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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

THE UNITED WAY OF THE GREATER DAYTON AREA

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YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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BRADY WARE & SCHOENFELD

INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The United Way of the Greater Dayton Area** as of June 30, 2017 and 2016, 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 15, 2017

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 596,696	$ 887,621
Pledges receivable		
Annual campaigns, net of adjustment of $692,516 and $611,063, respectively, for net realizable value	2,804,927	3,072,622
Accounts receivable - other	143,062	130,378
Prepaid expenses	7,507	8,364
Investments in municipal bonds	687,436	588,034
Reserved cash	925,150	655,537
	5,164,778	5,342,556
EQUIPMENT, NET	40,352	41,982
OTHER ASSETS		
Restricted cash	325,746	325,000
Cash surrender value of life insurance	2,076,507	2,122,288
Investments at The Dayton Foundation	2,954,287	2,710,714
Beneficial interest in perpetual trusts	2,778,272	2,565,716
	8,134,812	7,723,718
	$ 13,339,942	$ 13,108,256
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Donor designations payable	$ 2,590,135	$ 2,526,501
Grants payable	1,906,462	1,972,152
Accounts payable and accrued expenses	180,252	184,099
Affiliate payable	47,149	44,197
	4,723,998	4,726,949
LONG-TERM LIABILITIES		
Long-term defined benefit obligation	1,550,000	1,100,000
	6,273,998	5,826,949
NET ASSETS		
Unrestricted	1,268,706	1,654,592
Temporarily restricted	2,743,966	2,785,999
Permanently restricted	3,053,272	2,840,716
	7,065,944	7,281,307
	$ 13,339,942	$ 13,108,256

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017, WITH COMPARATIVE TOTALS FOR 2016

				Totals	
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**2017**	2016
PUBLIC SUPPORT AND REVENUE					
2017 gross campaign contributions	$ -	$ 11,500	$ -	**$ 11,500**	$ -
2016 gross campaign contributions	7,614,422	-	-	**7,614,422**	12,734
2015 gross campaign contributions	38,546	-	-	**38,546**	7,770,989
2014 gross campaign contributions	970	-	-	**970**	67,107
Less					
Donor designations	(3,426,190)	-	-	**(3,426,190)**	(3,391,930)
Adjustment for net realizable value	(390,589)	-	-	**(390,589)**	(296,340)
Total campaign revenue	3,837,159	11,500	-	**3,848,659**	4,162,560
Freedom Schools grants	200,000	-	-	**200,000**	183,000
Other contributions and grants	302,065	2,500	-	**304,565**	403,117
Service fees	189,877	-	-	**189,877**	195,223
Investment income	11,116	-	-	**11,116**	7,096
Information and referral	91,518	-	-	**91,518**	64,671
Net assets released from restrictions	176,743	(176,743)	-	**-**	-
Total public support and revenue	4,808,478	(162,743)	-	**4,645,735**	5,015,667
EXPENSES					
Program services	3,566,933	-	-	**3,566,933**	3,529,299
Support services					
Management and general	353,791	-	-	**353,791**	348,529
Fundraising	1,184,513	-	-	**1,184,513**	1,100,385
Total expenses	5,105,237	-	-	**5,105,237**	4,978,213
CHANGE IN NET ASSETS FROM OPERATIONS	(296,759)	(162,743)	-	**(459,502)**	37,454
OTHER CHANGES					
Decrease in cash surrender value of life insurance	-	(34,122)	-	**(34,122)**	(8,631)
Gain on life insurance policies	-	47,560	-	**47,560**	25,469
Gain (loss) on investments at The Dayton Foundation and investments in municipal bonds	257,351	107,272	-	**364,623**	(101,280)
Gain (loss) on perpetual interest in trusts	103,522	-	212,556	**316,078**	(43,848)
TOTAL OTHER CHANGES	360,873	120,710	212,556	**694,139**	(128,290)
Change in net assets before pension adjustment	64,114	(42,033)	212,556	**234,637**	(90,836)
Defined benefit plan adjustment	(450,000)	-	-	**(450,000)**	-
CHANGE IN NET ASSETS	(385,886)	(42,033)	212,556	**(215,363)**	(90,836)
NET ASSETS					
Beginning of year	1,654,592	2,785,999	2,840,716	**7,281,307**	7,372,143
End of year	$ 1,268,706	$ 2,743,966	$ 3,053,272	**$ 7,065,944**	$ 7,281,307

