

**THE UNITED WAY OF THE GREATER DAYTON AREA
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

THE UNITED WAY OF THE GREATER DAYTON AREA

TABLE OF CONTENTS

YEARS ENDED JUNE 30, 2011 AND 2010

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5
Statement of Functional Expenses - Program Services - 2011	6
Statement of Functional Expenses - Program Services - 2010	7
Statement of Functional Expenses - Supporting Services - 2011	8
Statement of Functional Expenses - Supporting Services - 2010	9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 22



INDEPENDENT AUDITORS' REPORT

1 S Main St Ste 600
Dayton OH 45402-2042
(937) 223-5247
Fax (937) 223-0300

www.bradyware.com

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

We have audited the accompanying statements of financial position of **The United Way of the Greater Dayton Area** (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based upon our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

The Organization is the sponsor and a member of a non-contributory, multi-employer defined benefit pension plan which covers substantially all of its employees. The Plan was frozen as of December 31, 2008. The Plan is presently underfunded, and the member organizations will need to resolve this funded status deficiency before the Plan can be terminated. Since the Plan is a multiple-employer plan under the IRC, there is no requirement to calculate a withdrawal liability. The Plan has limited provisions to allow agencies to withdraw and contribute an amount needed to cover a portion of the unfunded liability at one time after withdrawal; however, the calculation of these amounts by agency has not been completed. Accordingly, we were unable to form an opinion regarding the amount of the Organization's share of the overall Plan's underfunded pension liability as of June 30, 2011 and 2010.

In our opinion, except for the effects of such adjustments, if any, as might have been determined if the pension liability was calculated, 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Dayton, Ohio
November 11, 2011

