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**UNITED WAY OF GREATER  
ST. LOUIS, INC.**  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2019*

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**United Way  
of Greater St. Louis**

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## Independent Auditors' Report

Board of Directors  
United Way of Greater St. Louis, Inc.  
St. Louis, Missouri

### Report On The Financial Statements

We have audited the financial statements of United Way of Greater St. Louis, Inc., a not-for-profit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater St. Louis, Inc. as of June 30, 2019, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of United Way of Greater St. Louis, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Greater St. Louis Inc.'s internal control over financial reporting and compliance.

*RubinBrown LLP*

January 8, 2021

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# UNITED WAY OF GREATER ST. LOUIS, INC.

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## STATEMENT OF FINANCIAL POSITION

June 30, 2019

### Assets

Cash and cash equivalents (Note 2)	\$ 9,359,738
Campaign pledges receivable	27,975,445
Allowance for uncollectible pledges	(3,013,832)
Other receivables	961,771
Prepaid expenses	229,194
Beneficial interests in charitable remainder trusts (Note 8)	6,888,836
Investments, including certificates of deposit carried at cost of \$1,401,901 (Note 5)	34,267,308
Land, building, furniture and equipment (Note 7)	3,478,355
Endowment receivable (Note 9)	1,000,000
Endowment investments (Notes 5 and 11)	15,348,396
Beneficial interests in perpetual trusts (Note 8)	5,165,760
Promissory note receivable (Note 18)	400,000
<b>Total Assets</b>	<b>\$ 102,060,971</b>

### Liabilities And Net Assets

#### Liabilities

Accounts payable and accrued expenses	\$ 1,181,201
Payable to United Way Worldwide	286,324
Allocations payable	23,441,712
Donor designations payable	5,404,120
Pension plan and postretirement plan liabilities (Notes 14 and 15)	5,050,535
<b>Total Liabilities</b>	<b>35,363,892</b>

#### Net Assets

Without Donor Restrictions	
Designated by the Board for specific purposes (Note 10)	1,587,446
Net investment in land, building and equipment	3,446,358
Undesignated	26,077,405
Total Without Donor Restrictions	31,111,209
With Donor Restrictions	
Perpetual in nature (Notes 9, 10 and 11)	16,887,396
Endowment earnings to be appropriated (Notes 10 and 11)	4,626,760
Purpose restrictions (Note 10)	5,059,360
Time-restricted for future periods (Note 10)	9,012,354
Total With Donor Restrictions	35,585,870
<b>Total Net Assets</b>	<b>66,697,079</b>

**Total Liabilities And Net Assets** **\$ 102,060,971**

# UNITED WAY OF GREATER ST. LOUIS, INC.

## STATEMENT OF ACTIVITIES For The Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support, Revenue And Gains (Losses)</b>			
<b>Public Support</b>			
Annual campaigns	\$ 84,509,087	\$ 6,441,724	\$ 90,950,811
Endowment contributions	—	1,000,000	1,000,000
Donor designations	(29,971,842)	—	(29,971,842)
Provision for uncollectible pledges	(2,780,298)	(105,480)	(2,885,778)
Net Annual Campaigns (Note 3)	51,756,947	7,336,244	59,093,191
Estate, trust and other contributions	2,404,770	4,153,023	6,557,793
<b>Total Public Support</b>	<b>54,161,717</b>	<b>11,489,267</b>	<b>65,650,984</b>
<b>Revenue And Gains (Losses)</b>			
Net realized gains on investments	1,291,310	164,054	1,455,364
Net unrealized gains on investments (Note 5)	197,285	474,850	672,135
Interest and dividends	1,067,986	363,341	1,431,327
Change in value of beneficial interests in charitable remainder trusts (Note 8)	—	386,663	386,663
Change in value of beneficial interests in perpetual trusts (Note 8)	—	(14,559)	(14,559)
<b>Total Revenue And Gains (Losses)</b>	<b>2,556,581</b>	<b>1,374,349</b>	<b>3,930,930</b>
<b>Net Assets Released From Restrictions (Note 10)</b>			
Appropriations from endowment	562,334	(562,334)	—
Satisfaction of donor restrictions	9,663,274	(9,663,274)	—
<b>Total Net Assets Released From Restrictions</b>	<b>10,225,608</b>	<b>(10,225,608)</b>	<b>—</b>
<b>Total Public Support, Revenue And Gains (Losses)</b>	<b>66,943,906</b>	<b>2,638,008</b>	<b>69,581,914</b>
<b>Allocations And Expenses</b>			
Funds awarded to agencies (Note 3)	44,016,930	—	44,016,930
Other programs and grants (Note 3)	5,539,718	—	5,539,718
Allocations to agencies and other programs	49,556,648	—	49,556,648
Other Program Services:			
Allocations/Grant-making	1,398,255	—	1,398,255
Community Solutions	3,162,628	—	3,162,628
Volunteer Center	595,731	—	595,731
Case Management Services	2,994,304	—	2,994,304
Philanthropic Services	992,679	—	992,679
<b>Total Program Services</b>	<b>58,700,245</b>	<b>—</b>	<b>58,700,245</b>
Supporting Services:			
Fundraising	6,172,758	—	6,172,758
Management and general	2,863,307	—	2,863,307
<b>Total Supporting Services</b>	<b>9,036,065</b>	<b>—</b>	<b>9,036,065</b>
<b>Total Allocations And Expenses</b>	<b>67,736,310</b>	<b>—</b>	<b>67,736,310</b>
<b>Increase (Decrease) In Net Assets From Operations</b>	<b>(792,404)</b>	<b>2,638,008</b>	<b>1,845,604</b>
<b>Pension And Postretirement Plan Changes Other Than Net Periodic Benefit Costs (Notes 14 And 15)</b>	<b>(1,752,329)</b>	<b>—</b>	<b>(1,752,329)</b>
<b>Increase (Decrease) In Net Assets</b>	<b>(2,544,733)</b>	<b>2,638,008</b>	<b>93,275</b>
<b>Net Assets - Beginning Of Year</b>	<b>33,655,942</b>	<b>32,947,862</b>	<b>66,603,804</b>
<b>Net Assets - End Of Year</b>	<b>\$ 31,111,209</b>	<b>\$ 35,585,870</b>	<b>\$ 66,697,079</b>