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
2016 gross campaign contributions	$ -	$ 12,734	$ -	**$ 12,734**
2015 gross campaign contributions	7,770,989	-	-	**7,770,989**
2014 gross campaign contributions	67,107	-	-	**67,107**
Less				
Donor designations	(3,391,930)	-	-	**(3,391,930)**
Adjustment for net realizable value	(296,340)	-	-	**(296,340)**
Total campaign revenue	4,149,826	12,734	-	**4,162,560**
Freedom Schools grants	183,000	-	-	**183,000**
Other contributions and grants	323,117	80,000	-	**403,117**
Service fees	195,223	-	-	**195,223**
Investment income	7,096	-	-	**7,096**
Information and referral	64,671	-	-	**64,671**
Net assets released from restrictions	96,699	(96,699)	-	**-**
Total public support and revenue	5,019,632	(3,965)	-	**5,015,667**
EXPENSES				
Program services	3,529,299	-	-	**3,529,299**
Support services				
Management and general	348,529	-	-	**348,529**
Fundraising	1,100,385	-	-	**1,100,385**
Total expenses	4,978,213	-	-	**4,978,213**
CHANGE IN NET ASSETS FROM OPERATIONS	41,419	(3,965)	-	**37,454**
OTHER CHANGES				
Decrease in cash surrender value of life insurance	-	(8,631)	-	**(8,631)**
Gain on life insurance policies	-	25,469	-	**25,469**
Loss on investments at The Dayton Foundation and investments in municipal bonds	(63,200)	(38,080)	-	**(101,280)**
Gain (loss) on perpetual interest in trusts	100,506	-	(144,354)	**(43,848)**
TOTAL OTHER CHANGES	37,306	(21,242)	(144,354)	**(128,290)**
CHANGE IN NET ASSETS	78,725	(25,207)	(144,354)	**(90,836)**
NET ASSETS				
Beginning of year	1,575,867	2,811,206	2,985,070	**7,372,143**
End of year	$ 1,654,592	$ 2,785,999	$ 2,840,716	**$ 7,281,307**

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Program Services	**Supporting Services**	**Total**	Program Services	Supporting Services	Total
Salaries	**$ 648,865**	**$ 745,608**	**$ 1,394,473**	$ 599,891	$ 685,752	$ 1,285,643
Employee benefits	**250,662**	**243,494**	**494,156**	212,530	213,266	425,796
Payroll taxes	**52,501**	**58,893**	**111,394**	49,145	55,971	105,116
Total Salaries and Related Expenses	**952,028**	**1,047,995**	**2,000,023**	861,566	954,989	1,816,555
Professional fees and purchased services	**414,118**	**152,487**	**566,605**	356,954	135,537	492,491
Supplies	**19,876**	**7,486**	**27,362**	37,033	11,800	48,833
Telephone	**15,697**	**7,830**	**23,527**	12,978	9,953	22,931
Postage and shipping	**353**	**10,438**	**10,791**	360	3,348	3,708
Occupancy	**101,287**	**73,762**	**175,049**	99,193	74,669	173,862
Rental and maintenance of equipment	**1,268**	**965**	**2,233**	1,228	2,944	4,172
Printing and publications	**60,618**	**66,048**	**126,666**	62,102	78,458	140,560
Travel	**12,690**	**7,313**	**20,003**	14,861	7,958	22,819
Conferences, conventions and meetings	**34,621**	**13,387**	**48,008**	37,402	13,668	51,070
Subscriptions and publications	**828**	**696**	**1,524**	768	556	1,324
Membership dues	**3,243**	**3,029**	**6,272**	2,731	2,400	5,131
Administrative	**-**	**62,200**	**62,200**	-	65,641	65,641
Miscellaneous	**3,991**	**3,195**	**7,186**	4,327	1,043	5,370
Total Expenses Before Depreciation	**1,620,618**	**1,456,831**	**3,077,449**	1,491,503	1,362,964	2,854,467
Depreciation	**4,029**	**9,400**	**13,429**	3,599	8,397	11,996
Total Operating Expenses	**1,624,647**	**1,466,231**	**3,090,878**	1,495,102	1,371,361	2,866,463
Grants	**1,942,286**	**-**	**1,942,286**	2,034,197	-	2,034,197
United Way of America dues	**-**	**72,073**	**72,073**	-	77,553	77,553
Total Expenses	**$ 3,566,933**	**$ 1,538,304**	**$ 5,105,237**	$ 3,529,299	$ 1,448,914	$ 4,978,213