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,299,263	\$ 1,727,684
Pledges receivable		
Annual campaign, less allowance for uncollectible		
pledges of \$1,384,450 and \$1,462,168, respectively	4,181,353	3,825,240
Accounts receivable		
Other	96,970	126,667
Supplies and other assets	32,071	11,622
Investments in municipal bonds	<u>532,934</u>	<u>523,920</u>
	<u>6,142,591</u>	<u>6,215,133</u>
EQUIPMENT, NET	<u>84,210</u>	<u>101,396</u>
OTHER ASSETS		
Cash surrender value of life insurance	2,016,278	1,938,486
Investments at the Dayton Foundation	2,565,511	2,202,672
Beneficial interest in perpetual trust	<u>2,393,939</u>	<u>2,043,794</u>
	<u>6,975,728</u>	<u>6,184,952</u>
	<u>\$ 13,202,529</u>	<u>\$ 12,501,481</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Donor designations payable	\$ 2,608,974	\$ 2,575,232
Allocations payable	3,518,105	3,750,000
Accounts payable and accrued expenses	<u>67,725</u>	<u>171,889</u>
	<u>6,194,804</u>	<u>6,497,121</u>
NET ASSETS		
Unrestricted	1,766,146	1,304,887
Temporarily restricted	2,572,640	2,380,679
Permanently restricted	<u>2,668,939</u>	<u>2,318,794</u>
	<u>7,007,725</u>	<u>6,004,360</u>
	<u>\$ 13,202,529</u>	<u>\$ 12,501,481</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011, WITH COMPARATIVE TOTALS FOR 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2011	2010
PUBLIC SUPPORT AND REVENUE					
2010 gross campaign contributions	\$ 11,076,821	\$ -	\$ -	\$ 11,076,821	\$ -
2009 gross campaign contributions	301,655	-	-	301,655	11,004,526
2008 gross campaign contributions	-	-	-	-	234,184
Less					
Donor designations	(5,190,712)	-	-	(5,190,712)	(4,517,605)
Allowance for uncollectible pledges	<u>(709,794)</u>	<u>-</u>	<u>-</u>	<u>(709,794)</u>	<u>(880,362)</u>
Total campaign revenue	5,477,970	-	-	5,477,970	5,840,743
Other contributions and grants	171,424	-	-	171,424	223,319
In-kind contributions - property	-	-	-	-	17,500
Service fees	399,021	-	-	399,021	379,085
Rental income	22,638	-	-	22,638	62,631
Interest income	1,466	-	-	1,466	9,118
Investment income	35,587	8,068	-	43,655	46,424
Information and referral	132,580	-	-	132,580	98,911
Net assets released from restrictions	<u>44,343</u>	<u>(44,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>6,285,029</u>	<u>(36,275)</u>	<u>-</u>	<u>6,248,754</u>	<u>6,677,731</u>
EXPENSES					
Program services	4,329,487	-	-	4,329,487	5,004,706
Support services					
Dues to affiliate	78,195	-	-	78,195	98,361
Management and general	283,064	-	-	283,064	402,800
Fund raising	<u>1,521,617</u>	<u>-</u>	<u>-</u>	<u>1,521,617</u>	<u>1,627,589</u>
Total expenses	<u>6,212,363</u>	<u>-</u>	<u>-</u>	<u>6,212,363</u>	<u>7,133,456</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>72,666</u>	<u>(36,275)</u>	<u>-</u>	<u>36,391</u>	<u>(455,725)</u>
OTHER CHANGES					
Increase (decrease) in cash surrender value of life insurance	-	88,581	-	88,581	(115,802)
Income from the Dayton Foundation investments					
Unrealized gain	300,539	139,655	-	440,194	223,994
Gain on perpetual interest in trusts	<u>88,054</u>	<u>-</u>	<u>350,145</u>	<u>438,199</u>	<u>221,957</u>
TOTAL OTHER CHANGES	<u>388,593</u>	<u>228,236</u>	<u>350,145</u>	<u>966,974</u>	<u>330,149</u>
CHANGE IN NET ASSETS	461,259	191,961	350,145	1,003,365	(125,576)
NET ASSETS					
Beginning of year	<u>1,304,887</u>	<u>2,380,679</u>	<u>2,318,794</u>	<u>6,004,360</u>	<u>6,129,936</u>
End of year	<u>\$ 1,766,146</u>	<u>\$ 2,572,640</u>	<u>\$ 2,668,939</u>	<u>\$ 7,007,725</u>	<u>\$ 6,004,360</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
2009 gross campaign contributions	\$ 11,004,526	\$ -	\$ -	\$ 11,004,526
2008 gross campaign contributions	234,184	-	-	234,184
Less				
Donor designations	(4,517,605)	-	-	(4,517,605)
Allowance for uncollectible pledges	<u>(880,362)</u>	<u>-</u>	<u>-</u>	<u>(880,362)</u>
Total campaign revenue	5,840,743	-	-	5,840,743
Other contributions and grants	223,319	-	-	223,319
In-kind contributions - property	17,500	-	-	17,500
Service fees	379,085	-	-	379,085
Rental income	62,631	-	-	62,631
Interest income	9,118	-	-	9,118
Investment income	37,643	8,781	-	46,424
Information and referral	98,911	-	-	98,911
Net assets released from restrictions	<u>33,919</u>	<u>(33,919)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>6,702,869</u>	<u>(25,138)</u>	<u>-</u>	<u>6,677,731</u>
EXPENSES				
Program services	5,004,706	-	-	5,004,706
Support services				
Dues to affiliate	98,361	-	-	98,361
Management and general	402,800	-	-	402,800
Fund raising	<u>1,627,589</u>	<u>-</u>	<u>-</u>	<u>1,627,589</u>
Total expenses	<u>7,133,456</u>	<u>-</u>	<u>-</u>	<u>7,133,456</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(430,587)</u>	<u>(25,138)</u>	<u>-</u>	<u>(455,725)</u>
OTHER CHANGES				
Decrease in cash surrender value of life insurance	-	(115,802)	-	(115,802)
Income from the Dayton Foundation investments				
Unrealized gain	154,356	69,638	-	223,994
Gain on perpetual interest in trusts	<u>92,565</u>	<u>-</u>	<u>129,392</u>	<u>221,957</u>
TOTAL OTHER CHANGES	<u>246,921</u>	<u>(46,164)</u>	<u>129,392</u>	<u>330,149</u>
CHANGE IN NET ASSETS	(183,666)	(71,302)	129,392	(125,576)
NET ASSETS				
Beginning of year	<u>1,488,553</u>	<u>2,451,981</u>	<u>2,189,402</u>	<u>6,129,936</u>
End of year	<u>\$ 1,304,887</u>	<u>\$ 2,380,679</u>	<u>\$ 2,318,794</u>	<u>\$ 6,004,360</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
Salaries	\$ 597,564	\$ 843,674	\$ 1,441,238	\$ 820,354	\$ 902,011	\$ 1,722,365
Employee benefits	186,756	289,653	476,409	218,015	279,087	497,102
Payroll taxes	59,827	82,763	142,590	81,021	113,543	194,564
Total Salaries and Related Expenses	844,147	1,216,090	2,060,237	1,119,390	1,294,641	2,414,031
Professional fees and purchased services	95,244	184,689	279,933	132,981	137,414	270,395
Supplies	11,771	10,966	22,737	17,542	16,320	33,862
Telephone	21,224	18,751	39,975	31,364	22,428	53,792
Postage and shipping	1,749	14,991	16,740	4,225	21,159	25,384
Occupancy	77,761	91,594	169,355	111,723	141,398	253,121
Rental and maintenance of equipment	2,773	3,442	6,215	49,389	105,305	154,694
Printing and publications	78,757	112,300	191,057	54,080	119,478	173,558
Travel	5,815	9,330	15,145	7,521	12,285	19,806
Conferences, conventions and meetings	4,974	18,571	23,545	5,012	10,787	15,799
Subscriptions and publications	687	445	1,132	738	664	1,402
Membership dues	2,977	2,143	5,120	4,297	3,235	7,532
State affiliation dues	-	34,633	34,633	5,270	12,297	17,567
Administrative	-	71,500	71,500	-	75,000	75,000
Miscellaneous	9,485	756	10,241	6,644	11,163	17,807
Loss on disposal of assets	-	-	-	-	27,198	27,198
Total Expenses Before Depreciation	1,157,364	1,790,201	2,947,565	1,550,176	2,010,772	3,560,948
Depreciation	6,206	14,480	20,686	8,971	19,617	28,588
Total Operating Expenses	1,163,570	1,804,681	2,968,251	1,559,147	2,030,389	3,589,536
Allocations	3,165,917	-	3,165,917	3,445,559	-	3,445,559
United Way of America dues	-	78,195	78,195	-	98,361	98,361
Total Expenses	\$ 4,329,487	\$ 1,882,876	\$ 6,212,363	\$ 5,004,706	\$ 2,128,750	\$ 7,133,456