# UNITED WAY OF GREATER ST. LOUIS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended June 30, 2019

	Program Services					Supporting Services				
	Allocations/ Grant-Making	Community Solutions	Volunteer Center	Case Management Services	Philanthropic Services	Total	Fund- raising	Management And General	Total	Total
Funds awarded	\$ 43,544,284	\$ 323,176	\$ —	\$ 149,470	\$ —	\$ 44,016,930	\$ —	\$ —	\$ —	\$ 44,016,930
Other programs and grants	4,259,067	88,473	—	392,788	799,390	5,539,718	—	—	—	5,539,718
Allocations to agencies and other programs	47,803,351	411,649	—	542,258	799,390	49,556,648	—	—	—	49,556,648
Salaries	611,988	1,413,678	321,687	1,446,311	521,694	4,315,358	3,010,736	1,668,036	4,678,772	8,994,130
Taxes and benefits (Note 14)	234,275	434,603	106,079	659,277	192,178	1,626,412	1,102,826	506,707	1,609,533	3,235,945
Audit and legal fees	7,143	12,902	2,947	11,718	6,468	41,178	25,859	37,972	63,831	105,009
Consulting and other professional fees	296,927	907,793	47,318	262,880	60,258	1,575,176	187,857	144,366	332,223	1,907,399
Materials, ads, events and supplies:										
Campaign related	—	—	—	—	—	—	710,585	—	710,585	710,585
Noncampaign related	6,986	105,330	20,197	24,747	10,982	168,242	39,056	31,922	70,978	239,220
Meetings and local travel	8,960	44,721	3,180	13,443	11,229	81,533	45,503	25,837	71,340	152,873
Training and professional development	7,789	17,286	4,413	25,371	12,711	67,570	44,201	11,758	55,959	123,529
Office expenses	18,645	37,114	8,730	104,720	13,154	182,363	102,119	30,072	132,191	314,554
Occupancy, equipment, and maintenance	103,447	87,002	30,092	170,313	97,238	488,092	473,428	170,372	643,800	1,131,892
Depreciation and amortization	32,964	35,942	13,929	71,484	21,700	176,019	135,534	68,030	203,564	379,583
Insurance	7,243	7,331	2,819	13,344	3,853	34,590	25,385	34,026	59,411	94,001
Other	12,926	19,070	6,681	32,645	12,868	84,190	65,920	68,182	134,102	218,292
United Way Worldwide dues	48,962	39,856	27,659	158,051	28,346	302,874	203,749	66,027	269,776	572,650
Expenses excluding allocations	1,398,255	3,162,628	595,731	2,994,304	992,679	9,143,597	6,172,758	2,863,307	9,036,065	18,179,662
<b>Total</b>	<b>\$ 49,201,606</b>	<b>\$ 3,574,277</b>	<b>\$ 595,731</b>	<b>\$ 3,536,562</b>	<b>\$ 1,792,069</b>	<b>\$ 58,700,245</b>	<b>\$ 6,172,758</b>	<b>\$ 2,863,307</b>	<b>\$ 9,036,065</b>	<b>\$ 67,736,310</b>

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# UNITED WAY OF GREATER ST. LOUIS, INC.

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## STATEMENT OF CASH FLOWS For The Year Ended June 30, 2019

<b>Cash Flows From Operating Activities</b>	
Increase in net assets	\$ 93,275
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation and amortization	379,583
Contributions restricted for endowment fund	(1,000,000)
Net realized gains on investments	(1,291,310)
Net realized gains on endowment investments	(164,054)
Net unrealized gains on investments	(197,285)
Net unrealized gains on endowment investments	(474,850)
Change in value of split-interest agreements	(386,663)
Change in value of perpetual trusts	14,559
Pension and postretirement plan changes other than net periodic benefits costs	1,752,329
Changes in asset and liability accounts:	
Campaign pledges receivable	(3,246,963)
Allowance for uncollectible pledges	(191,963)
Other receivables	(196,157)
Prepaid expenses	(39,767)
Accounts payable and accrued liabilities	41,380
Payable to United Way Worldwide	5,046
Allocations payable	(612,687)
Donor designations payable	1,471,829
Accrued pension plan and retirement plan liabilities	14,036
<b>Net Cash Used In Operating Activities</b>	<u>(4,029,662)</u>
<b>Cash Flows From Investing Activities</b>	
Purchases of building, furniture and equipment	(371,662)
Proceeds from sale of land and building	15,000
Proceeds from sale or maturity of investments	10,935,072
Proceeds from sale of endowment investments	2,069,715
Purchases of investments	(7,633,450)
Purchases of endowment investments	(1,852,048)
Endowment appropriation payouts	(562,334)
<b>Net Cash Provided By Investing Activities</b>	<u>2,600,293</u>
<b>Cash Flows Provided By Financing Activities</b>	
Endowment appropriation receipts	<u>562,334</u>
<b>Net Decrease In Cash And Cash Equivalents</b>	(867,035)
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<u>10,226,773</u>
<b>Cash And Cash Equivalents - End Of Year</b>	<u>\$ 9,359,738</u>
<b>Supplemental Disclosure Of Cash Flow Information</b>	
Fixed asset purchases in accounts payable	\$ 31,997
Other assets converted to promissory note receivable	<u>400,000</u>



# UNITED WAY OF GREATER ST. LOUIS, INC.

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

### 1. Organization

United Way of Greater St. Louis, Inc. (the Organization), founded in 1922, is a not-for-profit organization that conducts annual campaigns in the St. Louis region. It raises funds without donor restrictions and other funds to support more than 160 health and human service organizations throughout the city of St. Louis and 15 surrounding counties in Missouri and Illinois. These agency allocations are determined through a citizen review process that involves more than 400 volunteers who are representative of the St. Louis area community. Payments of agency allocations are made in the calendar year following the campaign, matching the timing of most cash receipts from that campaign. It also raises certain designated funds and funds with donor restrictions within the annual campaigns and otherwise that support a broader group of agencies, more than 475 inclusive of the member agencies. The Organization is governed by a volunteer Board of Directors that both evaluates and helps the Organization fulfill its mission.

#### Mission Statement

The Organization mobilizes the community with one goal in mind - helping people live their best possible lives.

### 2. Summary Of Significant Accounting Policies

#### Estimates And Assumptions

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Basis Of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

#### Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general purposes.

## **UNITED WAY OF GREATER ST. LOUIS, INC.**

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### Notes To Financial Statements (*Continued*)

From time to time, the Board of Directors designates a portion of funds without donor restrictions for specific purposes, which makes the funds unavailable for use at management's discretion.

#### **Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions. Donor restricted net assets are further categorized as time or purpose restricted or perpetual in nature. Restricted net assets that are perpetual in nature require the Organization to maintain such assets permanently while permitting the Organization to expend the income, dividends, interest, and gains and losses on investments generated, in accordance with the provisions of the donor-imposed stipulations or a Board-approved spending policy.

