UNITED WAY OF GREATER ST. LOUIS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018

United Way

United Way
of Greater St. Louis

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RubinBrown LLP
Certified Public Accountants
& Business Consultants

One North Brentwood
Saint Louis, MO 63105

T 314.290.3300
F 314.290.3400

W rubinbrown.com
E info@rubinbrown.com

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, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

RubinBrown LLP

November 15, 2018

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

Assets

	June 30, 2018	2017
Cash and cash equivalents (Note 1)	$ 10,226,773	$ 7,127,255
Campaign pledges receivable	24,728,482	27,801,346
Allowance for uncollectible pledges	(3,205,795)	(3,515,855)
Other receivables	765,614	845,375
Certificates of deposit (Note 5)	—	2,754,000
Prepaid expenses	189,427	239,631
Beneficial interests in charitable remainder trusts (Note 7)	6,502,173	5,917,819
Investments (Note 5)	36,080,334	35,230,984
Land, building, furniture and equipment (Note 6)	3,524,470	3,594,844
Endowment receivable (Note 8)	—	250,000
Endowment investments (Notes 5 and 10)	14,927,160	12,186,908
Beneficial interests in perpetual trusts (Note 7)	5,180,319	4,972,347
Other assets (Note 18)	400,000	400,000
Total Assets	$ 99,318,957	$ 97,804,654

Liabilities And Net Assets

	2018	2017
Liabilities		
Accounts payable and accrued expenses	$ 1,163,015	$ 1,127,236
Payable to United Way Worldwide	281,278	280,440
Allocations payable	24,054,399	24,878,151
Donor designations payable	3,932,291	3,276,340
Pension plan and postretirement plan liabilities (Notes 13 and 14)	3,284,170	4,533,377
Total Liabilities	32,715,153	34,095,544
Net Assets		
Without Donor Restrictions		
Designated by the Board for specific purposes (Note 9)	2,009,175	3,553,064
Net investment in land, building and equipment	3,469,279	3,528,197
Undesignated	28,177,488	26,913,782
Total Without Donor Restrictions	33,655,942	33,995,043
With Donor Restrictions		
Perpetual in nature (Notes 8, 9 and 10)	15,901,955	13,693,983
Endowment earnings to be appropriated (Notes 9 and 10)	4,205,524	3,715,272
Purpose restrictions (Note 9)	3,993,865	3,818,136
Time-restricted for future periods (Note 9)	8,846,518	8,486,676
Total With Donor Restrictions	32,947,862	29,714,067
Total Net Assets	66,603,804	63,709,110
Total Liabilities And Net Assets	$ 99,318,957	$ 97,804,654

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue And Gains			
Public Support			
Annual campaigns	$ 73,760,574	$ 5,337,615	$ 79,098,189
Endowment contributions	—	2,000,000	2,000,000
Donor designations	(19,204,615)	—	(19,204,615)
Provision for uncollectible pledges	(2,033,645)	(117,008)	(2,150,653)
Net Annual Campaigns (Note 3)	52,522,314	7,220,607	59,742,921
Estate, trust and other contributions	1,642,744	2,816,443	4,459,187
Total Public Support	54,165,058	10,037,050	64,202,108
Revenue And Gains			
Net realized gains on investments	1,497,030	99,496	1,596,526
Net unrealized gains on investments (Note 5)	400,929	524,230	925,159
Interest and dividends	905,865	300,340	1,206,205
Change in value of beneficial interests in charitable remainder trusts (Note 7)	—	584,354	584,354
Change in value of beneficial interests in perpetual trusts (Note 7)	—	207,972	207,972
Total Revenue And Gains	2,803,824	1,716,392	4,520,216
Net Assets Released From Restrictions (Note 9)			
Appropriations from endowment	421,095	(421,095)	—
Satisfaction of donor restrictions	8,098,552	(8,098,552)	—
Total Net Assets Released From Restrictions	8,519,647	(8,519,647)	—
Total Public Support, Revenue And Gains	65,488,529	3,233,795	68,722,324
Allocations And Expenses			
Funds awarded to agencies (Note 3)	45,556,490	—	45,556,490
Other programs and grants (Note 3)	5,158,757	—	5,158,757
Allocations to agencies and other programs	50,715,247	—	50,715,247
Other Program Services:			
Allocations/Grant-making	1,298,341	—	1,298,341
Community Solutions	2,419,941	—	2,419,941
Volunteer Center	549,060	—	549,060
Case Management Services	3,259,021	—	3,259,021
Philanthropic Services	1,195,697	—	1,195,697
Total Program Services	59,437,307	—	59,437,307
Supporting Services:			
Fundraising	4,777,444	—	4,777,444
Management and general	3,352,735	—	3,352,735
Total Supporting Services	8,130,179	—	8,130,179
Total Allocations And Expenses	67,567,486	—	67,567,486
Increase (Decrease) In Net Assets From Operations	(2,078,957)	3,233,795	1,154,838
Pension And Postretirement Plan Changes Other Than Net Periodic Benefit Costs (Notes 13 And 14)	1,739,856	—	1,739,856
Increase (Decrease) In Net Assets	(339,101)	3,233,795	2,894,694
Net Assets - Beginning Of Year	33,995,043	29,714,067	63,709,110
Net Assets - End Of Year	$ 33,655,942	$ 32,947,862	$ 66,603,804

See the notes to financial statements.

