

# Dayton Area Chamber of Commerce and Related Entity

Combined Financial Statements as of and for the  
Years Ended December 31, 2020 and 2019, and  
Independent Auditors' Report

# DAYTON AREA CHAMBER OF COMMERCE AND RELATED ENTITY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
Dayton Area Chamber of Commerce and Related Entity:

We have audited the accompanying combined financial statements of the Dayton Area Chamber of Commerce and Related Entity (the "Chamber"), which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities and changes to net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Chamber's preparation and fair presentation of the combined 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 Chamber'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 combined financial statements.

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

**Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Deloitte + Touche LLP*

July 7, 2021

# DAYTON AREA CHAMBER OF COMMERCE AND RELATED ENTITY

## COMBINED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

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|                                | 2020                | 2019                |
|--------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                  |                     |                     |
| CURRENT ASSETS:                |                     |                     |
| Cash and cash equivalents      | \$ 1,919,470        | \$ 1,222,088        |
| Short-term investments         | 240,528             | 332,023             |
| Receivables:                   |                     |                     |
| Membership—net                 | 65,410              | 45,827              |
| Programs                       | 185,375             | 239,810             |
| Prepaid expenses               | <u>38,527</u>       | <u>31,756</u>       |
| Total current assets           | <u>2,449,310</u>    | <u>1,871,504</u>    |
| PROPERTY:                      |                     |                     |
| Furniture and equipment        | 373,045             | 474,274             |
| Leasehold improvements         | <u>372,171</u>      | <u>340,542</u>      |
| Total cost                     | 745,216             | 814,816             |
| Less accumulated depreciation  | <u>(230,259)</u>    | <u>(269,329)</u>    |
| Property—net                   | <u>514,957</u>      | <u>545,487</u>      |
| OTHER NON-CURRENT ASSETS:      |                     |                     |
| Investments                    | 105,837             | 206,587             |
| Right of Use Assets            | 289,431             | 315,839             |
| Other                          | <u>7,500</u>        | <u>9,000</u>        |
| Total other non-current assets | <u>402,768</u>      | <u>531,426</u>      |
| TOTAL                          | <u>\$ 3,367,035</u> | <u>\$ 2,948,417</u> |

See notes to combined financial statements.

|  | 2020                       | 2019                       |
|--|----------------------------|----------------------------|
| <b>LIABILITIES AND NET ASSETS</b>                |                            |                            |
| CURRENT LIABILITIES:                             |                            |                            |
| Accounts payable                                 | \$ 52,500                  | \$ 213,211                 |
| Accrued liabilities                              | 65,537                     | 66,839                     |
| Current portion of postretirement benefits       | 1,530                      | 1,288                      |
| Contract liabilities:                            |                            |                            |
| Membership dues                                  | 566,295                    | 492,317                    |
| Events and projects                              | 18,830                     | 16,357                     |
| Grants & programs                                | 321,946                    | 164,890                    |
| Current portion of lease liabilities             | <u>39,533</u>              | <u>45,936</u>              |
| Total current liabilities                        | <u>1,066,171</u>           | <u>1,000,838</u>           |
| OTHER NON-CURRENT LIABILITIES:                   |                            |                            |
| Accrued liabilities                              | 49,000                     | 56,000                     |
| Lease liabilities                                | 364,072                    | 268,243                    |
| Post-retirement benefits, net of current portion | <u>23,470</u>              | <u>23,712</u>              |
| Total liabilities                                | <u>1,502,713</u>           | <u>1,348,793</u>           |
| NET ASSETS:                                      |                            |                            |
| Without restrictions                             | 1,527,582                  | 1,314,615                  |
| With restrictions                                | <u>336,740</u>             | <u>285,009</u>             |
| Total net assets                                 | <u>1,864,322</u>           | <u>1,599,624</u>           |
| <b>TOTAL</b>                                     | <u><u>\$ 3,367,035</u></u> | <u><u>\$ 2,948,417</u></u> |