#### **Cash And Cash Equivalents**

The Organization considers all money market and short-term investments with original maturities less than three months from the date of purchase to be cash equivalents. The Organization invests its cash with financial institutions with strong credit ratings. At June 30, 2019, such balances were in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits by approximately \$8,773,000. All of this excess was held in money market accounts invested exclusively in short-term U.S. Government securities and repurchase agreements secured by U.S. Government securities.

#### **Campaign Pledges Receivable**

Unconditional pledges receivable are recognized as support in the period the pledges are received. Conditional contributions are recognized as support when the conditions on which they depend have been substantially met.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance. The valuation allowance is computed based upon a five-year historical average adjusted by estimates of current economic factors and applied to individual campaign balances, including donor designations. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

**Investments**

Investments are reported at fair value, which is based on quoted market prices, with the exception of certificates of deposit which are carried at cost, which approximates fair value. Gains and losses on sales of investments are generally determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end market valuations. The investment income, including gains and losses, is further reported in accordance with applicable net asset restrictions.

**Land, Building, Furniture And Equipment**

Land, building, furniture and equipment are recorded at cost or, if donated, at fair value on the date of receipt, less accumulated depreciation. Depreciation on the building, furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years.

**Public Support**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization has adopted the policy of reporting net assets released from restrictions upon completion of donor purpose restrictions, regardless of whether the related cash has been received.

Pledges that stipulate conditions are to be met before the contributions are made are not recorded until the conditions are met. There were no conditional pledges at June 30, 2019.

The Organization also manages donor-advised funds for high net worth individuals that further facilitate grants to domestic, charitable, tax-exempt organizations based on recommendations by contributors that meet the programmatic or geographic interest of both the donor and the Organization. The contributions to these funds are recorded by the Organization as Board-designated until distributed (Note 12).

### **Donor Designations**

Regular campaign designations are from traditional workplace campaign donors who may designate some or all of their gifts to specific member agencies. In accordance with accounting standards, these specified designations are not considered to be part of the allocations to agencies and are deducted from campaign results. Payments to member agencies are the greater of their allocation awards or the sum of their designations (Note 3).

“Consolidated Giving” addresses the philanthropic needs of corporations and high net worth individuals to encourage better relationships with the Organization that ultimately lead to increased total funding. Under this model, certain designations, referred to as “pay direct designations”, are accepted and processed at no or low cost to the donor (Note 3). These gifts may be to member agencies, other non-profits or to programs managed by the Organization (Note 3).

The Organization processes some national campaigns for companies headquartered in the Greater St. Louis service area. Payments made to other United Ways for employees of those national companies are only considered donor designations for employees who reside in the Organization’s service area. Payments for employees who do not reside in the Organization’s service area are not recorded as revenue or expense.

The Combined Federal Campaign is based entirely on donor designations according to the rules of the campaign (Note 4).

Third-party processors manage campaign results processing for some national corporations located in the Organization’s service area. In instances where the Organization performs fundraising efforts and becomes aware of pledge amounts to its member agencies from such companies, it records the campaign revenue and offsets it with third-party processor designations.

The amounts of donor designations to specified agencies that remain unpaid at year end are included in the statement of financial position as donor designations payables, except designations payable that apply to third-party processed designations.

**Description Of Program Services And Supporting Activities**

The following program services and supporting activities are included in the accompanying financial statements, in accordance with the Organization's Mission Statement (Note 1):

**Program Services**

Allocations/Grant-making - Includes expenditures for ongoing operational funding and one-time grants to member and non-member agencies, and for administering the funding and providing oversight of the fund distribution programs.

Community Solutions - Includes expenditures relating to collaborative approaches to deliver improved community-level outcomes in the United Way impact areas of health, education, basic needs, strong communities and financial stability through research, thought leadership, aligned programming and funding, and community mobilization (i.e., Collective Impact, Dolly Parton Imagination Library, SLPS Partnership, etc.).

Volunteer Center - Includes expenditures relating to connecting not-for-profit organizations that are in need of either episodic or ongoing volunteer assistance with community members who are able and willing to help. Agency monitoring, training and certification help to assure the best possible experiences.

Case Management Services - Includes expenditures related to operating a 24-hour health and human service helpline for 99 Missouri counties and 9 Illinois counties, all accessed using a three-digit telephone number (2-1-1), including case management and navigation services for clients. It also includes expenses for the coordination and delivery of ongoing direct assistance funding including energy assistance and 100 Neediest Cases, and of emergency assistance activities in times of crises on behalf of United Way and other funders including governmental, non-profit, schools and related entities.

Philanthropic Services - Includes expenditures relating to the creation and implementation of tailored back office and advisory services for donor-directed investments that may fall outside of the traditional campaign structure, including disbursement of charitable giving, development of giving strategy, impact monitoring and reporting, and management of donor-directed programming.

**Fundraising**

Provides the structure necessary to encourage and secure financial support from individuals, organizations and corporations.

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (*Continued*)

#### **Management And General**

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

#### **Expenses**

Expenses are recognized by the Organization on an accrual basis. Expenses paid in advance, but not yet incurred, are recorded as prepaid until the applicable period.

#### **Functional Expense Allocation**

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across programs and other supporting services based on the salary ratio, square footage, computer counts, and full-time employee equivalents (FTE).

See summary below for specific allocation methods used for various expenses:

<b>Natural Category</b>	<b>Method</b>
Salaries	Time studies, computer counts, and square footage
Taxes and benefits	Salary ratio, computer counts, and square footage
Consulting and other professional fees	Computer counts and FTE
Office expenses	FTE
Occupancy, equipment, and maintenance	Computer counts and square footage
Insurance	Square footage
Depreciation and amortization	Square footage and direct charge

#### **Advertising Costs**

The Organization expenses advertising costs as incurred. Total advertising costs charged against income in 2019 amounted to \$267,972, which includes donated advertising of \$129,545.

**Donated Services**

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fundraising campaigns. These services are not recorded in the financial statements since they do not meet the criteria for recognition in accounting standards established for not-for-profit organizations.

**Income Taxes**

The Organization is exempt from federal income taxes on its related, exempt activities under Section 501(c)(3) of the Internal Revenue Code. The Organization's federal tax returns for tax years 2015 and later remain subject to examination by taxing authorities.