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017				2016			
	Community Impact	**HelpLink**	**Special Projects**	**Total**	Community Impact	HelpLink	Special Projects	Total
Salaries	**$ 274,539**	**$ 320,282**	**$ 54,044**	**$ 648,865**	$ 254,022	$ 296,797	$ 49,072	$ 599,891
Employee benefits	**103,001**	**123,960**	**23,701**	**250,662**	76,561	110,712	25,257	212,530
Payroll taxes	**21,905**	**26,205**	**4,391**	**52,501**	21,182	24,442	3,521	49,145
Total Salaries and Related Expenses	**399,445**	**470,447**	**82,136**	**952,028**	351,765	431,951	77,850	861,566
Professional fees and purchased services	**358,019**	**51,130**	**4,969**	**414,118**	317,665	34,549	4,740	356,954
Supplies	**17,841**	**1,565**	**470**	**19,876**	31,328	5,322	383	37,033
Telephone	**2,340**	**11,167**	**2,190**	**15,697**	2,599	7,743	2,636	12,978
Postage and shipping	**227**	**111**	**15**	**353**	194	113	53	360
Occupancy	**35,580**	**59,614**	**6,093**	**101,287**	35,941	56,932	6,320	99,193
Rental and maintenance of equipment	**494**	**768**	**6**	**1,268**	938	276	14	1,228
Printing and publications	**42,125**	**16,389**	**2,104**	**60,618**	41,380	17,546	3,176	62,102
Travel	**10,914**	**740**	**1,036**	**12,690**	12,372	679	1,810	14,861
Conferences, conventions and meetings	**32,943**	**1,560**	**118**	**34,621**	36,298	885	219	37,402
Subscriptions and publications	**298**	**468**	**62**	**828**	235	509	24	768
Membership dues	**613**	**1,597**	**1,033**	**3,243**	625	1,469	637	2,731
Miscellaneous	**1,164**	**2,797**	**30**	**3,991**	261	4,051	15	4,327
Total Expenses Before Depreciation	**902,003**	**618,353**	**100,262**	**1,620,618**	831,601	562,025	97,877	1,491,503
Depreciation	**2,015**	**1,813**	**201**	**4,029**	1,800	1,619	180	3,599
Total Operating Expenses	**904,018**	**620,166**	**100,463**	**1,624,647**	833,401	563,644	98,057	1,495,102
Grants	**1,942,286**	**-**	**-**	**1,942,286**	2,034,197	-	-	2,034,197
Total Expenses	**$ 2,846,304**	**$ 620,166**	**$ 100,463**	**$ 3,566,933**	$ 2,867,598	$ 563,644	$ 98,057	$ 3,529,299

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Management and General	**Fundraising**	**Total**	Management and General	Fundraising	Total
Salaries	**$ 141,731**	**$ 603,877**	**$ 745,608**	$ 136,075	$ 549,677	$ 685,752
Employee benefits	**41,771**	**201,723**	**243,494**	38,530	174,736	213,266
Payroll taxes	**11,256**	**47,637**	**58,893**	11,112	44,859	55,971
Total Salaries and Related Expenses	**194,758**	**853,237**	**1,047,995**	185,717	769,272	954,989
Professional fees and purchased services	**35,357**	**117,130**	**152,487**	30,579	104,958	135,537
Supplies	**1,660**	**5,826**	**7,486**	3,189	8,611	11,800
Telephone	**1,498**	**6,332**	**7,830**	2,192	7,761	9,953
Postage and shipping	**1,814**	**8,624**	**10,438**	676	2,672	3,348
Occupancy	**12,758**	**61,004**	**73,762**	12,914	61,755	74,669
Rental and maintenance of equipment	**165**	**800**	**965**	284	2,660	2,944
Printing and publications	**10,110**	**55,938**	**66,048**	12,010	66,448	78,458
Travel	**846**	**6,467**	**7,313**	1,032	6,926	7,958
Conferences, conventions and meetings	**2,900**	**10,487**	**13,387**	2,641	11,027	13,668
Subscriptions and publications	**68**	**628**	**696**	62	494	556
Membership dues	**666**	**2,363**	**3,029**	579	1,821	2,400
Administrative	**15,550**	**46,650**	**62,200**	16,410	49,231	65,641
Miscellaneous	**882**	**2,313**	**3,195**	292	751	1,043
Total Expenses Before Depreciation	**279,032**	**1,177,799**	**1,456,831**	268,577	1,094,387	1,362,964
Depreciation	**2,686**	**6,714**	**9,400**	2,399	5,998	8,397
Total Operating Expenses	**281,718**	**1,184,513**	**1,466,231**	270,976	1,100,385	1,371,361
United Way of America dues	**72,073**	**-**	**72,073**	77,553	-	77,553
Total Expenses	**$ 353,791**	**$ 1,184,513**	**$ 1,538,304**	$ 348,529	$ 1,100,385	$ 1,448,914