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|  | <b>2020</b>                     |                              |                            |
|--|---------------------------------|------------------------------|----------------------------|
|  | <b>Without<br/>Restrictions</b> | <b>With<br/>Restrictions</b> | <b>Total</b>               |
| <b>CONTRIBUTIONS AND REVENUES:</b>                                       |                                 |                              |                            |
| Member dues  | \$ 1,328,199                    | \$                           | \$ 1,328,199               |
| Program and project income   | 1,163,072                       |                              | 1,163,072                  |
| Grants   | 578,501                         | 1,069,686                    | 1,648,187                  |
| Net assets released from restrictions                                    | <u>1,042,215</u>                | <u>(1,042,215)</u>           |                            |
| Total revenues   | <u>4,111,987</u>                | <u>27,471</u>                | <u>4,139,458</u>           |
| <b>EXPENSES:</b>   |                                 |                              |                            |
| Personnel  | 1,927,117                       |                              | 1,927,117                  |
| Grants given   | 907,832                         |                              | 907,832                    |
| Professional and contract services                                       | 403,212                         |                              | 403,212                    |
| Printing, postage, and promotion   | 222,797                         |                              | 222,797                    |
| Facilities and maintenance   | 146,391                         |                              | 146,391                    |
| Meetings and Projects  | 125,399                         |                              | 125,399                    |
| Other  | 91,907                          |                              | 91,907                     |
| Depreciation   | 62,053                          |                              | 62,053                     |
| Travel   | 17,517                          |                              | 17,517                     |
| Taxes  | <u>6,000</u>                    |                              | <u>6,000</u>               |
| Total expenses   | <u>3,910,225</u>                |                              | <u>3,910,225</u>           |
| <b>CONTRIBUTIONS AND REVENUES<br/>IN EXCESS OF EXPENSES</b>              | <b>201,762</b>                  | <b>27,471</b>                | <b>229,233</b>             |
| <b>REALIZED AND UNREALIZED GAINS<br/>ON INVESTMENTS, NET OF EXPENSES</b> | <u><b>11,205</b></u>            | <u><b>24,260</b></u>         | <u><b>35,465</b></u>       |
| <b>CHANGE IN NET ASSETS</b>  | <b>212,967</b>                  | <b>51,731</b>                | <b>264,698</b>             |
| <b>NET ASSETS:</b>   |                                 |                              |                            |
| Beginning of year  | <u>1,314,615</u>                | <u>285,009</u>               | <u>1,599,624</u>           |
| End of year  | <u><u>\$ 1,527,582</u></u>      | <u><u>\$ 336,740</u></u>     | <u><u>\$ 1,864,322</u></u> |

See notes to combined financial statements.

|  | <b>2019</b>                     |                              | <b>Total</b>        |
|--|---------------------------------|------------------------------|---------------------|
|  | <b>Without<br/>Restrictions</b> | <b>With<br/>Restrictions</b> |                     |
| <b>CONTRIBUTIONS AND REVENUES:</b>   |                                 |                              |                     |
| Member dues  | \$ 1,359,210                    | \$ -                         | \$ 1,359,210        |
| Program and project income   | 1,242,778                       |                              | 1,242,778           |
| Grants   | 940,477                         | 417,110                      | 1,357,587           |
| Other  | 10,784                          |                              | 10,784              |
| Net assets released from restrictions  | <u>425,997</u>                  | <u>(425,997)</u>             |                     |
| Total revenues   | <u>3,979,246</u>                | <u>(8,887)</u>               | <u>3,970,359</u>    |
| <b>EXPENSES:</b>   |                                 |                              |                     |
| Personnel  | 2,025,066                       |                              | 2,025,066           |
| Grants given   | 142,166                         |                              | 142,166             |
| Professional and contract services   | 442,463                         |                              | 442,463             |
| Printing, postage, and promotion   | 362,337                         |                              | 362,337             |
| Facilities and maintenance   | 158,171                         |                              | 158,171             |
| Meetings and Projects  | 619,173                         |                              | 619,173             |
| Other  | 92,048                          |                              | 92,048              |
| Depreciation   | 22,319                          |                              | 22,319              |
| Travel   | 58,030                          |                              | 58,030              |
| Taxes  | <u>4,800</u>                    |                              | <u>4,800</u>        |
| Total expenses   | <u>3,926,573</u>                | <u>-</u>                     | <u>3,926,573</u>    |
| <b>CONTRIBUTIONS AND REVENUES IN EXCESS<br/>OF EXPENSES (EXPENSES IN EXCESS OF CONTRIBUTIONS &amp; REVENUES)</b> |                                 |                              |                     |
|  | 52,673                          | (8,887)                      | 43,786              |
| <b>REALIZED AND UNREALIZED GAINS<br/>ON INVESTMENTS, NET OF EXPENSES</b>   |                                 |                              |                     |
|  | <u>32,846</u>                   | <u>33,922</u>                | <u>66,768</u>       |
| <b>CHANGE IN NET ASSETS</b>  |                                 |                              |                     |
|  | 85,519                          | 25,035                       | 110,554             |
| <b>NET ASSETS:</b>   |                                 |                              |                     |
| Beginning of year  | <u>1,229,096</u>                | <u>259,974</u>               | <u>1,489,070</u>    |
| End of year  | <u>\$ 1,314,615</u>             | <u>\$ 285,009</u>            | <u>\$ 1,599,624</u> |