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue And Gains (Losses)			
Public Support			
Annual campaigns	$ 70,956,193	$ 5,429,957	$ 76,386,150
Endowment contributions	—	2,250,000	2,250,000
Donor designations	(11,639,395)	—	(11,639,395)
Provision for uncollectible pledges	(2,119,357)	(227,620)	(2,346,977)
Net Annual Campaigns	57,197,441	7,452,337	64,649,778
Estate, trust and other contributions	1,647,619	3,661,110	5,308,729
Total Public Support	58,845,060	11,113,447	69,958,507
Revenue And Gains (Losses)			
Net realized gains (losses) on investments	(27,171)	96,182	69,011
Net unrealized gains on investments (Note 5)	2,589,653	619,055	3,208,708
Interest and dividends	786,565	235,415	1,021,980
Change in value of beneficial interests in charitable remainder trusts (Note 7)	—	714,581	714,581
Change in value of beneficial interests in perpetual trusts (Note 7)	—	277,250	277,250
Total Revenue And Gains (Losses)	3,349,047	1,942,483	5,291,530
Net Assets Released From Restrictions (Note 9)			—
Appropriations from endowment	322,047	(322,047)	—
Satisfaction of donor restrictions	8,315,871	(8,315,871)	—
Total Net Assets Released From Restrictions	8,637,918	(8,637,918)	—
Total Public Support, Revenue And Gains (Losses)	70,832,025	4,418,012	75,250,037
Allocations And Expenses			
Funds awarded to agencies	46,473,150	—	46,473,150
Other programs and grants	3,913,498	—	3,913,498
Allocations to agencies and other programs	50,386,648	—	50,386,648
Other Program Services:			
Allocations/Grant-making	1,579,514	—	1,579,514
Community Solutions	2,589,230	—	2,589,230
Volunteer Center	564,487	—	564,487
Case Management Services	2,821,184	—	2,821,184
Philanthropic Services	701,592	—	701,592
Total Program Services	58,642,655	—	58,642,655
Supporting Services:			
Fundraising	4,755,952	—	4,755,952
Management and general	2,951,740	—	2,951,740
Total Supporting Services	7,707,692	—	7,707,692
Total Allocations And Expenses	66,350,347	—	66,350,347
Increase In Net Assets From Operations	4,481,678	4,418,012	8,899,690
Pension And Postretirement Plan Changes Other Than Net Periodic Benefit Costs (Notes 13 And 14)	1,496,036	—	1,496,036
Increase In Net Assets	5,977,714	4,418,012	10,395,726
Net Assets - Beginning Of Year	28,017,329	25,296,055	53,313,384
Net Assets - End Of Year	$ 33,995,043	$ 29,714,067	$ 63,709,110

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2018

	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	$ 45,023,596	$ 371,843	$ —	$ 161,051	$ —	$ 45,556,490	$ —	$ —	$ —	$ 45,556,490
Other programs and grants	2,988,221	665,107	—	238,429	1,267,000	5,158,757	—	—	—	5,158,757
Funds awarded to agencies and other programs	48,011,817	1,036,950	—	399,480	1,267,000	50,715,247	—	—	—	50,715,247
Salaries	659,872	1,203,067	265,294	1,492,136	667,324	4,287,693	2,234,715	1,909,113	4,143,828	8,431,521
Taxes and benefits (Note 13)	304,767	423,788	118,689	862,346	266,840	1,976,430	997,483	651,366	1,648,849	3,625,279
Audit and legal fees	5,625	11,167	2,102	10,183	7,228	36,305	17,956	32,577	50,533	86,838
Consulting and other professional fees	69,520	368,420	37,378	293,077	61,104	829,499	143,252	180,796	324,048	1,153,547
Materials, ads, events and supplies:										
Campaign related	—	—	—	—	—	—	629,094	—	629,094	629,094
Noncampaign related	7,838	80,298	23,489	13,471	13,996	139,092	52,679	26,532	79,211	218,303
Meetings and local travel	19,414	40,010	8,764	18,621	10,724	97,533	45,409	31,735	77,144	174,677
Training and professional development	5,976	25,412	2,697	18,940	5,502	58,527	19,343	10,816	30,159	88,686
Office expenses	30,884	29,641	15,244	105,422	14,240	195,431	73,374	48,657	122,031	317,462
Occupancy, equipment, and maintenance	86,842	49,352	29,824	156,310	25,817	348,145	211,642	139,706	351,348	699,493
Depreciation and amortization	28,342	34,021	11,883	71,845	25,542	171,633	100,597	73,382	173,979	345,612
Insurance	6,792	8,568	2,487	14,253	5,739	37,839	19,896	38,832	58,728	96,567
Other	21,615	101,080	8,482	43,551	52,937	227,665	74,714	120,227	194,941	422,606
United Way Worldwide dues	50,854	45,117	22,727	158,866	38,704	316,268	157,290	88,996	246,286	562,554
Expenses excluding allocations	1,298,341	2,419,941	549,060	3,259,021	1,195,697	8,722,060	4,777,444	3,352,735	8,130,179	16,852,239
Total	$ 49,310,158	$ 3,456,891	$ 549,060	$ 3,658,501	$ 2,462,697	$ 59,437,307	$ 4,777,444	$ 3,352,735	$ 8,130,179	$ 67,567,486

