
**UNITED WAY OF GREATER
ST. LOUIS, INC.**
FINANCIAL STATEMENTS
JUNE 30, 2023



**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 Audit Of The Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Greater St. Louis, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of United Way of Greater St. Louis, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Greater St. Louis, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Greater St. Louis, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Greater St. Louis, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 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 on 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 24, 2024

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

Assets

	June 30,	
	2023	2022
Cash and cash equivalents (Note 2)	\$ 9,194,333	\$ 23,284,797
Other operating investments (Note 5)	18,045,560	3,002,927
Campaign pledges receivable	15,713,755	16,044,189
Allowance for uncollectible pledges	(2,352,908)	(2,637,013)
Other receivables (Note 4)	1,507,250	3,185,269
Prepaid expenses	107,937	253,079
Beneficial interests in charitable remainder trusts (Note 9)	9,985,396	8,934,032
Investments, including certificates of deposit carried at cost of \$2,274,144 and \$1,350,421 at June 30, 2023 and 2022, respectively (Note 5)	41,820,181	37,367,762
Land, building, furniture and equipment (Note 7)	2,660,743	2,724,182
Right-of-use-assets (Note 8)	98,998	—
Endowment investments (Note 12)	17,235,141	16,651,105
Beneficial interest in assets held by others (Note 9)	273,475	—
Beneficial interests in perpetual trusts (Note 9)	5,436,462	5,165,660
Promissory note receivable (Note 18)	100,000	200,000
Total Assets	\$ 119,826,323	\$ 114,175,989

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 1,918,253	\$ 3,010,332
Payable to United Way Worldwide	282,412	326,384
Allocations payable	21,498,338	20,973,472
Donor designations payable	2,907,553	2,874,822
Lease liabilities (Note 8)	98,075	—
Pension plan and postretirement plan liabilities (Note 15)	925,519	3,528,745
Total Liabilities	27,630,150	30,713,755
Net Assets		
Without Donor Restrictions		
Designated by the Board for specific purposes (Note 11)	9,781,839	7,785,895
Net investment in land, building and equipment	2,660,743	2,724,182
Undesignated	37,312,964	34,137,307
Total Without Donor Restrictions	49,755,546	44,647,384
With Donor Restrictions		
Perpetual in nature (Notes 8, 10 and 11)	17,431,573	16,887,296
Endowment earnings to be appropriated (Note 12)	5,513,505	4,929,469
Purpose restrictions (Note 11)	8,573,097	7,184,202
Time-restricted for future periods (Note 11)	10,922,452	9,813,883
Total With Donor Restrictions	42,440,627	38,814,850
Total Net Assets	92,196,173	83,462,234
Total Liabilities And Net Assets	\$ 119,826,323	\$ 114,175,989

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue And Gains (Losses)			
Public Support			
Annual campaigns	\$ 64,726,416	\$ 6,387,615	\$ 71,114,031
Donor designations	(15,142,266)	—	(15,142,266)
Provision for uncollectible pledges	(1,060,705)	(33,702)	(1,094,407)
Net Annual Campaigns (Note 3)	48,523,445	6,353,913	54,877,358
Estate, trust and other contributions	1,521,471	3,196,977	4,718,448
Government and other grants	—	3,302,584	3,302,584
Total Public Support	50,044,916	12,853,474	62,898,390
Revenue And Gains (Losses)			
Net realized gains (losses) on investments	(55,088)	117,499	62,411
Net unrealized gains on investments (Note 5)	2,884,659	933,121	3,817,780
Interest and dividends	2,186,555	445,147	2,631,702
Change in value of beneficial interests in charitable remainder trusts (Note 9)	—	1,051,364	1,051,364
Change in value of beneficial interests in perpetual trusts (Note 9)	—	270,802	270,802
Change in value of beneficial interests in assets held by others (Note 9)	—	75,981	75,981
Total Revenue And Gains (Losses)	5,016,126	2,893,914	7,910,040
Net Assets Released From Restrictions			
Appropriations from endowment (Note 12)	834,882	(834,882)	—
Satisfaction of donor restrictions (Note 11)	11,286,729	(11,286,729)	—
Total Net Assets Released From Restrictions	12,121,611	(12,121,611)	—
Total Public Support, Revenue And Gains (Losses)	67,182,653	3,625,777	70,808,430
Allocations And Expenses			
Funds awarded to agencies (Note 3)	40,781,738	—	40,781,738
Other programs and grants (Note 3)	5,068,085	—	5,068,085
Allocations to agencies and other programs	45,849,823	—	45,849,823
Other Program Services:			
Allocations/Grant-making	1,140,418	—	1,140,418
Community Solutions	5,449,514	—	5,449,514
Volunteer Center	645,247	—	645,247
Case Management Services	2,710,819	—	2,710,819
Philanthropic Services	735,320	—	735,320
Total Program Services	56,531,141	—	56,531,141
Supporting Services:			
Fundraising	5,090,064	—	5,090,064
Management and general	2,475,580	—	2,475,580
Total Supporting Services	7,565,644	—	7,565,644
Total Allocations And Expenses	64,096,785	—	64,096,785
Increase In Net Assets From Operations	3,085,868	3,625,777	6,711,645
Pension And Postretirement Plan Changes Other Than Pension Plan Service Costs (Note 15)	2,022,294	—	2,022,294
Increase In Net Assets	5,108,162	3,625,777	8,733,939
Net Assets - Beginning Of Year	44,647,384	38,814,850	83,462,234
Net Assets - End Of Year	\$ 49,755,546	\$ 42,440,627	\$ 92,196,173