**Fair Value**

The carrying amounts of accounts receivable, campaign pledges receivable, and accounts payable and accrued expenses approximate fair value due to the short period to maturity. Other pledges receivable and beneficial interests in perpetual trusts under split-interest agreements approximate fair value due to the similarity of the discount or interest rates with the rates of return on investments with similar maturities. Other assets are carried at the lower of cost or prevailing market value.

## UNITED WAY OF GREATER ST. LOUIS, INC.

### Notes To Financial Statements (Continued)

### 3. Campaign Revenue, Donor Designations And Agency Awards

United Way conducts three main campaigns. Each of those campaigns has a variety of ways in which related designations are processed and recorded as described in Note 2. For the year ended June 30, 2019, the Organization recorded campaign revenues and related designations as follows for each of its campaigns:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>United Way Annual Campaign</b>			
<b>Revenue</b>			
Available for allocations and operations	\$ 56,462,168	\$ 2,109,608	\$ 58,571,776
Endowment contributions	—	1,000,000	1,000,000
Designated to United Way programs	—	2,940,688	2,940,688
Donor-advised Fund gifts	90,000	—	90,000
Designated for direct payment	10,742,711	—	10,742,711
Third-party processed revenue	409,773	—	409,773
Gross Annual Campaign Revenue	67,704,652	6,050,296	73,754,948
Less: Pay direct/third-party processed designations	(11,152,484)	—	(11,152,484)
Less: First dollar designations	(2,014,923)	—	(2,014,923)
Less: Provision for uncollectible pledges	(2,780,298)	(105,480)	(2,885,778)
Net Annual Campaign Revenue	51,756,947	5,944,816	57,701,763
<b>United Way Private And Other</b>			
<b>Campaign Revenue</b>			
Designated to United Way programs	—	61,070	61,070
Designated for direct payment	16,804,435	—	16,804,435
Gross Private And Other Campaign Revenue	16,804,435	61,070	16,865,505
Less: Pay direct designations	(16,804,435)	—	(16,804,435)
Plus: 100 Neediest Cases holiday campaign	—	1,330,358	1,330,358
Net Private And Other Campaign Revenue	—	1,391,428	1,391,428
<b>Total</b>	<b>\$ 51,756,947</b>	<b>\$ 7,336,244</b>	<b>\$ 59,093,191</b>

In addition to the gross funds awarded to member agencies through the allocations process of \$44,016,930, member agencies also received first-dollar designations of \$2,014,923, \$1,933,310 of the \$27,547,146 of the pay direct designations, all of the third-party processed designations of \$409,773 and \$23,500 of the \$5,539,718 of other programs and grants awarded for the year ended June 30, 2019, which includes donor-advised fund (DAF) payouts.



## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (Continued)

#### 4. Governmental Campaign

In U.S. federal offices and military installations throughout the St. Louis metropolitan area, the designation-driven workplace fundraising campaign is done through the East-West Gateway Combined Federal Campaign (CFC). The Organization is a participating federation in the CFC on behalf of itself and its member agencies. The total 2018/19 campaign, net of fees, was \$105,247, of which the Organization's share of the distributions was \$13,945, and \$91,302 was for member agencies. As of June 30, 2019, \$6,299 was collected for this campaign, of which \$436 was for the Organization, and \$5,863 was distributed to member agencies.

Total distributions made during the year ended June 30, 2019 from the 2017/18 campaign were \$103,672, of which \$15,055 was for the Organization, and \$88,617 was for member agencies.

During the 2018/19 campaign, the Organization complied with the requirements of the CFC campaign to honor designations made to each member agency by distributing a proportionate share of receipts based on donor designations to each member agency, insofar as they related to accounting matters.

#### 5. Investments

The fundamental objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools, and achieve optimal net investment returns subject to acceptable risk tolerances, investment pool objectives, and policy constraints.

Investments consist of the following at June 30, 2019:

Cash and money market accounts -	
short-term investments	\$ 902,225
Certificates of deposit	1,401,091
Mutual funds:	
Domestic large blend index	22,099,865
Foreign large blend index	7,001,611
Real estate index	2,554,606
Private equity fund	32,035
Fixed income mutual funds:	
Intermediate-term bond index	<u>15,624,271</u>
	<u>\$ 49,615,704</u>

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (*Continued*)

The total cost basis of these investments amounted to \$35,963,339 at June 30, 2019.

These amounts are reported in the statement of financial position as follows at June 30, 2019:

Investments	\$ 34,267,308
Endowment investments	<u>15,348,396</u>
	<u>\$ 49,615,704</u>

Investments include purpose restricted investments amounts relating to Dollar More and Dollar Help energy assistance programs and the individual development accounts program. Endowment investments include perpetual in nature endowments which are endowment donations at their original contributed value, as well as earnings that will be appropriated by the Board.

Unrealized gains of \$672,135 were recorded for the year ended June 30, 2019 to adjust the investments to fair value.

Investment expenses such as custodial, commissions, and investment advisory fees are netted against investment income in the statement of activities.

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that material changes in the values of investment securities could occur.

## 6. Fair Value Measurements

Effective July 1, 2008, the Organization adopted the accounting standards for fair value measurements. The standard 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 principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (*Continued*)

There are three general valuation techniques that may be used to measure fair value, as described below:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset.
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

- Level 1* Quoted prices that are readily available in active markets/exchanges for identical investments.
- Level 2* Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3* Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

## UNITED WAY OF GREATER ST. LOUIS, INC.

### Notes To Financial Statements (Continued)

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2019 using quoted market prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	Level 1	Level 2	Level 3	Total
Money market accounts reported as cash	\$ 8,909,569	\$ —	\$ —	\$ 8,909,569
Money market accounts - short-term investments	902,225	—	—	902,225
Mutual funds				
Domestic large blend index	22,099,865	—	—	22,099,865
Foreign large blend index	7,001,611	—	—	7,001,611
Real estate index	2,554,606	—	—	2,554,606
Private equity fund	—	—	32,035	32,035
Fixed income mutual funds				
Intermediate-term bond index	15,624,271	—	—	15,624,271
Charitable remainder trusts	—	—	6,888,836	6,888,836
Interests in perpetual trusts	—	—	5,165,760	5,165,760
<b>Total Assets At Fair Value</b>	<b>\$ 57,092,147</b>	<b>\$ —</b>	<b>\$ 12,086,631</b>	<b>\$ 69,178,778</b>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2019:

	Beneficial Interest In Perpetual Trusts	Interests In Charitable Remainder Trusts	Private Equity Fund
Balance - July 1, 2018	\$ 5,180,319	\$ 6,502,173	\$ 45,332
Change in value	(14,559)	386,663	(13,297)
<b>Balance - June 30, 2019</b>	<b>\$ 5,165,760</b>	<b>\$ 6,888,836</b>	<b>\$ 32,035</b>

The beneficial interest in perpetual trusts held by others is valued using the fair value of the assets in the trusts as a practical expedient unless facts and circumstances indicate that the fair value of the assets in the trusts differs from the fair value of the beneficial interest.