# DAYTON AREA CHAMBER OF COMMERCE AND RELATED ENTITY

## COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Changes in net assets  | \$ 264,698          | \$ 110,554          |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |                     |                     |
| Depreciation   | 62,053              | 22,319              |
| (Gain) on investments  | (35,465)            | (28,086)            |
| Operating lease adjustment   | 115,834             | (1,660)             |
| Loss on sale of property   | 185                 | (365)               |
| Changes in assets and liabilities:   |                     |                     |
| Accounts receivable  | 34,852              | (44,401)            |
| Prepaid expenses and other long term assets  | (5,271)             | 4,273               |
| Accounts payable   | (160,712)           | (14,532)            |
| Accrued and OPEB liabilities   | (8,302)             | 64,622              |
| Contract liabilities - membership dues   | 73,978              | (16,996)            |
| Contract liabilities - events and projects   | 2,473               | 1,734               |
| Contract liabilities - grants and programs   | 157,056             | (17,171)            |
|  | <u>501,379</u>      | <u>80,291</u>       |
| Net cash provided by operating activities  |                     |                     |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| Purchase of property   | (31,707)            | (367,481)           |
| Proceeds from sale of investments  | 227,710             | 398,551             |
| Purchase of investments  | <u>          </u>   | <u>(204,621)</u>    |
| Net cash provided by (used in) investing activities  | <u>196,003</u>      | <u>(173,551)</u>    |
| CHANGE IN CASH AND CASH EQUIVALENTS  | 697,382             | (93,260)            |
| CASH AND CASH EQUIVALENTS:   |                     |                     |
| Beginning of year  | <u>1,222,088</u>    | <u>1,315,348</u>    |
| End of year  | <u>\$ 1,919,470</u> | <u>\$ 1,222,088</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION—Unrelated   |                     |                     |
| Business income tax paid   | \$ 2,234            | \$ 4,170            |
| Non-cash Capital Expenditures  |                     | 176,542             |
| Right-of-use assets obtained in exchange for new capitalized operating lease liabilities                 |                     | 320,937             |

See notes to combined financial statements.

# DAYTON AREA CHAMBER OF COMMERCE AND RELATED ENTITY

## NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Organization**—The combined financial statements of the Dayton Area Chamber of Commerce and Related Entity include the activity of the Dayton Area Chamber of Commerce (the “Chamber”) and the Dayton Area Chamber of Commerce Education and Public Improvement Foundation (the “Foundation”). All significant accounts and transactions between the entities have been eliminated in consolidation.

The Chamber is a member association designed to be the advocate for the business community of the Greater Dayton region. Its mission is accomplished by offering the following services:

- Legislative and regulatory affairs
- Information and referral services
- Educational seminars and programming
- Business networking events
- Group purchasing discounts.

**Basis of Accounting**—The financial statements of the Chamber have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Chamber to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Chamber. These net assets may be used at the discretion of the Chamber’s management and the board of directors.

*Net assets with restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Chamber or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with restrictions. When a restriction expires, net assets are reclassified from net assets with restrictions to net assets without donor restrictions in the statements of activities.