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2017

	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	$ 45,918,665	$ 425,273	$ —	$ 129,212	$ —	$ 46,473,150	$ —	$ —	$ —	$ 46,473,150
Other programs and grants	3,116,527	677,960	—	119,011	—	3,913,498	—	—	—	3,913,498
Funds awarded to agencies and other programs	49,035,192	1,103,233	—	248,223	—	50,386,648	—	—	—	50,386,648
Salaries	893,159	1,116,920	273,367	1,378,512	385,351	4,047,309	2,345,041	1,718,311	4,063,352	8,110,661
Taxes and benefits (Note 13)	318,739	359,098	111,474	654,473	99,700	1,543,484	945,200	590,485	1,535,685	3,079,169
Audit and legal fees	5,742	20,074	2,406	10,251	12,894	51,367	17,049	31,952	49,001	100,368
Consulting and other professional fees	83,930	593,081	38,208	228,192	73,662	1,017,073	155,990	147,890	303,880	1,320,953
Materials, ads, events and supplies:										
Campaign related	—	—	—	—	—	—	529,824	—	529,824	529,824
Noncampaign related	5,522	59,058	18,744	15,871	17,704	116,899	41,958	21,952	63,910	180,809
Meetings and local travel	24,093	43,997	8,954	23,264	9,817	110,125	57,466	32,652	90,118	200,243
Training and professional development	13,327	15,643	5,262	27,430	3,887	65,549	37,414	13,885	51,299	116,848
Office expenses	28,209	25,407	14,038	102,110	8,312	178,076	71,592	31,334	102,926	281,002
Occupancy, equipment rental and maintenance	71,719	62,741	43,137	104,537	32,655	314,789	183,741	99,880	283,621	598,410
Depreciation and amortization	36,857	36,081	12,893	65,578	15,560	166,969	109,018	67,098	176,116	343,085
Insurance	8,856	9,898	3,126	14,274	5,314	41,468	23,443	39,281	62,724	104,192
Other	23,906	199,613	7,414	52,714	17,273	300,920	51,050	85,283	136,333	437,253
United Way Worldwide dues	65,455	47,619	25,464	143,978	19,463	301,979	187,166	71,737	258,903	560,882
Expenses excluding allocations	1,579,514	2,589,230	564,487	2,821,184	701,592	8,256,007	4,755,952	2,951,740	7,707,692	15,963,699
Total	$ 50,614,706	$ 3,692,463	$ 564,487	$ 3,069,407	$ 701,592	$ 58,642,655	$ 4,755,952	$ 2,951,740	$ 7,707,692	$ 66,350,347

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended June 30, 2018	2017
Cash Flows From Operating Activities		
Increase in net assets	$ 2,894,694	$ 10,395,726
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	345,612	343,085
Contributions restricted for endowment fund	(2,000,000)	(2,250,000)
In-kind contribution - investments	(59,048)	—
Net realized (gains) losses on investments	(1,497,030)	27,171
Net realized gains on endowment investments	(99,496)	(96,182)
Net unrealized gains on investments	(400,929)	(2,589,653)
Net unrealized gains on endowment investments	(524,230)	(619,055)
Change in value of split-interest agreements	(584,354)	(714,581)
Change in value of perpetual trusts	(207,972)	(277,250)
Pension and postretirement plan changes other than net periodic benefits costs	(1,739,856)	(1,496,036)
(Increase) decrease in assets:		
Campaign pledges receivable	3,072,864	4,573,029
Allowance for uncollectible pledges	(310,060)	136,704
Other receivables	79,761	191,025
Prepaid expenses	50,204	(160,573)
Other assets	—	(400,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	47,235	(229,585)
Payable to United Way Worldwide	838	1,690
Allocations payable	(823,752)	(801,493)
Donor designations payable	655,951	(1,201,838)
Accrued pension plan and retirement plan liabilities	490,649	(648,610)
Net Cash Provided By (Used In) Operating Activities	(608,919)	4,183,574
Cash Flows From Investing Activities		
Purchases of building, furniture and equipment	(286,694)	(202,192)
Proceeds from sale or maturity of investments	8,797,250	12,095,656
Proceeds from sale of endowment investments	4,115,159	2,628,136
Purchases of investments	(4,935,593)	(13,012,280)
Purchases of endowment investments	(6,231,685)	(4,604,024)
Endowment appropriation payouts	(421,095)	(322,047)
Net Cash Provided By (Used In) Investing Activities	1,037,342	(3,416,751)
Cash Flows From Financing Activities		
Contributions restricted for permanent investment	2,250,000	2,000,000
Endowment appropriation receipts	421,095	322,047
Net Cash Provided By Financing Activities	2,671,095	2,322,047
Net Increase In Cash And Cash Equivalents	3,099,518	3,088,870
Cash And Cash Equivalents - Beginning Of Year	7,127,255	4,038,385
Cash And Cash Equivalents - End Of Year	$ 10,226,773	$ 7,127,255
Supplemental Disclosure Of Cash Flow Information		
Fixed asset purchases in accounts payable	$ 55,191	$ 66,647

See the notes to financial statements.