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Change in net assets	**$ (215,363)**	$ (90,836)
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation	**13,429**	11,996
In-kind contribution - property	**-**	(3,832)
Decrease in value of cash surrender value of life insurance	**34,122**	8,631
Gain on redemption of life insurance	**(47,560)**	(25,469)
Net realized and unrealized (gain) loss on investments	**(316,824)**	139,265
Net investment (gain) loss from perpetual interest in trusts	**(212,556)**	144,354
	(744,752)	184,109
Changes in operating assets and liabilities:		
Pledges receivable - annual campaign, net	**267,695**	57,863
Accounts receivable	**(12,684)**	(20,686)
Prepaid expenses	**857**	386
Reserved cash	**(269,613)**	(52,703)
Restricted cash	**(746)**	100,628
Donor designations payable	**63,634**	(101,365)
Grants payable	**(65,690)**	(274,519)
Accounts payable and accrued expenses	**(3,847)**	25,949
Affiliate payable	**2,952**	44,197
Defined benefit plan obligation	**450,000**	-
Net Cash and Cash Equivalents Used by Operating Activities	**(312,194)**	(36,141)
INVESTING ACTIVITIES		
Equipment additions	**(11,799)**	(12,389)
Purchases of investments	**(137,788)**	(25,340)
Proceeds received from investments	**111,637**	109,069
Life insurance premium payments	**(29,400)**	(10,700)
Proceeds from life insurance policies	**88,619**	49,548
Net Cash and Cash Equivalents Provided by Investing Activities	**21,269**	110,188
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(290,925)**	74,047
CASH AND CASH EQUIVALENTS		
Beginning of year	**887,621**	813,574
End of year	**$ 596,696**	$ 887,621
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash transactions		
Donated property and equipment	**$ -**	$ 3,832

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 agencies within the greater Dayton area through a competitive grant process to achieve measurable outcomes in the areas of Education, Income and Basic Needs, and Health and Well-Being. The Organization also distributes contributions designated to specific agencies as a service to donors participating in the annual campaign. In addition, the Organization provides direct services including: 24-hour information and referral, volunteer recruitment and placement, services for dislocated workers, and community planning.

The Organization is the Principal Combined Fund Organization ("PCFO") of the Combined Federal Campaign ("CFC") of Champaign, Clark, Clinton, Darke, Fayette, Greene, Miami, Montgomery, Preble, Shelby and Warren Counties, which solicits funds from federal employees. The United Way of the Greater Dayton Area, as PCFO, collects the campaign contributions and disburses them to qualified agencies, net of campaign expenses. The activity of the CFC is included in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting principles and practices of the Organization are set forth to facilitate the understanding of data presented in the financial statements:

Basis of Presentation - The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounting Changes - In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Equivalent) (Topic 820).* The standard provides that for investments for which fair value is measured using net asset value per share (or its equivalent) as a practical expedient, the investments should not be categorized within the fair value hierarchy. The ASU is effective for fiscal years beginning after December 15, 2016 (for nonpublic entities), with early adoption permitted. The guidance should be applied retrospectively to all periods presented. The Organization elected to early adopt this standard during 2016.

Net Asset Classification - Accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The accounting standards also improve disclosures about an organization's endowment funds, both donor restricted endowment funds and board designated endowment funds, whether or not the Organization is subject to UPMIFA.