**Estimates**—The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of contributions, revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**—The Chamber considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash is stated at cost, which approximates market for interest bearing deposits. From time to time, the Chamber may have cash at one bank in excess of the federally insured amount. The Chamber has not experienced any losses in such accounts.

**Investments**—The Chamber’s investments are primarily comprised of certificates of deposit, equities and mutual funds stated at fair value with the realized and unrealized gains and losses included in the combined statements of activities.

**Fair Value Measurements**—Statement of Financial Accounting Standards ASC 820, *Fair Value Measurements*, (“ASC 820”) establishes a fair value hierarchy that prioritizes the inputs used to measure the fair value of assets into three levels of input and expands disclosures regarding the fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principle or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of input are as follows:

**Level 1**—Inputs are unadjusted quoted prices in active markets for identical assets, and the Chamber has the ability to access that information on December 31.

**Level 2**—Inputs are other than Level 1 quoted prices that are observable either directly or indirectly.

**Level 3**—Inputs are unobservable.

The reported fair values of the Chamber’s investments are based on inputs from the various custodians and are presented by caption and by level in the table below.

| <b>2020</b>                | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|----------------------------|----------------|----------------|----------------|--------------|
| Certificates of Deposit    | \$ _____       | \$ 208,280     | \$ _____       | \$ 208,280   |
| Common stock               | 104,284        | _____          | _____          | 104,284      |
| Mutual funds:              |                |                |                |              |
| Large Cap US equity funds  | 16,285         |                |                | 16,285       |
| International equity funds | 9,181          |                |                | 9,181        |
| Fixed income funds         | 8,335          | _____          | _____          | 8,335        |
| Total mutual funds         | 33,801         | _____          | _____          | 33,801       |
| Total                      | \$ 138,085     | \$ 208,280     | \$ _____       | \$ 346,365   |

| <b>2019</b>                | <b>Level 1</b>    | <b>Level 2</b>    | <b>Level 3</b> | <b>Total</b>      |
|----------------------------|-------------------|-------------------|----------------|-------------------|
| Certificates of Deposit    | \$ -              | \$ 407,991        | \$ -           | \$ 407,991        |
| Common stock               | <u>99,542</u>     | _____             | _____          | <u>99,542</u>     |
| Mutual funds:              |                   |                   |                |                   |
| Large Cap US equity funds  | 15,560            |                   |                | 15,560            |
| International equity funds | 7,315             |                   |                | 7,315             |
| Fixed income funds         | <u>8,202</u>      | _____             | _____          | <u>8,202</u>      |
| Total mutual funds         | <u>31,077</u>     | -                 | -              | <u>31,077</u>     |
| Total                      | <u>\$ 130,619</u> | <u>\$ 407,991</u> | <u>\$ -</u>    | <u>\$ 538,610</u> |

**Membership Accounts Receivable**—As of December 31, 2020 and 2019, the Chamber recorded accounts receivable of \$100,880 and \$75,937, and allowance for bad debts of \$35,470 and \$30,110, respectively.

**Property**—Furniture, equipment, and leasehold improvements are recorded at cost when acquired. Depreciation is computed on the straight-line method over the estimated useful life of the assets for furniture and equipment (three to ten years). Depreciation for leasehold improvements is computed using the straight-line method over the estimated useful life (10 years) of the improvements or the lease term, whichever is shorter.

**Donated Services**—No amounts have been reflected in the combined statements of activities for donated services; however, a substantial number of volunteers have donated significant amounts of their time on behalf of the Chamber.

**Contributions With or Without Restrictions**—Contributions are recorded as with or without restrictions depending on the existence and/or nature of any restrictions. Support that is restricted is reported as an increase in without restrictions net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted support is reported as an increase in with restrictions net assets. When a restriction expires, net assets are reclassified as net assets released from restrictions.

**Membership Dues and Program Revenue**—Membership dues for the Chamber are deferred and revenue is recognized ratably over the applicable period to which the dues pertain in the Combined Statement of Activities.

Receipts in connection with certain Chamber projects are recorded as contract liabilities and recognized as revenues in the period(s) in which the projects occur.