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2011

	<u>Affiliated Organizations</u>	<u>Fund Distribution</u>	<u>Direct Services</u>	<u>HelpLink</u>	<u>Special Projects</u>	<u>Total</u>
Salaries	\$ -	\$ 61,157	\$ 207,726	\$ 272,986	\$ 55,695	\$ 597,564
Employee benefits	-	15,052	56,202	99,116	16,386	186,756
Payroll taxes	-	<u>6,971</u>	<u>20,167</u>	<u>27,071</u>	<u>5,618</u>	<u>59,827</u>
Total Salaries and Related Expenses	-	83,180	284,095	399,173	77,699	844,147
Professional fees and purchased services	-	10,011	48,945	29,543	6,745	95,244
Supplies	-	739	6,808	3,814	410	11,771
Telephone	-	2,842	4,613	9,469	4,300	21,224
Postage and shipping	-	130	665	780	174	1,749
Occupancy	-	5,219	25,340	39,943	7,259	77,761
Rental and maintenance of equipment	-	260	967	1,529	17	2,773
Printing and publications	-	8,312	35,031	33,076	2,338	78,757
Travel	-	2,312	1,301	370	1,832	5,815
Conferences, conventions and meetings	-	407	3,105	1,228	234	4,974
Subscriptions and publications	-	44	93	457	93	687
Membership dues	-	88	767	1,547	575	2,977
Miscellaneous	-	<u>42</u>	<u>100</u>	<u>9,330</u>	<u>13</u>	<u>9,485</u>
Total Expenses Before Depreciation	-	113,586	411,830	530,259	101,689	1,157,364
Depreciation	-	<u>993</u>	<u>2,110</u>	<u>2,793</u>	<u>310</u>	<u>6,206</u>
Total Operating Expenses	-	114,579	413,940	533,052	101,999	1,163,570
Allocations	<u>3,165,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,165,917</u>
Total Expenses	<u>\$ 3,165,917</u>	<u>\$ 114,579</u>	<u>\$ 413,940</u>	<u>\$ 533,052</u>	<u>\$ 101,999</u>	<u>\$ 4,329,487</u>