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.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As permitted by the FASB, the Organization has elected to early adopt ASU 2016-14 and apply its provisions to the financial statements for the fiscal year ended June 30, 2018.

The ASU appends the current reporting model for not-for profit organizations and enhances their required disclosures. The primary changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocations methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements.

Accordingly, a reclassification of net assets has been made to conform beginning net asset balances to the current presentation.

Basis Of Presentation

The financial statement presentation follows the requirements of the FASB. 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.

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, 2018, such balances were in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits by approximately $10,858,000. 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, 2018 or 2017.

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 11).

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.

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:

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

Advertising Costs

The Organization expenses advertising costs as incurred. Total advertising costs charged against income amounted to $223,384 in 2018 and $209,427 in 2017. These amounts include donated advertising of $69,337 and $23,550 in 2018 and 2017, respectively.

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 2014 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.

Reclassifications

Certain 2017 balances have been reclassified, where appropriate, to conform to the presentation used in the 2018 financial statements.

Subsequent Events

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

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 ending June 30, 2018, the Organization recorded campaign revenues and related designations as follows for each of its campaigns:

	Without Donor Restrictions	With Donor Restrictions	Total
United Way Annual Campaign Revenue			
Available for allocations and operations	$ 56,788,329	$ 2,111,043	$ 58,899,372
Endowment contributions	—	2,000,000	2,000,000
Designated to United Way programs	—	1,622,033	1,622,033
Donor-advised Fund gifts	10,000	—	10,000
Designated for direct payment	5,430,867	—	5,430,867
Third-party processed revenue	512,933	32,730	545,663
Gross Annual Campaign Revenue	62,742,129	5,765,806	68,507,935
Less: Pay direct/third-party processed designations	(5,976,530)	—	(5,976,530)
Less: First dollar designations	(2,209,640)	—	(2,209,640)
Less: Provision for uncollectible pledges	(2,033,645)	(117,008)	(2,150,653)
Net Annual Campaign Revenue	$ 52,522,314	$ 5,648,798	$ 58,171,112
United Way Private And Other Campaign Revenue			
Designated to United Way programs	$ —	$ 55,510	$ 55,510
Designated for direct payment	11,018,445	—	11,018,445
Gross Private And Other Campaign Revenue	11,018,445	55,510	11,073,955
Less: Pay direct designations	(11,018,445)	—	(11,018,445)
Plus: 100 Neediest Cases holiday campaign	—	1,516,299	1,516,299
Net Private And Other Campaign Revenue	$ —	$ 1,571,809	$ 1,571,809
Total	$ 52,522,314	$ 7,220,607	$ 59,742,921

In addition to the gross funds awarded to member agencies through the allocations process of $45,556,490, member agencies also received first-dollar designations of $2,209,640, $2,755,093 of the $16,449,312 of the pay direct designations, all of the third-party processed designations of $545,663 and $274,900 of the $5,158,757 of other programs and grants awarded for the year ended June 30, 2018, which includes donor-advised fund (DAF) payouts.

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 2017/18 campaign was conducted under a new federal system wherein the amount payable to each agency each month is provided by the U.S Office of Personnel Management. The total 2017/18 campaign, net of fees, was $137,595, of which the Organization's share of the distributions was $19,781, and $117,814 was for member agencies. As of June 30, 2018, $12,189 was collected for this campaign, of which $1,562 was for the Organization, and $10,627 was distributed to member agencies.

Total distributions made during the year ended June 30, 2018 from the 2016/17 campaign were $236,625, of which $16,776 was for the Organization, and $219,849 was for member agencies.

During the 2016/17 and 2017/18 campaigns, 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:

	2018	2017
Cash and money market accounts - short-term investments	$ 2,148,522	$ 1,983,253
Certificates of deposit	1,395,649	3,749,794
Mutual funds:		
Domestic large blend index	22,733,807	21,961,357
Foreign large blend index	7,126,209	6,256,650
Real estate index	2,373,533	2,179,381
Private equity fund	45,332	—
Fixed income mutual funds:		
Intermediate-term bond index	15,184,442	14,041,457
	$ 51,007,494	$ 50,171,892

The total cost basis of these investments amounted to $38,026,460 and $38,116,009 at June 30, 2018 and 2017, respectively.

These amounts are reported in the statement of financial position as follows:

	2018	2017
Certificates of deposit	$ —	$ 2,754,000
Investments	36,080,334	35,230,984
Endowment investments	14,927,160	12,186,908
	$ 51,007,494	$ 50,171,892

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 $925,159 and $3,208,708 were recorded for the years ended June 30, 2018 and 2017, respectively, 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. Land, Building, Furniture And Equipment

Land, building, furniture and equipment consists of the following:

	2018			2017		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land	$ 964,100	$ —	$ 964,100	$ 964,100	$ —	$ 964,100
Building	4,047,678	1,925,805	2,121,873	3,929,733	1,763,194	2,166,539
Furniture and equipment	1,869,134	1,485,828	383,306	3,024,256	2,730,583	293,673
Assets not placed into service	55,191	—	55,191	170,532	—	170,532
	$ 6,936,103	$ 3,411,633	$ 3,524,470	$ 8,088,621	$ 4,493,777	$ 3,594,844

Depreciation and amortization expense amounted to $345,612 and $343,085 for the years ended June 30, 2018 and 2017, respectively.