**Grants Contributions Revenue**—The Chamber receives grants from the City of Dayton and various other organizations.

Receipts in connection with the City of Dayton are partially received in advance, prior to expense incurred. These grants are recorded as contract liabilities and recognized as revenues in the period(s) in which the expenses occur. As of December 31, 2020 and 2019, the Chamber recorded unearned revenue of \$136,508 and \$48,350, respectively, in connection with the City of Dayton grant. The remaining unearned revenue from grants is related to various organizations and programs. Other grant

revenues are received on a reimbursement basis and are recognized in the period(s) in which the expenses occur.

**Advertising Expense**—Advertising costs are expensed as incurred, consist primarily of advertisements under the Passenger Enhancement Agreement with the Dayton International Airport, and are included in printing, postage, and promotion expenses. Advertising expenses were \$120,393 and \$227,930 for 2020 and 2019, respectively.

**Income Taxes**—The Chamber is exempt from Federal income tax pursuant to Section 501(c)(6) of the Internal Revenue Code. The Chamber, however, is subject to federal income tax on unrelated business income derived from certain activities. The Chamber’s tax years for 2015 through 2019 generally remain subject to examination by tax authorities. The Foundation is exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Chamber determines the recognition of uncertain tax positions, if applicable, that may subject the Chamber to unrelated business income tax by applying a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with tax authorities. The Chamber has no tax positions which must be considered for disclosure.

**Recently Issued Accounting Standards**—In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), which replaces the incurred loss model with the current expected credit loss (“CECL”) model to estimate credit losses for financial assets measured at amortized cost and certain off-balance sheet credit exposures. The CECL model requires a company to estimate credit losses expected over the life of the financial assets based on all relevant information including historical information, current conditions and reasonable and supportable forecasts that affect the collectability of the amounts. ASU 2016-13 was amended in November 2018 by the provisions of ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, and in April 2019 by the provisions of ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, and in May 2019 by the provisions of ASU 2019-05, Financial Instruments—Credit Losses (Topic 326) and in November 2019 by the provisions of ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments—Credit Losses. This standard is effective for years beginning after December 15, 2022, and early adoption is permitted. The Chamber is currently assessing the impact that the new accounting standard will have on the combined financial statements.

**Subsequent Events**—In March 2021, the Chamber received a Paycheck Protection Program loan with a bank for \$212,325. The loan is payable over 60 months at an interest rate of 1%.

The Chamber has evaluated subsequent events through July 7, 2021, the date at which the financial statements were available to be issued.

## 2. CONTRACTS

The Chamber has contractual relationships with providers of discount programs to members in which the Chamber receives funds for administration, marketing, and promotion of the programs. These programs include member discounts on health insurance, long distance telephone service, package delivery services, office supplies, and group rating for workers’ compensation coverage. In 2020 and 2019, the Chamber recognized \$478,664 and \$519,227, respectively, in revenue under marketing and royalty contracts classified under program and project income.

### 3. BENEFIT PLANS

**Defined Contribution Plan**—A defined contribution retirement plan covers all employees who meet eligibility requirements concerning age and length of service. The Chamber contributes 6% of each participant's salary and also matches 50% of participant contributions of up to 4% of participants' salaries, subject to federal income tax limits. The Chamber contributed \$94,182 and \$113,651 to this plan in 2020 and 2019, respectively and are included in personnel expenses.

**Other Post-Employment Benefit Plan**—The Chamber provides certain health benefits for eligible retired employees and dependents through a participating contract with an insurance company. In 1994, these benefits were discontinued for current employees. Participants are required to contribute 30% of the cost of premiums. The recorded liability for these benefits, none of which has been funded by the Chamber, was \$25,000 at December 31, 2020 and 2019. The liability was determined using an assumed discount rate of .04% for 2020 and 2019. The Chamber caps its portion of premium increases at 4% annually. Any increases in excess of 4% are the responsibility of the participant. For 2020 and 2019, the net post-retirement benefit expense was \$1,530 and \$1,288, respectively, and is recorded in personnel expenses.

