 or prior, but not disbursed as of June 30, 2021 amounted to \$458,325.

#### NOTE 23 - 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. No additional premium payments were made by the Organization during 2022 and 2021. 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 2022 and 2021, the Organization received \$143,166 and \$275,365 from these policies.

**THE UNITED WAY OF THE GREATER DAYTON AREA**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 24 - ENDOWMENT FUNDS AND NET ASSETS**

The following is a summary of changes in endowment net assets for the year ended June 30, 2022:

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor designated net assets, beginning of year	\$ -	\$ 622,391	\$ <b>622,391</b>
Net investment return	-	6,645	<b>6,645</b>
Net investment loss (realized and unrealized)	-	(83,723)	<b>(83,723)</b>
Amounts appropriated for expenditure	-	(20,457)	<b>(20,457)</b>
Donor designated net assets, end of year	<u>\$ -</u>	<u>\$ 524,856</u>	<u>\$ <b>524,856</b></u>

The following table summarizes all Organization net assets as of June 30, 2022:

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds	\$ -	\$ 524,856	\$ <b>524,856</b>
Non-endowment funds:			
Operating	284,568	-	<b>284,568</b>
Board designated	2,068,464	-	<b>2,068,464</b>
Beneficial interest in perpetual trusts	-	2,999,768	<b>2,999,768</b>
Purpose restricted funds	-	552,408	<b>552,408</b>
Cash surrender value of life insurance policies	-	1,633,560	<b>1,633,560</b>
	<u>\$ 2,353,032</u>	<u>\$ 5,710,592</u>	<u>\$ <b>8,063,624</b></u>

The following is a summary of changes in endowment net assets for the year ended June 30, 2021:

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor designated net assets, beginning of year	\$ -	\$ 516,649	\$ <b>516,649</b>
Net investment return	-	4,139	<b>4,139</b>
Net investment gain (realized and unrealized)	-	121,433	<b>121,433</b>
Amounts appropriated for expenditure	-	(19,830)	<b>(19,830)</b>
Donor designated net assets, end of year	<u>\$ -</u>	<u>\$ 622,391</u>	<u>\$ <b>622,391</b></u>

**THE UNITED WAY OF THE GREATER DAYTON AREA**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 24 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED**

The following table summarizes all Organization net assets as of June 30, 2021:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ -	\$ 622,391	\$ <b>622,391</b>
Non-endowment funds:			
Operating	(350,200)	-	<b>(350,200)</b>
Board designated	2,480,288	-	<b>2,480,288</b>
Beneficial interest in perpetual trusts	-	3,570,311	<b>3,570,311</b>
Purpose restricted funds	-	644,913	<b>644,913</b>
Cash surrender value of life insurance policies	-	1,740,233	<b>1,740,233</b>
	<b>\$ 2,130,088</b>	<b>\$ 6,577,848</b>	<b>\$ 8,707,936</b>

**NOTE 25 - OPERATING LEASES**

The Organization leases office space in Dayton and Eaton, Ohio, and office equipment under 2022 operating leases that extend through June 2023. The leases are as follows:

<u>Office Space/Equipment</u>	<u>Annual Rent</u>	<u>Expiration</u>
Dayton, Ohio Office Space	\$ 24,000	Month-to-month, no expiration
Eaton, Ohio Office Space	2,940	June 2023
Office Equipment	2,530	December 2023

Total rental expense was \$43,348 and \$100,887 for the years 2022 and 2021.

The minimum lease payment for operating leases over the next year is as follows:

2023	\$	4,208
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