The State of Ohio adopted UPMIFA effective June 1, 2009. The Organization adopted accounting standards relating to endowment funds for the year ended June 30, 2009. Management has determined that the majority of the Organization's net assets do not meet the definition of an endowment under UPMIFA. The contributions are subject to the terms of the governing documents.

Temporarily restricted net assets consist of the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents - Interest-bearing deposits and short-term investments with original maturities of three months or less are classified as cash equivalents, with the exception of money market accounts held by The Dayton Foundation. Periodically during the year, the Organization may have cash deposits with a single institution in excess of federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Reserved Cash - The Organization had $925,150 and $655,537 of reserved cash and cash equivalents at June 30, 2017 and 2016, which are required to be kept in a separate bank accounts for the operations of the CFC and the Hall Hunger Initiative. See Note 18.

Restricted Cash - Additionally, the Organization had $325,746 and $325,000 of restricted cash and cash equivalents at June 30, 2017 and 2016, which serves as collateral on the Organization's letter of credit. See Note 7.

Contributions - Contributions are recorded at net realizable value, as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are received. All other donor restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets, depending on the nature of the restrictions.

Investments - Investment balances are comprised of funds held and managed by The Dayton Foundation (the "Foundation") as well as invested in various municipal bonds with a financial institution. Investments are reported at their fair value, based on the valuation provided by the Foundation or other financial institutions. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Equipment - Equipment is recorded at cost, or if donated, at fair value at the date of the gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all expenditures in excess of $1,000 for equipment.

Pledges Receivable - Pledges for contributions are recorded as income in the year pledged by the donor and, if unpaid, are included in pledges receivable. Pledges are recorded at net realizable value.

Tax-Exempt Status - The Organization is exempt from federal income taxes under IRS Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been classified as an organization other than a private foundation under Section 509(a)(1).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of June 30, 2017.

Endowment Investment and Spending Policies - The Organization's endowment assets are largely invested with The Dayton Foundation (the "Foundation"). The Organization has adopted the investment and spending policies used by the Foundation with regard to endowment assets held by the Foundation.

The Foundation requires investment managers to abide by an asset allocation guide. The policy for those assets held by the Foundation is to preserve the real purchasing power of the endowed assets, and provide a growing stream of income to be made available for spending, net of inflation, in order to sustain the operations of the Foundation. The Foundation's spending and investment policies work together to achieve this objective. This investment policy establishes a return objective through diversification of asset classes. The current long-term return objective is to exceed the rate of inflation, as measured by the Consumer Price Index, by 4%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds. The Foundation uses the previous 12 calendar quarters' average market value multiplied by 4% to determine the amount available for distribution.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported as unrestricted net assets. The balance of this deficiency for the Gertrude Mellen Fund was $1,135 and $3,667 as of June 30, 2017 and 2016. The deficiency resulted from unfavorable market declines.

Reclassifications - Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 15, 2017, the date the financial statements were available to be issued.

NOTE 3 - EQUIPMENT

	2017	2016
Equipment	$ 188,773	$ 176,974
Less accumulated depreciation	148,421	134,992
	$ 40,352	$ 41,982

NOTE 4 - INVESTMENTS

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

The investments consist of the following at June 30, 2017 and 2016:

	2017	2016
Unrestricted:		
United Way of the Greater Dayton Area Endowment Fund	$ 1,295,147	$ 1,189,520
United Way of the Greater Dayton Area Memorial Fund	729,913	667,295
	2,025,060	1,856,815
Restricted:		
United Way of the Greater Dayton Area Campaign Fund	422,985	388,879
Rike Family Endowment Fund	482,377	443,687
Gertrude Mellen Fund	23,865	21,333
	929,227	853,899
Total Investments at The Dayton Foundation	$ 2,954,287	$ 2,710,714
Investments in municipal bonds	$ 687,436	$ 588,034

NOTE 5 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is the beneficiary of perpetual trusts held by The Dayton Foundation. The trust assets are not in the possession of the Organization and are administered and managed by The Dayton Foundation. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on the endowment assets in perpetuity. Accordingly, the Organization has recorded an asset entitled "beneficial interest in perpetual trusts" equivalent to the present value of the expected future cash flows from the trusts. The present value is estimated at an amount equal to the fair market value of the assets of the trusts.