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES

YEAR ENDED JUNE 30, 2010

	<u>Affiliated Organizations</u>	<u>Fund Distribution</u>	<u>Direct Services</u>	<u>HelpLink</u>	<u>Special Projects</u>	<u>Total</u>
Salaries	\$ -	\$ 172,414	\$ 262,613	\$ 311,034	\$ 74,293	\$ 820,354
Employee benefits	-	38,719	73,995	88,776	16,525	218,015
Payroll taxes	-	<u>16,554</u>	<u>26,515</u>	<u>33,430</u>	<u>4,522</u>	<u>81,021</u>
Total Salaries and Related Expenses	-	227,687	363,123	433,240	95,340	1,119,390
Professional fees and purchased services	-	20,628	30,028	74,133	8,192	132,981
Supplies	-	2,762	9,455	4,639	686	17,542
Telephone	-	4,875	5,104	17,408	3,977	31,364
Postage and shipping	-	705	2,716	557	247	4,225
Occupancy	-	17,099	30,839	53,125	10,660	111,723
Rental and maintenance of equipment	-	7,902	16,793	22,225	2,469	49,389
Printing and publications	-	7,734	22,087	21,752	2,507	54,080
Travel	-	3,301	1,618	637	1,965	7,521
Conferences, conventions and meetings	-	514	3,270	1,037	191	5,012
Subscriptions and publications	-	29	63	557	89	738
Membership dues	-	472	633	2,544	648	4,297
State affiliation dues	-	843	1,792	2,372	263	5,270
Miscellaneous	-	<u>293</u>	<u>594</u>	<u>5,646</u>	<u>111</u>	<u>6,644</u>
Total Expenses Before Depreciation	-	294,844	488,115	639,872	127,345	1,550,176
Depreciation	-	<u>1,344</u>	<u>2,856</u>	<u>4,351</u>	<u>420</u>	<u>8,971</u>
Total Operating Expenses	-	296,188	490,971	644,223	127,765	1,559,147
Allocations	<u>3,441,497</u>	<u>-</u>	<u>1,562</u>	<u>-</u>	<u>2,500</u>	<u>3,445,559</u>
Total Expenses	<u>\$ 3,441,497</u>	<u>\$ 296,188</u>	<u>\$ 492,533</u>	<u>\$ 644,223</u>	<u>\$ 130,265</u>	<u>\$ 5,004,706</u>

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2011

	<u>Due to Affiliate</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ -	\$ 123,660	\$ 720,014	\$ 843,674
Employee benefits	-	38,942	250,711	289,653
Payroll taxes	-	11,799	70,964	82,763
	-	174,401	1,041,689	1,216,090
Total Salaries and Related Expenses	-	174,401	1,041,689	1,216,090
Professional fees and purchased services	-	40,009	144,680	184,689
Supplies	-	1,509	9,457	10,966
Telephone	-	2,304	16,447	18,751
Postage and shipping	-	1,891	13,100	14,991
Occupancy	-	11,164	80,430	91,594
Rental and maintenance of equipment	-	406	3,036	3,442
Printing and publications	-	15,132	97,168	112,300
Travel	-	961	8,369	9,330
Conferences, conventions and meetings	-	3,954	14,617	18,571
Subscriptions and publications	-	56	389	445
Membership fees	-	434	1,709	2,143
State affiliation dues	-	8,658	25,975	34,633
Administrative	-	17,875	53,625	71,500
Miscellaneous	-	173	583	756
	-	278,927	1,511,274	1,790,201
Total Expenses Before Depreciation	-	278,927	1,511,274	1,790,201
Depreciation	-	4,137	10,343	14,480
Total Operating expenses	-	283,064	1,521,617	1,804,681
United Way of America dues	78,195	-	-	78,195
Total Expenses	\$ 78,195	\$ 283,064	\$ 1,521,617	\$ 1,882,876

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENT OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