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenue And Gains (Losses)			
Public Support			
Annual campaigns	\$ 62,792,421	\$ 3,942,726	\$ 66,735,147
Donor designations	(12,164,115)	—	(12,164,115)
Provision for uncollectible pledges	(1,162,121)	(42,097)	(1,204,218)
Net Annual Campaigns	49,466,185	3,900,629	53,366,814
Estate, trust and other contributions	578,915	2,814,372	3,393,287
Government and other grants	219,346	7,900,778	8,120,124
Employee retention credit (Note 2)	1,747,988	—	1,747,988
Note payable forgiveness - gain on extinguishment (Note 2)	2,000,000	—	2,000,000
Total Public Support	54,012,434	14,615,779	68,628,213
Revenue And Gains (Losses)			
Net realized gains on investments	747,005	544,342	1,291,347
Net unrealized losses on investments (Note 5)	(7,020,958)	(3,215,255)	(10,236,213)
Interest and dividends	1,154,958	346,631	1,501,589
Change in value of beneficial interests in charitable remainder trusts (Note 9)	—	(1,284,128)	(1,284,128)
Change in value of beneficial interests in perpetual trusts (Note 9)	—	(1,166,268)	(1,166,268)
Total Revenue And Gains (Losses)	(5,118,995)	(4,774,678)	(9,893,673)
Net Assets Released From Restrictions			
Appropriations from endowment (Note 12)	813,167	(813,167)	—
Satisfaction of donor restrictions (Note 11)	14,315,456	(14,315,456)	—
Total Net Assets Released From Restrictions	15,128,623	(15,128,623)	—
Total Public Support, Revenue And Gains (Losses)	64,022,062	(5,287,522)	58,734,540
Allocations And Expenses			
Funds awarded to agencies	40,348,332	—	40,348,332
Other programs and grants	8,302,333	—	8,302,333
Allocations to agencies and other awards	48,650,665	—	48,650,665
Other Program Services:			
Allocations/Grant-making	1,085,068	—	1,085,068
Community Solutions	4,134,565	—	4,134,565
Volunteer Center	520,870	—	520,870
Case Management Services	2,541,159	—	2,541,159
Philanthropic Services	687,991	—	687,991
Total Program Services	57,620,318	—	57,620,318
Supporting Services:			
Fundraising	4,779,178	—	4,779,178
Management and general	2,404,406	—	2,404,406
Total Supporting Services	7,183,584	—	7,183,584
Total Allocations And Expenses	64,803,902	—	64,803,902
Decrease In Net Assets From Operations	(781,840)	(5,287,522)	(6,069,362)
Pension And Postretirement Plan Changes Other Than Pension Plan Service Costs (Note 15)	(204,247)	—	(204,247)
Decrease In Net Assets	(986,087)	(5,287,522)	(6,273,609)
Net Assets - Beginning Of Year	45,633,471	44,102,372	89,735,843
Net Assets - End Of Year	\$ 44,647,384	\$ 38,814,850	\$ 83,462,234