The annual distributions from the trust are reported as investment income that increases unrestricted net assets. The asset value is adjusted annually, using the same basis as was used to measure the asset initially, and adjustments to the value are recognized as permanently restricted gains or losses.

NOTE 5 - 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.

	2017	2016
C.H. Dean & Associates Inc. Fund	$ 274,466	$ 263,593
Berry Family Fund	2,427,397	2,231,454
Marie S. Aull Fund	76,409	70,669
	$ 2,778,272	$ 2,565,716

NOTE 6 - FAIR VALUE MEASUREMENTS

Accounting standards have a single definition of fair value and a framework for measuring fair value in accordance with generally accepted accounting principles. These standards apply whenever other authoritative literature requires (or permits) certain assets and liabilities to be measured at fair value. Items carried at fair value on a recurring basis consist of certain investment funds. The Organization also uses fair value concepts to test various long lived assets for impairment in the event a triggering event has occurred.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Organization uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value.

Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Money market: Valued based on the contractual terms of the underlying money market; provides a daily mil-rate for income accretion.

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

Beneficial interest in perpetual 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 6 - FAIR VALUE MEASUREMENTS - continued

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

	2017			
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Investments				
Money market	**$ 81,091**	$ -	$ 81,091	$ -
Domestic equity funds	**1,168,463**	-	1,168,463	-
International equity funds	**774,436**	-	774,436	-
Fixed income	**1,234,283**	687,436	546,847	-
Real estate mutual funds	**15,076**	-	15,076	-
Beneficial interest in perpetual trusts	**2,778,272**	-	2,778,272	-
Total assets in the fair value hierarchy	**6,051,621**	687,436	5,364,185	-
Alternative investments, NAV as a practical expedient [(a)]	**368,374**	-	-	-
	$ 6,419,995	$ 687,436	$ 5,364,185	$ -

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2016 are as follows:

	2016			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market	**$ 108,428**	$ -	$ 108,428	$ -
Domestic equity funds	**975,857**	-	975,857	-
International equity funds	**704,786**	-	704,786	-
Fixed income	**994,641**	588,034	406,607	-
Beneficial interest in perpetual trusts	**2,565,716**	-	2,565,716	-
Total assets in the fair value hierarchy	**5,349,428**	588,034	4,761,394	-
Alternative investments, NAV as a practical expedient [(a)]	**515,036**	-	-	-
	$ 5,864,464	$ 588,034	$ 4,761,394	$ -

[(a)] In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

NOTE 7 - LETTER OF CREDIT

The Organization entered into a letter of credit agreement with PNC which expired in March 2017, and was extended through May 2018. The agreement allowed the Organization to receive standby letters of credit that, in aggregate, may not exceed $325,000. The agreement was amended on May 31, 2016, and the maximum aggregate balance was reduced from $400,000 to $325,000. Until the amendment, interest was charged at 2.00% plus a floating rate per annum equal to the greater of the Prime Rate (4.25% and 3.50% at June 30, 2017 and 2016), the Federal Funds Rate (1.25% and 0.50% at June 30, 2017 and 2016) plus 0.50%, or the Daily LIBOR Rate (1.18% and 0.41% at June 30, 2017 and 2016) plus 1.00%. After May 31, 2016, interest is charged at the Prime Rate. There were no outstanding letters of credit as of June 30, 2017 and 2016.

The letter of credit is collateralized by a money market account held at PNC Bank. The balance of this account was $325,746 and $325,000 as of June 30, 2017 and 2016, and is classified as restricted cash in the statement of financial position.

NOTE 8 - UNRESTRICTED NET ASSETS

A summary of appropriated and unappropriated unrestricted net assets as of June 30, 2017 and 2016 are as follows:

	2017	2016
Appropriated		
Funds held at The Dayton Foundation	**$ 2,025,060**	$ 1,856,815
Unappropriated deficit	**(756,354)**	(202,223)
Unrestricted net assets	**$ 1,268,706**	$ 1,654,592

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

	2017	2016
Cash surrender value of life insurance	**$ 2,076,507**	$ 2,122,288
United Way of the Greater Dayton Area Campaign Fund	**422,985**	388,879
Silverlink	**595**	68,410
Rike Family Endowment Fund investment earnings	**232,379**	193,688
Contributions for 2017 campaign	**11,500**	-
Contributions for 2016 campaign	**-**	12,734
	$ 2,743,966	$ 2,785,999