YEAR ENDED JUNE 30, 2010

	<u>Due to Affiliate</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ -	\$ 152,414	\$ 749,597	\$ 902,011
Employee benefits	-	36,374	242,713	279,087
Payroll taxes	-	<u>23,936</u>	<u>89,607</u>	<u>113,543</u>
Total Salaries and Related Expenses	-	212,724	1,081,917	1,294,641
Professional fees and purchased services	-	25,807	111,607	137,414
Supplies	-	3,356	12,964	16,320
Telephone	-	3,134	19,294	22,428
Postage and shipping	-	2,407	18,752	21,159
Occupancy	-	31,764	109,634	141,398
Rental and maintenance of equipment	-	27,903	77,402	105,305
Printing and publications	-	25,727	93,751	119,478
Travel	-	1,226	11,059	12,285
Conferences, conventions and meetings	-	2,131	8,656	10,787
Subscriptions and publications	-	130	534	664
Membership fees	-	519	2,716	3,235
State affiliation dues	-	3,514	8,783	12,297
Administrative	-	25,000	50,000	75,000
Miscellaneous	-	4,655	6,508	11,163
Loss on disposal of assets	-	<u>27,198</u>	-	<u>27,198</u>
Total Expenses Before Depreciation	-	397,195	1,613,577	2,010,772
Depreciation	-	<u>5,605</u>	<u>14,012</u>	<u>19,617</u>
Total Operating Expenses	-	402,800	1,627,589	2,030,389
United Way of America dues	<u>98,361</u>	-	-	<u>98,361</u>
Total Expenses	<u>\$ 98,361</u>	<u>\$ 402,800</u>	<u>\$ 1,627,589</u>	<u>\$ 2,128,750</u>

See notes to financial statements.

THE UNITED WAY OF THE GREATER DAYTON AREA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 1,003,365	\$ (125,576)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	20,686	28,588
Allowance for doubtful accounts	(77,718)	(862,478)
In-kind contribution - property	-	(17,500)
Loss on sale of assets	-	27,198
Net unrealized gain on investments	(440,194)	(223,994)
Net investment gain from perpetual interest in trusts	(350,145)	(129,392)
	<u>155,994</u>	<u>(1,303,154)</u>
Changes in operating assets and liabilities:		
Pledges receivable - annual campaign	(278,395)	1,076,005
Accounts receivable	29,697	447,254
Supplies and other assets	(20,449)	125,917
Accounts payable and accrued expenses	(104,163)	(171,925)
Allocations payable	(231,895)	(549,859)
Donor designations payable	33,742	(783,085)
	<u>33,742</u>	<u>(783,085)</u>
Net Cash Used by Operating Activities	<u>(415,469)</u>	<u>(1,158,847)</u>
INVESTING ACTIVITIES		
Property additions	(3,500)	(49,867)
Proceeds from sale of assets	-	447,802
Purchases of investments	(27,021)	(39,459)
Grants received from investments	95,361	102,215
Cash surrender value of life insurance	(77,792)	115,802
	<u>(12,952)</u>	<u>576,493</u>
Net Cash Provided (Used) by Investing Activities	<u>(12,952)</u>	<u>576,493</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(428,421)	(582,354)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,727,684</u>	<u>2,310,038</u>
End of year	<u>\$ 1,299,263</u>	<u>\$ 1,727,684</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash transactions		
Donated property and equipment	<u>\$ -</u>	<u>\$ 17,500</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ORGANIZATION

The United Way of the Greater Dayton Area (the "Organization") is a nonprofit organization. The Organization engages in fund raising 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 of Champaign, Clark, Clinton, Darke, Fayette, Greene, Miami, Montgomery, Preble, Shelby and Warren Counties ("CFC"), which solicits funds from federal employees. United Way, as PCFO, collects the campaign contributions and disburses them to qualified agencies, net of campaign expenses, which are collected during the subsequent calendar year, net of campaign disbursements. The activity of the CFC is included in the accompanying financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions (such as the allowance for pledge losses) 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 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.

Contributions - Contributions are recorded 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 funds invested in various municipal bonds with another 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 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 \$500 for property and equipment.

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is considered a significant estimate and is based on the prior years' experience and management's analysis of specific pledges. The allowance for uncollectible pledges was \$1,384,450 and \$1,462,168 for the years ended June 30, 2011 and 2010, respectively.

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), and has been classified as an organization other than a private foundation under Section 509(a)(2).

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounting for Uncertainty in Income Taxes - The Organization has evaluated the tax positions it has taken, or expects to take, 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 taxing authority. Generally accepted accounting principles require the benefit arising from an uncertain tax position to 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. The federal informational returns of the Organization for 2007, 2008, and 2009 are subject to examination by the taxing authority, generally for three years after the due date. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy as of June 30, 2011 and 2010.

Endowment Investment and Spending Policies - The Organization has adopted investment and spending policies for endowment assets for those assets held by a community foundation.