7. 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, 2018 and 2017, the Organization's specified percentage of the remaining balances was valued at $6,502,173 and $5,917,819, respectively (Note 9).

The change in value of the charitable remainder trusts was an increase of $584,354 and $714,581 for the years ended June 30, 2018 and 2017, respectively.

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 $5,180,319 and $4,972,347 at June 30, 2018 and 2017, respectively (Note 8).

The change in value of the perpetual trusts was an increase of $207,972 and $277,250 for the years ended June 30, 2018 and 2017, respectively.

8. Perpetual In Nature Net Assets

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

	2018	2017
Endowment receivable	$ —	$ 250,000
Investments (Note 5)	10,721,636	8,471,636
Beneficial interests in perpetual trusts (Note 7)	5,180,319	4,972,347
	$ 15,901,955	$ 13,693,983

9. 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 as of June 30:

	Designation/ Restriction	2018	2017
Time restricted for future periods	T	$ 8,846,518	$ 8,486,676
Purpose restrictions	P	3,993,865	3,818,136
Endowment earnings restricted until appropriated	BE	4,205,524	3,715,272
Designated by the Board for specific purposes	BD	2,009,175	3,553,064
Perpetual in nature	PN	15,901,955	13,693,983
		$ 34,957,037	$ 33,267,131

	Designation/ Restriction	2018	2017
Charitable Remainder Trusts (Note 7)	T	$ 6,502,173	$ 5,917,819
Restricted Campaign	T	2,344,345	2,568,857
Spire's Dollar Help Program	P	775,178	567,055
100 Neediest Cases	P	602,979	—
Boeing Programmatic Technology	P	341,880	341,880
Wells Fargo Collaborations	P	340,700	545,238
East Side Aligned	P	313,376	248,293
Individual Development Account Programs	P	267,360	405,682
Anonymous and Other	P	198,039	125,309
Dolly Parton's Imagination Library	P	144,099	186,996
Corporate Hardship and Assistance	P	108,132	115,002
Ameren Missouri's Dollar More Program	P	103,898	85,079
Stifel Programs	P	92,258	—
GlaxoSmithKline - East Side Thrives	P	86,352	98,557
Medication First	P	81,500	—
Sponsorship - Major Gifts	P	68,769	170,533
St. Louis Ready By 21	P	63,995	204,776
Long-Term Recovery Disaster Funding	P	60,372	166,030
St. Louis Initiative to Reduce Violence	P	53,937	56,622
United Way Collective Impact	P	49,601	50,000
Organized Labor Assistance	P	46,288	55,158
Campaign Representatives Program	P	36,500	39,000
David May Employee Trust	P	35,711	45,711
Jefferson County Direct Assistance	P	30,000	—
Citi Financial Head Start	P	27,063	39,986
East St. Louis Performs	P	20,959	—
Productive Living Board	P	16,315	—
Financial Coaching and Asset Building	P	15,262	68,868
St. Louis Mental Health Association Scholarships	P	11,059	11,059
Diversity, Equity & Inclusion	P	2,283	—
Siemer Institute	P	—	150,000
GM Truck 2-1-1 Direct Assistance	P	—	30,000
Forward Through Ferguson Funding	P	—	11,302
United Way Partnership Endowment And Earnings	BE	2,593,925	2,519,419
General Endowment Fund Earnings	BE	985,790	664,810
Overhead Endowment Fund Earnings	BE	380,310	310,950
Charmaine Chapman Endowment Fund Earnings	BE	245,499	220,093
Donor-Advised Funds	BD	821,355	2,050,083
Designated Bequest	BD	604,135	424,535
Designated SWID Funding	BD	162,830	191,253
Designated Community Enhancement	BD	127,203	127,203
Designated Technology	BD	77,607	145,607
Designated Community Response	BD	64,426	88,751
Designated Tri-Cities Funding	BD	60,628	60,552
Designated Emergency Assistance	BD	41,371	99,769
Designated Panel Allocations	BD	31,370	2,061
Gary Dollar Gift Designation	BD	10,750	10,750
Designated Harriott Awards	BD	7,500	7,500
Designated Daycare	BD	—	345,000
Endowment Corpus	PN	10,721,636	8,471,636
Beneficial Interests In Perpetual Trusts	PN	5,180,319	4,972,347
Endowment Receivable	PN	—	250,000
		$ 34,957,037	$ 33,267,131

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 were as follows:

	2018	2017
Restricted Campaign	$ 2,451,277	$ 2,663,778
100 Neediest Cases	1,268,320	1,406,880
Spire's Dollar Help Program	1,245,291	1,143,676
Wells Fargo Collaborations	619,538	703,292
Ameren Missouri's Dollar More Program	474,610	514,139
East Side Aligned	442,969	259,881
St. Louis Ready By 21	237,042	247,237
Siemer Institute	150,000	50,000
General Endowment Fund Earnings	139,417	41,851
Individual Development Account Programs	138,322	48,791
Corporate Hardship and Assistance	130,451	53,692
Overhead Endowment Fund Earnings	123,855	123,181
United Way Partnership Endowment Fund Earnings	122,675	122,035
ESA - OJJDP Grant	112,837	34,869
Long-Term Recovery Disaster Funding	105,659	58,424
Stifel Programs	67,742	—
Financial Coaching and Asset Building	53,606	21,006
Dolly Parton's Imagination Library	44,897	46,200
St. Louis City - Safe and Thriving	41,292	—
Financial Education Money Smart Week	40,511	22,682
Campaign Representatives Program	39,000	—
Charmaine Chapman Endowment Fund Earnings	35,148	34,980
Ferguson - Other Resources	32,259	520,453
Organized Labor Assistance	30,136	26,237
GM Truck 2-1-1 Direct Assistance	30,000	30,000
Salesforce.org Philanthropy Cloud	26,866	—
AHCM Grant	23,805	36,195
Diversity, Equity & Inclusion	17,717	—
East St. Louis Performs	16,917	—
Citi Financial Head Start	12,923	51,241
ESA - CBCR	10,646	—
GlaxoSmithKline - East Side Thrives	10,205	184,508
David May Employee Trust	10,000	10,000
St. Louis Initiative to Reduce Violence	2,685	9,647
Ferguson Neighborhood Assistance Program (NAP)	—	60,000
Ferguson - Missouri Development Finance Board	—	54,123
Ferguson - Community Services Block Grant	—	23,390
Global Leadership Forum Now	—	18,066
Anonymous and Other, net	211,029	17,464
	$ 8,519,647	$ 8,637,918

10. 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 2018 and 2017, endowment earnings appropriated by the Board were used for general operations.

Endowment Asset Composition By Type Of Fund As Of June 30, 2018:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Donor-restricted endowment funds	$ 4,205,524	$ 10,721,636	$ 14,927,160

Endowment Asset Composition By Type Of Fund As Of June 30, 2017:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Donor-restricted endowment funds	$ 3,715,272	$ 8,471,636	$ 12,186,908

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2018:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Endowment assets, beginning of year	$ 3,715,272	$ 8,471,636	$ 12,186,908
Investment return:			
Interest and dividends	287,659	—	287,659
Net realized and unrealized gains	623,688	—	623,688
Total investment return	911,347	—	911,347
Endowment additions	—	2,250,000	2,250,000
Appropriation of endowment assets for expenditure	(421,095)	—	(421,095)
Endowment assets, end of year	$ 4,205,524	$ 10,721,636	$ 14,927,160

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2017:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Endowment assets, beginning of year	$ 3,044,381	$ 6,471,636	$ 9,516,017
Investment return:			
Interest and dividends	232,117	—	232,117
Net realized and unrealized gains	760,821	—	760,821
Total investment return	992,938	—	992,938
Endowment additions	—	2,000,000	2,000,000
Appropriation of endowment assets for expenditure	(322,047)	—	(322,047)
Endowment assets, end of year	$ 3,715,272	$ 8,471,636	$ 12,186,908

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, 2018 and 2017, 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.

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

11. 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 $10,000 and $2,000,000 for the years ended June 30, 2018 and 2017, respectively.

Grants made to charitable organizations during the years ended June 30, 2018 and 2017 from the DAF were $1,314,765 and $17,500, respectively. The balance of unexpended DAF contributions, inclusive of investment earnings, was $821,355 and $2,050,083 at June 30, 2018 and 2017, respectively. Investment earnings for the years ended June 30, 2018 and 2017 were $76,037 and $67,583, respectively.

12. Liquidity And Availability Of Financial Assets

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

	2018	2017
Cash and cash equivalents	$ 10,226,773	$ 7,127,255
Campaign pledge receivables, net	21,522,687	24,285,491
Other receivables	765,614	845,375
Certificates of deposit	—	2,754,000
Investments	36,080,334	35,230,984
Total financial assets	68,595,408	70,243,105
Less amounts not available to be used within one year:		
Amounts designated by the Board for specific purposes	2,009,175	3,553,064
Amounts with donor purpose restrictions	3,993,865	3,818,136
Amounts with donor time-restrictions for future periods	8,846,518	8,486,676
Total financial assets not available to be used within one year	14,849,558	15,857,876
Financial assets available to meet cash needs for general expenditures within one year	$ 53,745,850	$ 54,385,229

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 $4.2 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.

13. 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 22 active employees of the Organization are covered by this noncontributory defined benefit pension plan (the Plan) as of June 30, 2018. 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 30th. All other employees vested as of December 31, 2017 retain their pension benefits covered through that date.