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended June 30, 2023

	Program Services						Supporting Services			
	Allocations/ Grant-Making	Community Solutions	Volunteer Center	Case		Total	Fund- raising	Management And General	Total	Total
				Management Services	Philanthropic Services					
Funds awarded	\$ 40,206,897	\$ 539,348	\$ —	\$ 35,493	\$ —	\$ 40,781,738	\$ —	\$ —	\$ —	\$ 40,781,738
Other programs and grants	3,212,690	233,904	—	1,418,871	202,620	5,068,085	—	—	—	5,068,085
Allocations to agencies and other programs	43,419,587	773,252	—	1,454,364	202,620	45,849,823	—	—	—	45,849,823
Salaries	622,442	888,679	388,023	1,236,990	455,195	3,591,329	2,672,988	1,523,037	4,196,025	7,787,354
Taxes and benefits	175,688	240,301	91,614	458,269	121,882	1,087,754	740,706	389,447	1,130,153	2,217,907
Audit and legal fees	9,129	21,876	4,753	16,598	12,508	64,864	32,325	46,984	79,309	144,173
Consulting and other professional fees	122,005	1,982,833	47,131	350,670	31,914	2,534,553	274,998	91,058	366,056	2,900,609
Materials, ads, events and supplies:										
Campaign related	—	—	—	—	—	—	500,586	—	500,586	500,586
Noncampaign related	558	62,379	4,275	6,601	9,821	83,634	38,203	14,017	52,220	135,854
Meetings and local travel	4,929	21,851	4,999	9,264	10,687	51,730	26,619	18,525	45,144	96,874
Training and professional development	3,843	10,528	2,176	9,306	7,544	33,397	14,469	6,958	21,427	54,824
Office expenses	17,129	21,559	8,997	119,110	8,142	174,937	80,047	28,323	108,370	283,307
Occupancy, equipment rental and maintenance (Note 8)	68,597	2,109,650	27,098	135,015	19,973	2,360,333	236,453	103,531	339,984	2,700,317
Depreciation	24,993	18,874	12,725	57,793	10,094	124,479	107,293	54,190	161,483	285,962
Insurance	6,684	6,313	3,249	12,996	4,270	33,512	24,512	34,814	59,326	92,838
Other	13,902	5,157	11,729	101,399	17,912	150,099	69,645	78,008	147,653	297,752
United Way Worldwide dues (Note 17)	70,519	59,514	38,478	196,808	25,378	390,697	271,220	86,688	357,908	748,605
Expenses excluding allocations	1,140,418	5,449,514	645,247	2,710,819	735,320	10,681,318	5,090,064	2,475,580	7,565,644	18,246,962
Total	\$ 44,560,005	\$ 6,222,766	\$ 645,247	\$ 4,165,183	\$ 937,940	\$ 56,531,141	\$ 5,090,064	\$ 2,475,580	\$ 7,565,644	\$ 64,096,785

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended June 30, 2022

	Program Services						Supporting Services			
	Case						Fund- raising	Management And General	Total	Total
	Allocations/ Grant-Making	Community Solutions	Volunteer Center	Management Services	Philanthropic Services	Total				
Funds awarded	\$ 39,082,914	\$ 1,247,008	\$ —	\$ 18,410	\$ —	\$ 40,348,332	\$ —	\$ —	\$ —	\$ 40,348,332
Other programs and grants	3,236,629	93,096	—	4,832,038	140,570	8,302,333	—	—	—	8,302,333
Allocations to agencies and other programs	42,319,543	1,340,104	—	4,850,448	140,570	48,650,665	—	—	—	48,650,665
Salaries	582,527	1,170,680	304,332	1,130,488	430,321	3,618,348	2,528,723	1,449,400	3,978,123	7,596,471
Taxes and benefits	190,405	303,703	92,784	502,202	109,886	1,198,980	782,136	411,690	1,193,826	2,392,806
Audit and legal fees	7,412	19,599	3,303	11,571	10,176	52,061	25,814	38,252	64,066	116,127
Consulting and other professional fees	80,086	1,863,086	34,782	302,781	23,874	2,304,609	216,189	69,206	285,395	2,590,004
Materials, ads, events and supplies:										
Campaign related	—	—	—	—	—	—	394,553	—	394,553	394,553
Noncampaign related	17,258	75,019	826	24,483	1,930	119,516	13,206	5,224	18,430	137,946
Meetings and local travel	3,759	15,407	2,033	7,560	6,821	35,580	19,972	12,398	32,370	67,950
Training and professional development	2,015	13,937	932	5,396	4,723	27,003	7,092	4,482	11,574	38,577
Office expenses	15,046	35,487	7,254	109,503	5,491	172,781	80,987	24,089	105,076	277,857
Occupancy, equipment rental and maintenance (Note 8)	68,938	545,519	26,368	143,314	40,951	825,090	233,720	136,076	369,796	1,194,886
Depreciation	27,470	20,820	11,840	64,357	10,907	135,394	114,947	60,410	175,357	310,751
Insurance	6,717	6,626	2,723	12,707	3,903	32,676	23,781	34,309	58,090	90,766
Other	16,252	11,186	4,444	43,659	15,734	91,275	82,526	75,985	158,511	249,786
United Way Worldwide dues (Note 17)	67,183	53,496	29,249	183,138	23,274	356,340	255,532	82,885	338,417	694,757
Expenses excluding allocations	1,085,068	4,134,565	520,870	2,541,159	687,991	8,969,653	4,779,178	2,404,406	7,183,584	16,153,237
Total	\$ 43,404,611	\$ 5,474,669	\$ 520,870	\$ 7,391,607	\$ 828,561	\$ 57,620,318	\$ 4,779,178	\$ 2,404,406	\$ 7,183,584	\$ 64,803,902