The Organization's endowment assets are largely invested with a community foundation. The community foundation requires investment managers to abide by an asset allocation guide. The policy for those assets held by the community 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 community 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 Organization's spending policy is in line with the community foundation's spending policy which calculates the amount of money annually distributed from its various endowed funds. The foundation uses the previous 12 calendar quarters' average market value multiplied by 5% 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 \$2,739 and \$5,442 as of June 30, 2011 and 2010, respectively. The deficiency resulted from unfavorable market declines.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2011, the date the financial statement were available to be issued.

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE C - EQUIPMENT

	<u>2011</u>	<u>2010</u>
Equipment	\$ 160,000	\$ 156,500
Less accumulated depreciation	<u>75,790</u>	<u>55,104</u>
	<u>\$ 84,210</u>	<u>\$ 101,396</u>

NOTE D - INVESTMENTS

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

The investments consist of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Unrestricted:		
United Way of Greater Dayton Area Endowment Fund	\$ 1,023,242	\$ 878,341
United Way of Greater Dayton Area Memorial Fund	<u>713,645</u>	<u>612,580</u>
	<u>\$ 1,736,887</u>	<u>\$ 1,490,921</u>
Restricted:		
United Way of Greater Dayton Area Campaign Fund	\$ 376,640	\$ 323,313
Rike Family Endowment Fund	429,723	368,880
Gertrude Mellen Fund	<u>22,261</u>	<u>19,558</u>
	<u>\$ 828,624</u>	<u>\$ 711,751</u>
Total Investments at The Dayton Foundation	<u>\$ 2,565,511</u>	<u>\$ 2,202,672</u>

NOTE E - 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 UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE E - BENEFICIAL INTEREST IN PERPETUAL TRUSTS - continued

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

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

	<u>2011</u>	<u>2010</u>
C.H. Dean & Associates Inc. Fund	\$ 236,390	\$ 210,209
Berry Family Fund	2,087,346	1,772,980
Marie S. Aull Fund	<u>70,203</u>	<u>60,605</u>
	<u>\$ 2,393,939</u>	<u>\$ 2,043,794</u>

NOTE F - 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. The Organization uses valuation techniques in a consistent manner from year-to-year.

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE F - FAIR VALUE MEASUREMENTS - continued

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2011 are as follows:

	2011			
	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				
Equity funds	\$ 1,564,962	\$ -	\$ 1,564,962	\$ -
Fixed income	994,726	-	994,726	-
Hedge fund of funds	436,137	-	-	436,137
Real estate mutual funds	102,620	-	102,620	-
Perpetual interest in trusts	2,393,939	-	-	2,393,939
Cash surrender value life insurance	<u>2,016,278</u>	-	<u>2,016,278</u>	-
	<u>\$ 7,508,662</u>	<u>\$ -</u>	<u>\$ 4,678,586</u>	<u>\$ 2,830,076</u>

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2010 are as follows:

	2010			
	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				
Cash and cash equivalents	\$ 44,053	\$ -	\$ 44,053	\$ -
Equity funds	1,299,576	-	1,299,576	-
Fixed income	964,454	-	964,454	-
Hedge fund of funds	330,401	-	-	330,401
Real estate mutual funds	88,107	-	88,107	-
Perpetual interest in trusts	2,043,794	-	-	2,043,794
Cash surrender value life insurance	<u>1,938,486</u>	-	<u>1,938,486</u>	-
	<u>\$ 6,708,871</u>	<u>\$ -</u>	<u>\$ 4,334,676</u>	<u>\$ 2,374,195</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE F - FAIR VALUE MEASUREMENTS - continued

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended June 30, 2011 and 2010:

	<u>2011</u>	
	<u>Hedge Fund</u>	<u>Beneficial Interest in Perpetual Trust</u>
Balance, beginning of year	\$ 330,401	\$ 2,043,794
Change in fair value	105,736	438,199
Distributions	<u>-</u>	<u>(88,054)</u>
Balance, end of year	<u>\$ 436,137</u>	<u>\$ 2,393,939</u>

	<u>2010</u>	
	<u>Hedge Fund</u>	<u>Beneficial Interest in Perpetual Trust</u>
Balance, beginning of year	\$ 350,414	\$ 1,914,401
Change in fair value	(20,013)	221,958
Distributions	<u>-</u>	<u>(92,565)</u>
Balance, end of year	<u>\$ 330,401</u>	<u>\$ 2,043,794</u>