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

	2018	**2017**
Discount rate	3.9%	3.6%
Expected long-term return on plan assets	7.3%	7.5%
Rate of compensation increase	2.5%	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, components of pension expense and amounts included in the Organization's statement of financial position for the Plan:

	2018	2017
Projected benefit obligation	$ (14,320,865)	$ (17,329,719)
Plan assets at fair value	14,165,151	16,053,844
Funded plan status liability (included in pension plan and postretirement plan liabilities)	$ (155,714)	$ (1,275,875)

Net periodic benefit expense (included in taxes and benefits expenses) includes the following components:

	2018	2017
Service cost	$ 524,043	$ 792,993
Interest cost	601,173	581,655
Expected return on plan assets	(1,116,451)	(998,470)
Net amortization of actuarial loss	393,654	576,727
Loss due to settlement	750,137	—
	$ 1,152,556	$ 952,905

A loss due to settlement of $750,137 was recorded for the year ended June 30, 2018. 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. There was no such loss recorded for the year ended June 30, 2017.

Amounts recognized on the statement of activities for pension and postretirement changes other than net periodic benefit costs consist of the following:

	2018	2017
Net gain - pension plan	$ 1,472,717	$ 1,289,802
Net gain - postretirement welfare plan (Note 14)	267,139	206,234
	$ 1,739,856	$ 1,496,036

The accumulated benefit obligation was $13,906,332 and $15,878,462 on June 30, 2018 and 2017, respectively. 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, 2019:

Net prior service cost	$ —
Net actuarial loss	228,155
	$ 228,155

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2018 and 2017:

	June 30, 2018		
	Level 1	**Level 2**	**Total**
Pooled Separate Accounts			
Mutual funds - domestic large cap index	$ —	$ 5,292,429	$ 5,292,429
Money Market Accounts			
Short-term investments	19,467	—	19,467
Mutual funds			
Domestic mid-cap index	1,277,238	—	1,277,238
Foreign large cap index	2,068,696	—	2,068,696
Real estate index	698,425	—	698,425
Fixed Income mutual funds			
Intermediate term bond index	4,418,564	—	4,418,564
Total assets at fair value	$ 8,482,390	$ 5,292,429	$ 13,774,819

	June 30, 2017		
	Level 1	**Level 2**	**Total**
Pooled Separate Accounts			
Mutual funds - domestic large cap index	$ —	$ 5,463,737	$ 5,463,737
Money Market Accounts			
Short-term investments	19,422	—	19,422
Mutual funds			
Domestic mid-cap index	1,526,560	—	1,526,560
Foreign large cap index	2,178,273	—	2,178,273
Real estate index	816,106	—	816,106
Fixed Income mutual funds			
Intermediate term bond index	4,460,211	—	4,460,211
Total assets at fair value	$ 9,000,572	$ 5,463,737	$ 14,464,309

Plan Assets also include a group annuity reported at its contract value of $390,332 and $1,589,535 at June 30, 2018 and 2017, respectively.

The Organization's pension plan weighted average asset allocations by asset category are as follows:

	2018		2017	
	Amount	**%**	**Amount**	**%**
Fixed income funds, fixed interest group annuity contract and money markets	$ 4,828,362	34.1%	$ 6,069,168	37.8%
Equity funds	9,336,789	65.9%	9,984,676	62.2%
	$ 14,165,151		$ 16,053,844	

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.

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 2018. There were no scheduled contributions, as recommended by actuarial valuation, for 2018. Scheduled contributions were $841,431 for 2017.

The Organization contributed $800,000 and $1,800,000 to the Plan in 2018 and 2017, respectively. Benefits paid to participants amounted to $3,652,065 and $275,349 for the years ended June 30, 2018 and 2017, respectively.

The Organization intends to contribute $500,000 in the year ending June 30, 2019.

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

Fiscal Year	**Amount**
2019	$ 2,309,000
2020	600,000
2021	431,000
2022	1,698,000
2023	855,000
2024 - 2028	5,282,000

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 2018 and 2017 amounted to $290,349 and $29,750, respectively.

14. 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:

	2018	2017
Accumulated postretirement benefit obligation:		
Retirees and their beneficiaries/dependents	$ 2,286,564	$ 2,254,932
Fully eligible active participants	595,013	600,786
Other active participants	246,879	401,784
Accrued postretirement benefit obligation (included in pension plan and postretirement plan liabilities)	$ 3,128,456	$ 3,257,502

The Organization recognized expense related to the postretirement benefit obligation of $284,153 and $325,219 for the years ended June 30, 2018 and 2017, respectively. The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 7% for the 2018 report and 6.5% for the 2017 report. In the 2018 and 2017 reports, the trend rate is projected to decrease each year to an ultimate rate of 4.5% and 5%, respectively. The assumed discount rate used in determining the accumulated benefit obligation was 4.25% and 4.00% for the years ended June 30, 2018 and 2017, respectively.

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 $981,463 and $1,248,602 at June 30, 2018 and 2017, respectively.

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, 2018 by $472,940 and the aggregate of the service and interest cost components of net period postretirement benefit cost for the year then ended by $24,437. A decrease of 1% in the trend rates would decrease the PBO by $386,034 and the aggregate of the service and interest cost components of net period postretirement benefit cost for the year then ended by $19,492.

The net periodic postretirement benefit cost for the year ending June 30, 2019 is expected to include $104,000 amortization of net actuarial loss.