### 4. LEASES

The Chamber adopted ASC 842, *Leases*, on January 1, 2019. The Chamber determines if a contract contains a lease at inception date. The Chamber leases its primary office facilities from CityWide Development Corp. The term of the lease agreement is from November 2019 through October 2029. The Chamber received an incentive in the amount of \$125,975 from the CityWide for the purpose of making improvements to the leased office space subsequent to the lease commencement date. The office lease also has a termination option, which allows for early termination of the lease; however, as the exercise of such options is not reasonably certain, the option was not considered in determining the lease term; payments for the full lease term are included in the lease payments. Additionally, the leases do not contain any material residual value guarantees.

Payments due under the operating lease include fixed and variable payments. These variable payments for the Chamber's office lease can include operating expenses, utilities, property taxes, insurance, common area maintenance, and other facility-related expense. Additionally, any leases with terms less than one year were not recognized as operating lease right of use assets or payables for short term leases in accordance with the election of 'package of practical expedient' under ASU 2016-02 and recognizes operating lease right of use assets and operating lease payable based on the present value of the future minimum lease payments at the lease commencement date. The Chamber recognizes lease expense for operating leases on a straight-line basis over the lease term. The Chamber's leases do not provide implicit rates. Therefore, the Chamber is permitted to use a risk-free discount rate at the lease commencement date in determining the present value of future payments.

Operating lease expense including operating expenses, utilities, property taxes, insurance, common area maintenance, and other facility-related expense for the year ended December 31, 2020 was \$83,452 and are included within facilities and maintenance expense on the combined statements of activities.

The following table details the future lease payments associated with operating leases commenced as of December 31, 2020, including amounts for any renewal options that the Chamber has determined are reasonably certain to be exercised.

|                                    |    |                   |
|------------------------------------|----|-------------------|
| 2021                               | \$ | 46,053            |
| 2022                               |    | 46,735            |
| 2023                               |    | 47,472            |
| 2024                               |    | 48,155            |
| 2025                               |    | 48,907            |
| Thereafter                         |    | <u>194,221</u>    |
| Total lease payments               |    | 431,543           |
| Imputed interest                   |    | <u>(27,938)</u>   |
| Present value of lease liabilities |    | <u>\$ 403,605</u> |

The following assumptions were used to determine the right-of-use assets and obligations associated with Chamber's operating leases as of December 31, 2020 and 2019, respectively. The Chamber uses its incremental borrowing rate to value the right-of-use asset and related obligations.

|   | <b>December 31,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|------------------------------|------------------------------|
| Weighted average remaining lease term (years) | 8.80                         | 9.80                         |
| Weighted average discount rate                | 1.69 %                       | 1.69%                        |

## 5. LIQUIDITY AND AVAILABILITY

The following represents the Chamber's financial assets less those unavailable for general expenditure within one year as of December 31, 2020 and 2019:

|   |                     |                     |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 1,919,470        | \$ 1,222,088        |
| Membership dues receivable  | 65,410              | 45,827              |
| Investments   | 346,365             | 538,610             |
| Other assets  | 185,375             | 239,810             |
|   | <u>2,516,620</u>    | <u>2,046,335</u>    |
| Total financial assets  |                     |                     |
| Less those unavailable for general expenditure within one year due to:                              |                     |                     |
| Net assets with restrictions  | 336,740             | 285,009             |
| Investments unavailable within one year   | 105,837             | 206,587             |
|   | <u>442,577</u>      | <u>491,596</u>      |
| Total unavailable for general expenditures within one year  |                     |                     |
| Financial assets available to meet general expenditures over the next twelve months without penalty | <u>\$ 2,074,043</u> | <u>\$ 1,554,739</u> |

During June 2020, the Chamber executed a \$200,000 line of credit with a bank with an interest rate of 2.75% above the bank's prime rate. No amounts were drawn on such line of credit during the year ended December 31, 2020.

## 6. COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2020, there was a global outbreak of a new strain of coronavirus, COVID-19, which continues to adversely impact global commercial activity and has contributed to significant commercial volatility. The impact of COVID-19 on the Chamber's combined financial statements was not significant, however COVID-19 continues to impact the overall economic environment and as a result the future impact of COVID-19 on the Chamber's operations is uncertain.

## 7. FUNCTIONAL EXPENSES

The Chamber classifies its activities into the functional areas of Member Services, Programs, Operations, and Foundation. The Operations area accumulates certain corporate related expenses. Such expenses are not allocated to the other areas.