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (Continued)

Interests in charitable remainder trusts are measured at the present value of future cash flows considering the estimated return on the invested assets during the expected term of the agreement, the contractual payment obligations under the agreement, and a discount rate commensurate with the risks involved.

During 2019, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets.

## 7. Land, Building, Furniture And Equipment

Land, building, furniture and equipment consists of the following at June 30, 2019:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 960,000	\$ —	\$ 960,000
Building	4,033,054	2,111,889	1,921,165
Furniture and equipment	2,184,645	1,598,913	585,732
Assets not placed into service	11,458	—	11,458
	<u>\$ 7,189,157</u>	<u>\$ 3,710,802</u>	<u>\$ 3,478,355</u>

## 8. Split-Interest Agreements

The Organization is a beneficiary of four charitable remainder trusts. Upon the death of the last surviving annuitant of each of the trusts, the Organization will receive a specified percentage of the remaining trust balances. At June 30, 2019, the Organization's specified percentage of the remaining balance was valued at \$6,888,836 (Note 10).

The change in value of the charitable remainder trusts was an increase of \$386,663 for the year ended June 30, 2019.

In addition, the Organization has a beneficial interest in seven perpetual trusts created by donors. The trust assets are not in the possession or control of the Organization but are held and administered by independent financial institution trustees. The Organization, along with other not-for-profit organizations, is a beneficiary of the trusts. The Organization has recorded the beneficial interest in the perpetual trusts at the Organization's proportionate share of the current fair market value of the trusts, which amounts to \$5,165,760 at June 30, 2019 (Note 9).

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (Continued)

The change in value of the perpetual trusts was a decrease of \$14,559 for the year ended June 30, 2019.

#### 9. Perpetual In Nature Net Assets

Donor restricted net assets that are perpetual in nature consist of the following at June 30, 2019:

Endowment receivable	\$	1,000,000
Investments (Note 5)		10,721,636
Beneficial interests in perpetual trusts (Note 8)		<u>5,165,760</u>
	\$	<u><u>16,887,396</u></u>

#### 10. Net Assets

Net assets with donor restrictions or Board designations are detailed in the following table with a summary by restriction category. In this table, "T" stands for time restricted, "P" stands for purpose restricted, "BE" stands for endowment earnings that are available to be appropriated by the Board, "BD" stands for other specific Board designations, and "PN" stand for perpetual in nature. Following is a summary of net asset designations and restrictions at June 30, 2019:

	<u>Designation/ Restriction</u>	
Time restricted for future periods	T	\$ 9,012,354
Purpose restrictions	P	5,059,360
Endowment earnings restricted until appropriated	BE	4,626,760
Designated by the Board for specific purposes	BD	1,587,446
Perpetual in nature	PN	<u>16,887,396</u>
		<u><u>\$ 37,173,316</u></u>

# UNITED WAY OF GREATER ST. LOUIS, INC.

## Notes To Financial Statements (Continued)

	<u>Designation/ Restriction</u>	
Charitable Remainder Trusts (Note 8)	T	\$ 6,888,836
Restricted Campaign	T	2,123,518
Ameren Missouri's Dollar More Program	P	1,418,881
Spire's Dollar Help Program	P	630,370
East Side Aligned	P	358,841
Individual Development Account Programs	P	355,466
Boeing Programmatic Technology	P	319,717
Corporate Hardship and Assistance	P	219,659
Dolly Parton's Imagination Library	P	201,833
Medication First	P	135,697
Summer Nutrition	P	104,790
Siemer Institute	P	100,000
Campaign Representatives Program	P	89,500
Wells Fargo Collaborations	P	77,248
100 Neediest Cases	P	68,306
NAP Tax Program - Opioid	P	65,789
Organized Labor Assistance	P	62,881
GM Truck 2-1-1 Direct Assistance	P	50,032
GlaxoSmithKline - East Side Thrives	P	50,000
United Way Collective Impact	P	49,601
St. Louis Ready By 21	P	42,595
Long-Term Recovery Disaster Funding	P	40,812
Financial Coaching and Asset Building	P	37,365
Jefferson County Direct Assistance	P	30,000
Tax Preparation Assistance	P	25,930
David May Employee Trust	P	20,711
Citi Financial Head Start	P	20,364
Stifel Programs	P	18,935
St. Louis Mental Health Association Scholarships	P	11,059
East St. Louis Performs	P	1,091
Anonymous and Other	P	451,887
United Way Partnership Endowment And Earnings	BE	2,653,889
General Endowment Fund Earnings	BE	1,276,173
Overhead Endowment Fund Earnings	BE	435,606
Charmaine Chapman Endowment Fund Earnings	BE	261,092
Designated Bequest	BD	604,135
Designated SWID Funding	BD	175,352
Donor-Advised Funds	BD	167,904
Designated Community Enhancement	BD	130,000
Designated Initiative Grant	BD	121,195
Designated Emergency Assistance	BD	99,844
Designated Community Response	BD	86,031
Designated Technology	BD	77,607
Designated Tri-Cities Funding	BD	66,521
Designated Panel Allocations	BD	36,074
Designated Harriott Awards	BD	12,033
Gary Dollar Gift Designation	BD	10,750
Endowment Corpus	PN	11,721,636
Beneficial Interests In Perpetual Trusts	PN	5,165,760
		<u>\$ 37,173,316</u>

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (*Continued*)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by donors. The net assets released from restrictions for the year ended June 30, 2019 were as follows:

Restricted Campaign	\$ 2,248,346
100 Neediest Cases	1,867,180
Spire's Dollar Help Program	1,655,978
Ameren Missouri's Dollar More Program	760,006
East Side Aligned	455,420
ESA - OJJDP Grant	354,841
General Endowment Fund Earnings	275,206
St. Louis Ready By 21	266,591
Corporate Hardship and Assistance	257,860
Salesforce.org Philanthropy Cloud	182,724
Wells Fargo Collaborations	172,510
ESA - CBCR	148,881
Overhead Endowment Fund Earnings	126,146
United Way Partnership Endowment Fund Earnings	125,101
St. Louis City - Safe and Thriving	110,525
Siemer Institute	100,000
Individual Development Account Programs	97,150
Stifel Programs	73,323
Financial Coaching and Asset Building	60,841
St. Louis Initiative to Reduce Violence	53,937
Financial Education Money Smart Week	49,786
Dolly Parton's Imagination Library	45,860
Campaign Representatives Program	36,500
Charmaine Chapman Endowment Fund Earnings	35,881
Medication First	35,537
East St. Louis Performs	24,931
Boeing Programmatic Technology	22,163
Long-Term Recovery Disaster Funding	20,000
NAP Tax Program - Opioid	16,711
David May Employee Trust	15,000
Organized Labor Assistance	13,682
Citi Financial Head Start	6,699
GlaxoSmithKline - East Side Thrives	5,830
Summer Nutrition	5,210
Diversity, Equity & Inclusion	2,283
GM Truck 2-1-1 Direct Assistance	1,000
Tax Preparation Assistance	570
Anonymous and Other, net	495,399
	<hr/>
	\$ 10,225,608



## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (Continued)

#### 11. Endowments

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (of which there are currently none), are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has adopted an endowment investment policy requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund with donor restrictions that is not classified in perpetual in nature net assets is classified as endowment earnings to be appropriated until those amounts are appropriated for expenditure by the Organization.

The Organization manages four distinct endowment funds for different purposes. These include the United Way of Greater St. Louis General Endowment, United Way Partnership Endowment, Overhead Endowment, and Charmaine Chapman Endowment Funds. The United Way of Greater St. Louis General Endowment and Overhead Endowment funds have been pooled to leverage earnings and reduce investment costs using a unitized accounting method to track share values and allocate investment earnings and gains and losses.

In making appropriations from the endowment funds, the Board complies first with any restrictions or requirements in the gift instrument as to purpose and amount. Annually, the Board conducts an analysis of the endowment investment funds and based on accumulated earnings and gains or losses considers appropriations with a three-year average spend formula. For 2019, endowment earnings appropriated by the Board were used for general operations.

#### Endowment Asset Composition By Type Of Fund As Of June 30, 2019:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Donor-restricted endowment funds	\$ 4,626,760	\$ 10,721,636	\$ 15,348,396

## UNITED WAY OF GREATER ST. LOUIS, INC.

### Notes To Financial Statements (Continued)

#### Changes In Endowment Assets For The Fiscal Year Ended June 30, 2019:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Endowment assets, beginning of year	\$ 4,205,524	\$ 10,721,636	\$ 14,927,160
Investment return:			
Interest and dividends	344,737	—	344,737
Net realized and unrealized gains	638,833	—	638,833
Total investment return	983,570	—	983,570
Appropriation of endowment assets for expenditure	(562,334)	—	(562,334)
Endowment assets, end of year	\$ 4,626,760	\$ 10,721,636	\$ 15,348,396

#### Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of those contributions or “historic dollar value.” As of June 30, 2019, there were no deficiencies of this nature.

#### Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s).

#### Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### Spending Policy And How The Investment Objectives Relate To It

The Organization records earnings from its endowments with donor restrictions funds until such time as they are appropriated and released to without donor restricted net assets when market conditions allow.

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (Continued)

The Organization has a policy that permits prudent spending from underwater endowments, unless otherwise precluded by donor intent or relevant laws and regulations.

## 12. Donor-Advised Funds

In 2016, the Organization executed an addendum to existing fiscal agent agreements with third parties to provide donation processing relating to donor-advised giving programs offered to various corporations and individuals. Contributions to donor advised programs were \$180,000 for the year ended June 30, 2019.

Grants made to charitable organizations during the year ended June 30, 2019 from the DAF were \$861,501. The balance of unexpended DAF contributions, inclusive of investment earnings, was \$167,904 at June 30, 2019. Investment earnings for the year ended June 30, 2019 were \$28,050.

## 13. Liquidity And Availability Of Financial Assets

The Organization's assets available within one year of the statement of financial position date for general expenditures at June 30, 2019 are as follows:

Cash and cash equivalents	\$ 9,359,738
Campaign pledge receivables, net	24,961,613
Other receivables	961,771
Investments	<u>34,267,308</u>
Total financial assets	<u>69,550,430</u>
Less amounts not available to be used within one year:	
Amounts designated by the Board for specific purposes	1,587,446
Amounts with donor purpose restrictions	5,059,360
Amounts with donor time-restrictions for future periods	<u>9,012,354</u>
Total financial assets not available to be used within one year	<u>15,659,160</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 53,891,270</u>

The Organization is substantially supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to the donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, the policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests cash more than daily requirements in short-term investments.

The Organization has unappropriated endowment earnings of approximately \$4.6 million. Although the Organization does not intend to spend from these earnings, other than amounts appropriated for general expenditures as part of the endowment spend formulas, these unappropriated endowment earnings could be made available for current operations, if necessary.

#### **14. Pension Plans**

On June 14, 2017, the Executive Committee of the Organization approved a partial freeze on eligibility and accrued benefits for the defined benefit pension plan effective December 31, 2017. Only certain participants will continue to accrue benefits after the freeze.

Only 18 active employees of the Organization are covered by this noncontributory defined benefit pension plan (the Plan) as of June 30, 2019. Benefits are based on years of service and salary levels prior to retirement. The Plan allows for the payment of benefits as a monthly annuity or as a lump sum distribution. The Organization's objective in funding the Plan, in connection with the requirements of the Employee Retirement Income Security Act of 1974, is to accumulate funds to provide for all benefits and to maintain a relatively stable contribution level. The Plan is measured as of June 30<sup>th</sup>. All other employees vested as of December 31, 2018 retain their pension benefits covered through that date.

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (*Continued*)

The following table sets forth the weighted average assumptions used to determine net periodic benefit expense and benefit obligations as of June 30, 2019:

Discount rate	3.1%
Expected long-term return on plan assets	7.3%
Rate of compensation increase	2.5%

The Organization's expected long-term return on plan assets assumption is based on a periodic review and modeling of the Plan's asset allocation and liability structure over a long-term period. Expectations of returns for each asset class are based on comprehensive reviews of historical data and economic/financial market theory. Contributions to the Plan are based on the expected long-term rate of return on plan assets assumption of 7.3%, which was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 - *Selection of Economic Assumptions for Measuring Pension Obligations*.