NOTE G - UNRESTRICTED NET ASSETS

A summary of appropriated and unappropriated unrestricted net assets as of June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Appropriated Dayton Foundation	\$ 1,736,887	\$ 1,490,921
Unappropriated	<u>29,259</u>	<u>(186,034)</u>
	<u>\$ 1,766,146</u>	<u>\$ 1,304,887</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

	<u>2011</u>	<u>2010</u>
Life insurance policies	\$ 2,016,278	\$ 1,938,486
United Way of Greater Dayton Campaign Fund	376,640	323,313
Rike Family Endowment Fund investment earnings	<u>179,722</u>	<u>118,880</u>
	<u>\$ 2,572,640</u>	<u>\$ 2,380,679</u>

The United Way of Greater Dayton Campaign Fund is to provide annual contributions to the community wide campaign of support for voluntary health and social service agencies.

The following schedule is the assets released from restrictions for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Release of purpose restriction	<u>\$ -</u>	<u>\$ 33,919</u>

NOTE I - PERMANENTLY RESTRICTED NET ASSETS

	<u>2011</u>	<u>2010</u>
Gertrude Mellen Fund	\$ 25,000	\$ 25,000
Rike Family Endowment Fund	250,000	250,000
Beneficial interest in perpetual trust (see Note E)	<u>2,393,939</u>	<u>2,043,794</u>
	<u>\$ 2,668,939</u>	<u>\$ 2,318,794</u>

Gertrude Mellen Fund is to provide income for the exclusive purpose of providing distributions to the community wide campaign of support for voluntary health and social services agencies conducted by the Organization.

Rike Family Endowment fund is to provide income for strengthening the delivery systems of voluntary health and social services agencies.

NOTE J - 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.

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE K - PENSION PLAN

The Organization and certain affiliated agencies participated in a non-contributory, multi-employer defined benefit pension plan, which covers 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 expense for the years ended June 30, 2011 and 2010 was \$152,567 and \$129,968, respectively.

This multi-employer defined benefit pension plan was frozen as of December 31, 2008. No decision has been made as to whether or when to terminate this plan. The Plan's actuary has estimated, using funding standard basis rules for determining the Plan's liabilities, that the overall Plan is underfunded by approximately \$5,671,486 as of January 1, 2011, and \$5,300,000 as of January 1, 2010. The United Way of the Greater Dayton Area is one of 14 agencies participating in this Plan. No methodology has been agreed upon for allocating the overall Plan's underfunded status among the participating agencies.

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 substantially all 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 3% each year of the employee's compensation as the safe harbor contribution. The expense for the years ended June 30, 2011 and 2010 was \$94,846 and \$107,669, respectively.

NOTE L - 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 M - ALLOCATIONS 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 allocations to agencies as of June 30, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
United Way Agencies	\$ 5,283,670	\$ 5,188,603
Neighboring United Way Agencies	196,894	182,507
Combined Federal Campaign	2,876,065	2,587,991
Miscellaneous	-	4,063
	<u>\$ 8,356,629</u>	<u>\$ 7,963,164</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

**NOTE M - ALLOCATIONS AND DESIGNATED DISBURSEMENTS TO
AFFILIATED ORGANIZATIONS - continued**

Total volunteer and donor allocations of the campaigns as of June 30, 2011 and 2010 were as follows

	<u>2011</u>	<u>2010</u>
Allocations (volunteer allocations)	\$ 3,165,917	\$ 3,445,559
Designated disbursements (donor allocations)	<u>5,190,712</u>	<u>4,517,605</u>
	<u>\$ 8,356,629</u>	<u>\$ 7,963,164</u>

NOTE N - INCOME FROM MEMBER AGENCIES

The Organization rented facilities and provided certain services to various agencies through May 2010. The rentals were on a month-to-month basis. Income from rentals and services was \$421,659 and \$441,716 for the years ended June 30, 2011 and 2010, respectively.

NOTE O - DONOR DESIGNATIONS PAYABLE

The Organization honors designations from donors to United Way partner 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 2010 campaign, but not disbursed as of June 30, 2011, amounted to \$2,608,974.

Donor designations pledged as part of the 2009 campaign, but not disbursed as of June 30, 2010, amounted to \$2,575,232.

NOTE P - CASH 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. The amount recorded in the statements of financial position represents the cash value of those policies, which are classified as temporarily restricted due to an implied time restriction.