Expenses for the years ended December 31, 2020 and 2019, by functional area are:

| <b>2020</b>                           | <b>Member<br/>Services</b> | <b>Programs</b>          | <b>Operations</b>          | <b>Foundation</b>          | <b>Total</b>               |
|---------------------------------------|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| Personnel                             | \$ 323,960                 | \$ 438,701               | \$ 936,599                 | \$ 227,857                 | \$ 1,927,117               |
| Grants given                          |                            |                          |                            | 907,832                    | 907,832                    |
| Professional and contract<br>services | 8,374                      | 36,980                   | 75,849                     | 282,009                    | 403,212                    |
| Printing, postage, and<br>promotion   | 72,785                     | 14,613                   | 36,289                     | 99,110                     | 222,797                    |
| Facilities and maintenance            |                            |                          | 146,391                    |                            | 146,391                    |
| Meetings and projects                 | 29,371                     | 54,901                   | 13,888                     | 27,239                     | 125,399                    |
| Other                                 | 4,424                      | 6,195                    | 77,222                     | 4,066                      | 91,907                     |
| Depreciation                          |                            |                          | 62,053                     |                            | 62,053                     |
| Travel                                | 5,230                      | 5,336                    | 4,477                      | 2,474                      | 17,517                     |
| Taxes                                 |                            |                          | 6,000                      |                            | 6,000                      |
| <b>Total</b>                          | <b><u>\$ 444,144</u></b>   | <b><u>\$ 556,726</u></b> | <b><u>\$ 1,358,768</u></b> | <b><u>\$ 1,550,587</u></b> | <b><u>\$ 3,910,225</u></b> |
| <br>                                  |                            |                          |                            |                            |                            |
| <b>2019</b>                           | <b>Member<br/>Services</b> | <b>Programs</b>          | <b>Operations</b>          | <b>Foundation</b>          | <b>Total</b>               |
| Personnel                             | \$ 356,615                 | \$ 505,236               | \$ 908,245                 | \$ 254,970                 | \$ 2,025,066               |
| Grants given                          |                            |                          |                            | 142,166                    | 142,166                    |
| Professional and contract<br>services | 20,158                     | 36,298                   | 43,382                     | 342,625                    | 442,463                    |
| Printing, postage, and<br>promotion   | 88,941                     | 24,537                   | 36,930                     | 211,929                    | 362,337                    |
| Facilities and maintenance            |                            |                          | 158,171                    |                            | 158,171                    |
| Meetings and projects                 | 62,488                     | 184,998                  | 17,972                     | 353,715                    | 619,173                    |
| Other                                 | 4,562                      | 6,744                    | 75,999                     | 4,743                      | 92,048                     |
| Depreciation                          |                            |                          | 22,319                     |                            | 22,319                     |
| Travel                                | 7,299                      | 35,255                   | 8,467                      | 7,009                      | 58,030                     |
| Taxes                                 |                            |                          | 4,800                      |                            | 4,800                      |
| <b>Total</b>                          | <b><u>\$ 540,063</u></b>   | <b><u>\$ 793,068</u></b> | <b><u>\$ 1,276,285</u></b> | <b><u>\$ 1,317,157</u></b> | <b><u>\$ 3,926,573</u></b> |

**8. NET ASSETS WITH RESTRICTIONS**

The summary of the net assets with restrictions as of December 31, 2020 and 2019, is as follows:

|  | <b>2020</b>       | <b>2019</b>       |
|--|-------------------|-------------------|
| Education and Public Improvement Foundation: |                   |                   |
| Workforce                                    | \$ 66,268         | \$ 69,817         |
| Legion of honor                              | 65,568            | 64,747            |
| Minority business                            | 57,282            | 15,207            |
| Leadership                                   | 45,393            | 39,937            |
| Leadership members                           | 39,364            | 32,716            |
| General                                      | 35,005            | 39,128            |
| Innovation                                   | 20,288            | 17,723            |
| Generation Dayton                            | 3,582             | 3,739             |
| Healthcare                                   | 1,995             | 1,995             |
| ReOpen                                       | 1,995             | _____             |
|  | <u>\$ 336,740</u> | <u>\$ 285,009</u> |

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