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2023	2022
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 8,733,939	\$ (6,273,609)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	285,962	310,751
Net realized gains on investments	(62,411)	(1,291,347)
Net unrealized (gains) losses on investments	(3,817,780)	10,236,213
Change in value of split-interest agreements	(1,051,364)	1,284,128
Change in value of perpetual trusts	(270,802)	1,166,268
Change in value of assets held by others	(75,981)	—
Pension and postretirement plan changes other pension plan service costs	(2,022,294)	204,247
Note payable forgiveness	—	(2,000,000)
Changes in asset and liability accounts:		
Campaign pledges receivable	330,434	2,035,206
Allowance for uncollectible pledges	(284,105)	3,230
Other receivables	1,678,019	(1,103,528)
Prepaid expenses	145,142	(24,841)
Right-of-use-assets and lease liabilities	(923)	—
Accounts payable and accrued liabilities	(1,092,079)	1,859,596
Payable to United Way Worldwide	(43,972)	284,663
Allocations payable	524,866	290,915
Donor designations payable	32,731	(1,490,356)
Pension plan and retirement plan liabilities	(580,932)	(472,195)
Net Cash Provided By Operating Activities	2,428,450	5,019,341
Cash Flows From Investing Activities		
Purchases of building, furniture and equipment	(222,523)	(180,696)
Repayments on promissory note receivable	100,000	100,000
Proceeds from sale or maturity of investments	8,569,051	15,846,350
Purchases of investments	(25,936,147)	(4,503,472)
Transfers of assets held by others	(197,494)	—
Net Cash Provided By (Used In) Investing Activities	(17,687,113)	11,262,182
Net Increase (Decrease) In Cash And Cash Equivalents	(15,258,663)	16,281,523
Cash And Cash Equivalents - Beginning Of Year	27,826,583	11,545,060
Cash And Cash Equivalents - End Of Year	\$ 12,567,920	\$ 27,826,583
Cash And Cash Equivalents Are Included Within The Following Captions On The Statement Of Financial Position		
Cash and cash equivalents	\$ 9,194,333	\$ 23,284,797
Investments	3,373,587	4,541,786
	\$ 12,567,920	\$ 27,826,583

UNITED WAY OF GREATER ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 And 2022

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 to support 16 counties in Missouri and Illinois. It raises funds without donor restrictions and other funds, which are invested in a network of 163 safety net agencies. Funded agencies' performance is reviewed annually, and 300 plus community volunteers throughout the region evaluates annual allocation awards. Agency awards are distributed throughout the calendar year following the fundraising campaign, matching the timing of most cash receipts from the campaigns. The Organization 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 900 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.

Operating and Nonoperating Activity

Operating results in the statement of activities reflect all transactions except pension and postretirement plan changes other than pension plan service costs.

Basis Of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (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 and cash equivalents with financial institutions with strong credit ratings. At June 30, 2023, such balances were in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits by approximately \$7,400,000, all of which was held in money market accounts invested exclusively in short-term U.S. Government securities and repurchase agreements secured by U.S. Government securities.

Pledges Receivable

Unconditional pledges receivable are recognized as support in the period the pledges are received. Conditional contributions, that is, those with measurable performance or other barriers, are recognized as support when the conditions on which they depend have been 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.