The following table sets forth the funded status and amount included in the Organization's statement of financial position as of June 30, 2019 for the Plan:

Projected benefit obligation	\$ (15,635,432)
Plan assets at fair value	<u>13,809,802</u>
Funded plan status liability (included in pension plan and postretirement plan liabilities)	<u>\$ (1,825,630)</u>

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements (Continued)

Net periodic benefit expense (included in taxes and benefits expenses) for the year ended June 30, 2019 includes the following components:

Service cost	\$ 186,089
Interest cost	518,548
Expected return on plan assets	(968,186)
Net amortization of actuarial loss	228,155
Loss due to settlement	<u>468,068</u>
	<u>\$ 432,674</u>

A loss due to settlement of \$468,068 was recorded for the year ended June 30, 2019. This loss due to settlement was required because the sum of all lump-sum payments and annuity purchases for the year exceeded the sum of the service cost and interest cost for the year.

Amounts recognized on the statement of activities for pension and postretirement changes other than net periodic benefit costs for the year ended June 30, 2019 consist of the following:

Net loss - pension plan	\$ (1,737,242)
Net loss - postretirement welfare plan (Note 15)	<u>(15,087)</u>
	<u>\$ (1,752,329)</u>

The accumulated benefit obligation was \$15,234,191 on June 30, 2019. The accumulated benefit obligation differs from the projected benefit obligation in that it considers service and compensation earned by participants only prior to the valuation date.

Amounts expected to be reflected in Net Periodic Benefit Cost (excluding the period service cost, interest cost and return on plan assets) in the year ending June 30, 2020:

Net prior service cost	\$ —
Net actuarial loss	<u>480,003</u>
	<u>\$ 480,003</u>

## UNITED WAY OF GREATER ST. LOUIS, INC.

### Notes To Financial Statements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Pooled Separate Accounts			
Mutual funds - domestic large cap index	\$ —	\$ 4,739,404	\$ 4,739,404
Money Market Accounts			
Short-term investments	19,865	—	19,865
Mutual funds			
Domestic mid-cap index	1,303,270	—	1,303,270
Foreign large cap index	2,081,488	—	2,081,488
Real estate index	783,720	—	783,720
Fixed Income mutual funds			
Intermediate term bond index	4,766,339	—	4,766,339
<b>Total assets at fair value</b>	<b>\$ 8,954,682</b>	<b>\$ 4,739,404</b>	<b>\$ 13,694,086</b>

Plan Assets also include a group annuity reported at its contract value of \$115,716 at June 30, 2019.

The Organization's pension plan weighted average asset allocations by asset category at June 30, 2019 are as follows:

	<u>Amount</u>	<u>%</u>
Fixed income funds, fixed interest group		
annuity contract and money markets	\$ 4,901,920	35.5%
Equity funds	8,907,882	64.5%
	<b>\$ 13,809,802</b>	

The asset allocation goal of the pension assets is generally 65% equity funds and 35% fixed income. The assets are to be invested in conservative, well-known vehicles traded on established U.S. exchanges.

The Organization has adopted a total return strategy and capital growth objective seeking to achieve a long-term rate of return, net of expenses, in excess of inflation, that also approximates or exceeds the assumed actuarial rate, and that approximates or exceeds the performance of a blended benchmark based on the Plan's target asset allocation.

The long-term investment horizon, strong financial condition of the Organization, funding status, type of plan and return objective indicate a moderate level of investment risk is necessary and appropriate.

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements *(Continued)*

Census data used in calculating the Organization's benefit obligation is as of June 30 of each plan year.

Based upon actuarial calculations, the Organization was not required to make a minimum contribution in 2019. There were no scheduled contributions, as recommended by actuarial valuation, for 2019.

The Organization contributed \$500,000 to the Plan in 2019. Benefits paid to participants amounted to \$1,643,213 for the year ended June 30, 2019.

The Organization intends to contribute \$500,000 in the year ending June 30, 2020.

Benefit payments estimated to be paid out in the event all participants requested their payouts are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 2,116,000
2021	447,000
2022	1,814,000
2023	711,000
2024	661,000
2025 - 2029	5,326,000

The Organization also maintains a 403(b) plan for eligible employees. Employees are allowed to contribute a percentage of their salaries up to a specified maximum. The 403(b) plan allows employer contributions.

For those participants who are no longer accruing benefits in the defined benefit plan, the Executive Committee approved an increase in Organization contributions to the 403(b) defined contribution plan effective January 1, 2018. The Organization contribution was changed to 4% of eligible compensation plus \$21 each pay date, plus an additional matching contribution up to 3% of compensation. Those employees still eligible to accrue benefits under the defined benefit plan may participate in the 403(b) plan but are not eligible for the employer contribution or match.

Employer contributions made to the plan for 2019 amounted to \$503,583.



## **15. Postretirement Welfare Plan**

In addition to providing pension benefits, the Organization provides healthcare benefits for certain retired employees. Substantially all of the Organization employees hired prior to July 1, 1990 and who retire from the Organization with 10 years of service are eligible for such benefits. None hired after that time are eligible. The benefits provide for the continuation of healthcare coverage with applicable employee contributions based on the particular coverage each eligible retiree selects. At age 65, coverage is provided as a supplement to Medicare at 100% if individual coverage is selected and at 50% for family coverage.

The following sets forth the amounts recognized in the Organization's statement of financial position and the related periodic postretirement benefit cost at June 30, 2019:

Accumulated postretirement benefit obligation:	
Retirees and their beneficiaries/dependents	\$ 2,398,837
Fully eligible active participants	523,246
Other active participants	<u>302,822</u>
Accrued postretirement benefit obligation (included in pension plan and postretirement plan liabilities)	<u>\$ 3,224,905</u>

The Organization recognized expense related to the postretirement benefit obligation of \$227,722 for the year ended June 30, 2019. The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 6.75% for the 2019 report. In the 2019 report, the trend rate is projected to decrease each year to an ultimate rate of 4.5%. The assumed discount rate used in determining the accumulated benefit obligation was 3.75% for the year ended June 30, 2019.

The accumulated postretirement benefit obligation is not funded; it is on a pay-as-you go basis. Accordingly, this plan has no assets. Net assets without donor restrictions includes an unrecognized net actuarial loss of \$996,550 at June 30, 2019.

## UNITED WAY OF GREATER ST. LOUIS, INC.

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### Notes To Financial Statements *(Continued)*

The healthcare cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed healthcare cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation (PBO) as of June 30, 2019 by \$507,857 and the aggregate of the service and interest cost components of net period postretirement benefit cost for the year then ended by \$22,803. A decrease of 1% in the trend rates would decrease the PBO by \$413,374 and the aggregate of the service and interest cost components of net period postretirement benefit cost for the year then ended by \$18,399.

During 2019, the employer contributions and gross benefits paid were \$146,360.