The following schedule is the assets released from restrictions for the years ended June 30, 2017 and 2016:

	2017	2016
Release of purpose restriction	**$ 116,449**	$ 58,530
Release of time restriction	**60,294**	38,169
	$ 176,743	$ 96,699

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS

	2017	2016
Gertrude Mellen Fund	$ 25,000	$ 25,000
Rike Family Endowment Fund	250,000	250,000
Beneficial interest in perpetual trusts	2,778,272	2,565,716
	$ 3,053,272	$ 2,840,716

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization operates in the greater Dayton, Ohio area, including Montgomery, Greene and Preble Counties. Most of its revenue and support comes from businesses and individuals within these counties.

NOTE 12 - MULTI-EMPLOYER PENSION PLAN

The Organization and certain affiliated agencies participated in a non-contributory, multi-employer defined benefit pension plan, which covered substantially all of the Organization's employees. The Plan covered substantially all full-time employees of the Organization and Affiliated Agencies who completed one year of service and attained at least 1,000 hours of service, provided the participant was at least 21 years old. If an employee had been a previous participant in the Plan through the Organization, or another nonprofit agency, he or she would be eligible the first of the month following his or her date of hire, provided that the prior service was within three years of his or her most recent hire date with the Organization. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Pension contributions for the years 2017 and 2016 was $191,796 and $156,788.

This multi-employer defined benefit pension plan was frozen as of December 31, 2008. The Plan was underfunded as of June 30, 2017 and 2016.

Early in fiscal year-end 2012, participating agencies requested a spin off analysis to estimate each member's portion of the unfunded pension plan. Prior to this time an estimate of the liability by agency was not available. Since a reasonable estimate of the liability became available, the Organization has recorded an accrued expense of $1,550,000 and $1,100,000 as of June 30, 2017 and 2016, which represents its estimated portion of the obligation. These estimates were calculated based on the respective liabilities of the Plan at December 31. The total unfunded liability of the Plan as of December 31, 2017 and 2016, based on information and projections provided by the plan's actuary, was $11,000,000 and $10,800,000.

The risks in participating in multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to the employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Organization chooses to stop participating in the plan, it may be required to pay a withdrawal liability to the plan. The multi-employer pension plan is in the process of investigating spinning off the participating employers into their own defined benefit pension plans. A spin off proposal agreement has been drafted and signed by all nine participating employers. It was submitted to the Pension Benefit Guaranty Corporation (PBGC) in November 2017. The liability will more than likely increase in the event the PBGC accepts the terms of the agreement and the participating employers successfully spin off. Although the proposed spin-off date is December 31, 2017, realistically the spin-off will not occur until late 2018.

NOTE 12 - MULTI-EMPLOYER PENSION PLAN - continued

The following represents information about the Organization's multi-employer pension plan as of June 30, 2017 and 2016 and the years then ended:

Name of Pension Fund	EIN and Plan Number	Pension Protection Act Zone Status 2017	Pension Protection Act Zone Status 2016	FIP/RP Status	Contributions for the Year Ended June 30 2017	Contributions for the Year Ended June 30 2016	Surcharge Imposed
Employee Benefit Plan of the United Way of the Greater Dayton Area and Affiliated Agencies	31-0536658 Plan No. 333	*	*	*	**$ 191,796**	$ 156,788	*

* The Plan is considered to be a multiple employer plan for Internal Revenue Service purposes and, therefore, the Pension Protection Act Zone Status has not been evaluated by the Plan's actuary. The Plan is considered to be a Cooperative and Small Employer Charity Plan (CSEC). As of January 1, 2017, the funded status of the Plan was less than 80%, as a result, plan management was required to develop a funding restoration plan to fully fund the deficit over the next seven years, or as soon as is practicable.

NOTE 13 - RETIREMENT PLAN

Effective January 1, 2009, the Organization established a Safe Harbor 401(k) Plan which covers substantially all of the Organization's employees. The Plan covers full-time employees of the Organization who have completed one year of service and attained at least 1,000 hours of service, provided the participant is at least 21 years old. The Organization will contribute at least 4% each year of the employee's compensation as the safe harbor contribution. The expense for the years 2017 and 2016 was $82,106 and $76,723.

NOTE 14 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an internal cost allocation method.