Expected Employer Contributions	
Fiscal 2019*	$ 145,000

* Includes benefits expected to be paid from Organization assets

Expected Net Employer Benefit Payments	
Fiscal 2019	$ 145,000
Fiscal 2020	148,000
Fiscal 2021	140,000
Fiscal 2022	149,000
Fiscal 2023	150,000
Fiscal 2024 - 2028	796,000

15. Leases

The Organization leases various automobiles, leases garage space for its employees and visitors in St. Louis and leases 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, 2018, the future minimum annual rental payments payable are as follows:

Fiscal Year	Amount
2019	$ 133,108
2020	109,165
2021	101,903
2022	78,587
2023	79,375
Thereafter	201,824
	$ 703,962

Rent expense amounted to $180,523 and $204,342 for the years ended June 30, 2018 and 2017, respectively.

16. 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.

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.

The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2018 and 2017 using quoted market prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	June 30, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market accounts reported as cash	$ 9,986,565	$ —	$ —	$ 9,986,565
Money market accounts - short-term investments	2,148,522	—	—	2,148,522
Mutual funds				
Domestic large blend index	22,733,807	—	—	22,733,807
Foreign large blend index	7,126,209	—	—	7,126,209
Real estate index	2,373,533	—	—	2,373,533
Private equity fund	—	—	45,332	45,332
Fixed income mutual funds				
Intermediate-term bond index	15,184,442	—	—	15,184,442
Charitable remainder trusts	—	—	6,502,173	6,502,173
Interests in perpetual trusts	—	—	5,180,319	5,180,319
Total Assets	$ 59,553,078	$ —	$ 11,727,824	$ 71,280,902

	June 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market accounts reported as cash	$ 8,610,300	$ —	$ —	$ 8,610,300
Money market accounts - short-term investments	1,983,253	—	—	1,983,253
Mutual funds				
Domestic large blend index	21,961,357	—	—	21,961,357
Foreign large blend index	6,256,650	—	—	6,256,650
Real estate index	2,179,381	—	—	2,179,381
Fixed income mutual funds				
Intermediate-term bond index	14,041,457	—	—	14,041,457
Charitable remainder trusts	—	—	5,917,819	5,917,819
Interests in perpetual trusts	—	—	4,972,347	4,972,347
Total Assets	$ 55,032,398	$ —	$ 10,890,166	$ 65,922,564

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 years ended June 30, 2018 and 2017:

	Beneficial Interest In Perpetual Trusts	Interests In Charitable Remainder Trusts	Private Equity Fund
Balance - July 1, 2016	$ 4,695,097	$ 5,203,238	$ —
Change in value of split-interest agreements	277,250	714,581	—
Balance - June 30, 2017	4,972,347	5,917,819	—
Contributions	—	—	59,048
Investment loss	—	—	(2,216)
Distribution	—	—	(11,500)
Change in value of split-interest agreements	207,972	584,354	—
Balance - June 30, 2018	$ 5,180,319	$ 6,502,173	$ 45,332

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.

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.

In 2018, the Organization received a donation in the form of shares in a private equity fund. A net asset value per unit is calculated by the private equity fund based on an estimated net asset value of the varied portfolio assets.

During 2018 and 2017, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets.

17. Calculation Of Overhead Ratio

Total public support, revenue and gains per statement of activities:	$ 68,722,324
Add/subtract revenue items not included on 990:	
Donor designations	19,204,615
Donated advertising income	(69,337)
Net unrealized gains on investments	(925,159)
Increase in value of split-interest agreements	(792,326)
Total revenue (Line 12, Part I of Form 990)	$ 86,140,117
Total fundraising expenses per Statement of Activities	$ 4,777,444
Less donated advertising expense not included on Form 990	(69,337)
Fundraising (Line 25(d), Part IX of Form 990)	4,708,107
Management and general (Line 25 (c), Part IX of Form 990)	3,352,735
Total overhead expenses	$ 8,060,842
Overhead expenses as a percentage of total revenue	9.36%

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, 2018 and had the following impact:

Total overhead expenses	$ 8,060,842
Distribution from Overhead Endowment Fund	(123,855)
Overhead expenses net of distribution from Overhead Endowment Fund	$ 7,936,987
Overhead expenses as a percentage of total revenue after distribution from Overhead Endowment Fund	9.21%

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, 2018 are the amounts that are anticipated to be shown in the Form 990, which had not yet been prepared as of the date of this year's audit. 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 $316,268 for the year ended June 30, 2018. The amount of dues allocated to supporting services in 2018 included $157,290 to fundraising and $88,996 to management and general expenses. A comparative overhead rate calculation for 2017 is not included given the tax return for that fiscal year was prepared based on the accounting standards prior to adoption of ASU 2016-14.

18. Other Assets

The Organization has invested $400,000 in United Way Digital Services Holdings, LLC (Digital Holdings) a for profit company formed in January 2017. The Organization holds a 3.33% interest in Digital Holdings. The statement of financial position reflects the $400,000 investment as other assets at June 30, 2018 and 2017.

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.

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, 2018.

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, 2018.

Orvin T. Kimbrough
President and CEO

Vander H. Corliss
Senior Vice President and CFO