The net periodic postretirement benefit cost for the year ending June 30, 2020 is expected to include \$103,000 amortization of net actuarial loss.

#### **Expected Employer Contributions**

Fiscal 2020*	\$ 143,000
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\* Includes benefits expected to be paid from Organization assets

#### **Expected Net Employer Benefit Payments**

Fiscal 2020	\$ 143,000
Fiscal 2021	130,000
Fiscal 2022	139,000
Fiscal 2023	139,000
Fiscal 2024	138,000
Fiscal 2025 - 2029	775,000

**16. Commitments**

The Organization leases various automobiles, garage space for its employees and visitors in St. Louis and office space for its Southwest Illinois Division under operating leases extending through 2026. Employees share in the cost for their parking through payroll deductions. At June 30, 2019, the future minimum annual rental payments payable are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 133,712
2021	94,499
2022	71,108
2023	71,821
2024	72,539
<u>Thereafter</u>	<u>110,079</u>
	<u>\$ 553,758</u>

Rent expense amounted to \$173,156 for the year ended June 30, 2019.

On July 1, 2018, the Organization entered into a multi-year channel partner agreement with the United Way Worldwide. The agreement grants the Organization rights to resell philanthropy cloud software licensing agreements. Under the terms and conditions of the agreement, which was amended on July 1, 2019, the Organization is committed to purchase \$456,226 worth of licenses in year two or for the year ended June 30, 2020. The commitment for year three or for the year ended June 30, 2021 is based on the Organization's pro-rata share of licenses sold and dollars given in year two relative to those of all channel partners. Although the year three commitment in terms of dollars is dependent on multiple variables, there is a maximum purchase price of \$684,339. The agreement, unless renewed, does not extend beyond June 30, 2021.

## UNITED WAY OF GREATER ST. LOUIS, INC.

### Notes To Financial Statements (Continued)

#### 17. Calculation Of Overhead Ratio

Total public support, revenue and gains per statement of activities:	\$ 69,581,914
Add/subtract revenue items not included on 990:	
Donor designations	29,971,842
Donated advertising income	(129,545)
Net unrealized gains on investments	(672,135)
Increase in value of split-interest agreements	<u>(372,104)</u>
Total revenue (Line 12, Part I of Form 990)	<u>\$ 98,379,972</u>
Total fundraising expenses per Statement of Activities	\$ 6,172,758
Less donated advertising expense not included on Form 990	<u>(129,545)</u>
Fundraising (Line 25(d), Part IX of Form 990)	6,043,213
Management and general (Line 25 (c), Part IX of Form 990)	<u>2,863,307</u>
Total overhead expenses	<u>\$ 8,906,520</u>
Overhead expenses as a percentage of total revenue	<u>9.05%</u>

The Organization received a contribution to establish a permanent Overhead Endowment Fund during the year ended June 30, 2011. This Fund's purpose is to help offset the Organization's annual operating expenses and reduce its effective overhead percentage. Appropriation of earnings from this endowment occurred during the year ended June 30, 2019 and had the following impact:

Total overhead expenses	\$ 8,906,520
Distribution from Overhead Endowment Fund	<u>(126,146)</u>
Overhead expenses net of distribution from Overhead Endowment Fund	<u>\$ 8,780,374</u>
Overhead expenses as a percentage of total revenue after distribution from Overhead Endowment Fund	<u>8.92%</u>

United Way Worldwide has prescribed a standard method for individual United Ways to calculate their overhead percentages. United Ways should calculate their overhead percentage using totals from their IRS Form 990. The amounts in the above schedule for the year ended June 30, 2019 are the amounts that were anticipated to be shown in the Form 990. Per a directive from United Way Worldwide, dues paid to them are to be allocated to both program services and supporting services. The amount of dues allocated to program services is \$302,874 for the year ended June 30, 2019. The amount of dues allocated to supporting services in 2019 included \$203,749 to fundraising and \$66,027 to management and general expenses.

## **18. Promissory Note Receivable**

In 2017, the Organization invested \$400,000 in United Way Digital Services Holdings, LLC (Digital Holdings), a for profit company formed in January 2017. The Organization held a 3.33% interest in Digital Holdings.

In 2018, the Organization entered into a promissory note agreement for \$400,000 with United Way Worldwide, a New York not-for-profit corporation, in exchange for the 3.33% interest in Digital Holdings. The principal sum of the promissory note is to be paid in equal installments of \$100,000 beginning December 1, 2020 through December 1, 2023. Interest is due and payable at an annual rate of 2.72% on each payment date with the first payment due and payable on December 1, 2019. As of June 30, 2019, the outstanding balance of \$400,000 is reflected as a promissory note receivable on the statement of financial position.

## **19. Contingencies**

The Organization is subject to occasional legal claims arising out of the normal course of conducting its operations. Management does not expect that these matters will have a material adverse effect on the financial statements of the Organization.

## **20. Subsequent Events**

In January 2020, a novel strain of coronavirus (COVID-19) spread worldwide, including the United States. The impact of the virus varies from region to region and from day to day and any significant additional spreading of the virus could affect the Organization's revenue and other support. The continued outbreak of the COVID-19 virus is likely to also have a further negative impact on the economy, which in the future, might impact the Organization's ability to fundraise, which could have a significant impact on the Organization's financial results. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus will impact the Organization's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

In April 2020, the Organization received proceeds of \$2,238,000 under the Paycheck Protection Program (PPP) that was signed into law as part of the CARES Act during the COVID-19 outbreak. This loan has a two-year term at an interest rate of 1% and may also be eligible for tax-free forgiveness up to 100% of the loan value if certain criteria are met.

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

**Independent Auditors' Report  
On Internal Control Over Financial  
Reporting And On Compliance And Other  
Matters Based On An Audit Of Financial  
Statements Performed In Accordance  
With *Government Auditing Standards***

Board of Directors  
United Way of Greater St. Louis, Inc.  
St. Louis, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Greater St. Louis, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose Of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

January 8, 2021



## **Management Certifications**

I hereby certify that as of the date the financial statements are available for issue, which is the date of the Independent Auditors' Report:

- a) I have reviewed the audited financial statements of the United Way of Greater St. Louis, Inc. for the year ended June 30, 2019.
- b) To the best of my knowledge, these financial statements neither contain any untrue statement of a material fact nor omit a material fact necessary to make the financial statements not misleading.
- c) To the best of my knowledge, these financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of United Way of Greater St. Louis, Inc. as of and for the year ended June 30, 2019.

Michelle D. Tucker  
President and CEO

Vander H. Corliss  
Senior Vice President and CFO