NOTE 15 - GRANTS AND DESIGNATED DISBURSEMENTS TO AFFILIATED ORGANIZATIONS

Each calendar year, the Organization disburses the previous year's campaign proceeds to its affiliated organizations. These disbursements include both designated and undesignated pledges. Volunteer and donor grants and designations to agencies for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
United Way Agencies	**$ 3,564,641**	$ 3,660,309
Neighboring United Way Agencies	**92,614**	84,039
Combined Federal Campaign	**1,711,221**	1,681,779
	$ 5,368,476	$ 5,426,127

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

Total volunteer and donor grants and designations of the campaigns for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Grants	**$ 1,942,286**	$ 2,034,197
Designated disbursements	**3,426,190**	3,391,930
	$ 5,368,476	$ 5,426,127

NOTE 16 - INCOME FROM MEMBER AGENCIES

The Organization provided certain services to various agencies throughout the year. Income from services was $189,877 and $195,223 for the years 2017 and 2016.

NOTE 17 - AFFILIATE PAYABLE

The Organization received a transfer in 2017 and 2016 on behalf of the Hall Hunger Initiative from the Dayton Foundation. The Hall Hunger Initiative is not a registered 501(c)(3) tax-exempt organization, and elected to have the Organization to act as its agent with regards to control of its funds. The Organization included $47,149 and $44,197 of reserved cash and corresponding payable at June 30, 2017 and 2016 on its Statement of Financial Position. These funds are to be distributed on a monthly basis to pay the expenses incurred by the Hall Hunger Initiative.

NOTE 18 - DONOR DESIGNATIONS PAYABLE

The Organization honors designations from donors to other agencies. These donations are reflected in the statements of activities as campaign contributions in the year they are pledged, less a corresponding amount of equal value for the designation.

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

Donor designations pledged as part of the 2015 campaign, but not disbursed as of June 30, 2016, amounted to $2,526,501.

NOTE 19 - CASH SURRENDER VALUE OF LIFE INSURANCE

Certain contributors have named the Organization as beneficiary on life insurance policies. The contributors' pledges were equal to the initial annual premiums due on these policies. The annual premiums, for years subsequent to the year that the pledge was made, are paid through the increases in the insurance policies' value. Premium payments of $29,400 and $10,700 were made by the Organization during the fiscal years 2017 and 2016. The amount recorded in the statements of financial position represents the cash surrender value of those policies, which are classified as temporarily restricted due to an implied time restriction.

During the fiscal years 2017 and 2016, the Organization received $88,619 and $49,548 from these policies.

NOTE 20 - ENDOWMENT FUNDS AND NET ASSETS

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

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

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

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

The following is a summary of changes in endowment net assets for the year ended June 30, 2016:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated net assets, beginning of year	$ (2,218)	$ 231,866	$ 275,000	**$ 504,648**
Interest and dividend income	302	6,258	-	**6,560**
Net investment loss (realized and unrealized)	(1,146)	(23,307)	-	**(24,453)**
Fees	(605)	(3,244)	-	**(3,849)**
Amounts appropriated for expenditure	-	(17,885)	-	**(17,885)**
Donor designated net assets, end of year	$ (3,667)	$ 193,688	$ 275,000	**$ 465,021**

NOTE 20 - ENDOWMENT FUNDS AND NET ASSETS - continued

The following table summarizes all Organization net assets as of June 30, 2016:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	$ (3,667)	$ 193,688	$ 275,000	**$ 465,021**
Non-endowment funds:				
Operating	1,658,259	-	-	**1,658,259**
Beneficial interest in perpetual trusts	-	-	2,565,716	**2,565,716**
Purpose restricted funds	-	457,289	-	**457,289**
Time restricted funds	-	12,734	-	**12,734**
Cash surrender value of life insurance policies	-	2,122,288	-	**2,122,288**
	$ 1,654,592	$ 2,785,999	$ 2,840,716	**$ 7,281,307**

NOTE 21 - OPERATING LEASES

The Organization leases office space in Dayton, Eaton and Xenia, Ohio, and office equipment under 2017 operating leases that extend through April 2019. These leases are as follows:

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

Total rental expense was $136,100 and $139,602 for the years 2017 and 2016.

Minimum lease payments for operating leases as of June 30, 2017 are as follows:

2018	$ 133,191
2019	103,396
	$ 236,587