During the fiscal years ended June 30, 2011 and 2010, the Organization received cash totaling \$25,181 and \$0, respectively from these policies.

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE Q - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the year ended June 30, 2011:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor designated net assets, beginning of year	\$ (5,442)	\$ 118,880	\$ 275,000	\$ 388,438
Interest and dividend income	383	7,311	-	7,694
Net investment gain (realized and unrealized)	3,806	72,396	-	76,202
Fees	(605)	(2,894)	-	(3,499)
Amounts appropriated for expenditure	(881)	(15,971)	-	(16,852)
Donor designated net assets, end of year	<u>\$ (2,739)</u>	<u>\$ 179,722</u>	<u>\$ 275,000</u>	<u>\$ 451,983</u>

The following table summarized all Organization net assets as of June 30, 2011:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment funds	\$ (2,739)	\$ 179,722	\$ 275,000	\$ 451,983
Non-endowment funds:				
Operating	1,768,885	-	-	1,768,885
Perpetual interest in trust	-	-	2,393,939	2,393,939
Purpose restricted funds	-	376,640	-	376,640
Life insurance policies	-	2,016,278	-	2,016,278
	<u>\$ 1,766,146</u>	<u>\$ 2,572,640</u>	<u>\$ 2,668,939</u>	<u>\$ 7,007,725</u>

The following is a summary of changes in endowment net assets for the year ended June 30, 2010:

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor designated net assets, beginning of year	\$ (6,257)	\$ 95,165	\$ 275,000	\$ 363,908
Interest and dividend income	417	7,774	-	8,191
Net investment gain (realized and unrealized)	1,962	36,066	-	38,028
Fees	(600)	(2,997)	-	(3,597)
Amounts appropriated for expenditure	(964)	(17,128)	-	(18,092)
Donor designated net assets, end of year	<u>\$ (5,442)</u>	<u>\$ 118,880</u>	<u>\$ 275,000</u>	<u>\$ 388,438</u>

THE UNITED WAY OF THE GREATER DAYTON AREA

NOTES TO FINANCIAL STATEMENTS

NOTE Q - ENDOWMENT FUNDS AND NET ASSETS - continued

The following table summarized all Organization net assets as of June 30, 2010:

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment funds	\$ (5,442)	\$ 118,880	\$ 275,000	\$ 388,438
Non-endowment funds:				
Operating	1,310,329	-	-	1,310,329
Perpetual interest in trust	-	-	2,043,794	2,043,794
Purpose restricted funds	-	323,313	-	323,313
Life insurance policies	-	1,938,486	-	1,938,486
	<u>\$ 1,304,887</u>	<u>\$ 2,380,679</u>	<u>\$ 2,318,794</u>	<u>\$ 6,004,360</u>

NOTE R - OPERATING LEASES

The Organization entered into a lease in May 2010, for office space in Dayton, Ohio. The terms of the lease call for escalating rent payments through April 2015. Rental expense on this lease was \$147,375 and \$42,075 for the years ended June 30, 2011 and 2010.

The Organization also leased office space in Xenia, Ohio with monthly rental payments of \$1,050. The lease expired in June 2011. A new lease for the Xenia, Ohio office space was entered into in June 2011 with terms through June 2014. Monthly rental payments are \$250. Rental expense was \$11,800 and \$12,600, for the years ended June 30, 2011 and 2010, respectively.

The Organization leased office space in Eaton, Ohio through a lease effective December 2009, for the period of December 2009 through June 2010. The terms of this lease required a single payment of \$875. This lease was renewed for a single payment of \$1,500 for the period of July 1, 2010 through June 30, 2011. A new lease for the same office space in Eaton, Ohio was agreed to and is for the period of July 2011 through June 2012. The terms of this lease require a single payment of \$2,250. Rental expense was \$0 and \$2,275 for the years ended June 30, 2011 and 2010, respectively.

The Organization leases office equipment, with monthly base rental payments of \$5,677, plus a usage surcharge. This lease was amended during 2010. The new monthly base rental payment amount is \$4,972. The lease is payable through December 2013. Rental expense was \$64,355 and \$74,936 for the years ended June 30, 2011 and 2010, respectively.

Minimum lease payments for operating leases as of June 30, 2011 are as follows:

2012	\$ 237,671
2013	239,246
2014	213,242
2015	<u>153,000</u>
	<u>\$ 843,159</u>