Leases

On July 1, 2022, the Organization utilized the modified retrospective approach to adopt the provisions of Accounting Standards Codification (ASC) Topic 842, *Leases*, which includes a number of optional practical expedients that entities may elect to apply. The Organization has elected certain practical expedients, including the use of hindsight in determining the lease term at transition and in assessing impairment of an entity's right-of-use (ROU) assets and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The initial adoption of ASC 842 did not result in a cumulative adjustment to net assets. Results for 2023 are presented under ASC 842, while the prior period financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

As further described in Note 8, the Organization maintains leases for office space and automobiles. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. The Organization's leases generally have terms of one to three years. The Organization does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the lease asset and the terms associated with extending the lease.

As most leases do not provide an implicit discount rate, the Organization has made an election available to not-for-profit organizations that allows the use of the risk-free rate at lease commencement date to determine the present value of the lease payments.

The Organization does not separate non-lease components of a contract from the lease components to which they relate for all classes of lease assets.

Promissory Note Receivable

The promissory note receivable is stated at the amount management expects to collect from the balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of the note. Management's periodic evaluation of the adequacy of the allowance is based on the note's past performance, known and other inherent risks, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Balances still outstanding after management has used reasonable collection efforts will be written off through a charge to the valuation allowance and a credit to note and interest receivable. Based on management's assessment of its credit history and current relationship with the borrower, management does not believe an allowance is necessary as of June 30, 2023 or 2022.

Forgivable Notes Payable

The Organization received two loans that were part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Organization used the proceeds from the loans exclusively for qualified expenses under the PPP, mainly payroll costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Organization considered the PPP loans to be debt, subject to the provisions of FASB Accounting Standards Codification (ASC) 470, *Debt*. The Organization did not impute additional interest at a market rate, as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loans remained as liabilities until either (1) the loans were, in part or wholly, forgiven and the debtor had been legally released or (2) the debtor paid off the loans to the creditor. Once the loans were, in part or wholly, forgiven and legal release was received, the Organization reduced the liabilities by the amount forgiven and recorded a gain on extinguishment. This occurred for the first PPP loan during 2021 and the second PPP loan during 2022. Therefore, the Organization recognized \$2,000,000 of note payable forgiveness revenue on the statement of activities for the year ended June 30, 2022.

Allocations Payable

The Organization's 300 plus community volunteers annually allocates funds to the Organization's network of 163 safety net agencies. These unconditional promises to give are recognized as an expense in the period made. All unconditional promises to give are expected to be paid within the next year.

Public Support

The Organization reports gifts of cash and other assets as donor-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.

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 the contributors that meet the programmatic or geographic interests of both the donor and the Organization. The contributions to these funds are recorded by the Organization as Board-designated until distributed (Note 11).

Trusts in which the Organization is named as an irrevocable beneficiary, but is not the trustee, are recorded as assets held in trust by others when the Organization is notified by the trustee. The assets are recorded at fair value based on the statements from the trustees; and fair values are derived from the fair values of the underlying investments of the trusts, and the Organization's ownership interests in the trusts.

Government And Other Grants

The Organization receives grant revenue from government and private sources. Revenues from grants that are nonreciprocal are recognized as contributions. Amounts received are generally recognized as contribution revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances and included in accounts payable and accrued expenses in the statement of financial position. The Organization had conditional contributions related to government and other grants of \$2,199,022 and \$1,433,153 at June 30, 2023 and 2022, respectively, which were not recorded at these dates.

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 principles, 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).

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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

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 payable, except designations payable that apply to third-party processor designations.

Employee Retention Credit

The CARES Act provided an employee retention credit, which was a refundable tax credit against certain employment taxes up to \$5,000 per employee for eligible employers. The credit was equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 extended the availability of the employee retention credit through December 31, 2021. However, certain provisions applied only after December 31, 2020. This new legislation amended the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020 and before December 31, 2021. During 2021, a maximum of \$10,000 in qualified wages for each employee per calendar quarter could be counted in determining the 70% credit. Therefore, the maximum tax credit that could be claimed by an eligible employer in 2021 was \$7,000 per employee per calendar quarter. The Infrastructure Investment and Jobs Act, which was signed into law in November 2021, changed the ending date of availability of the employee retention credit to September 30, 2021.

The Organization recognized the employee retention credit when conditions for earning it were substantially met. The Organization qualified for the credit beginning on January 1, 2021 and applied for credits for qualified wages through September 30, 2021. During the year ended June 30, 2022, employee retention credits of \$1,747,988 were recognized as public support on the statement of activities. At June 30, 2022, credits of \$1,747,988 remained outstanding and were included in other receivables on the statement of financial position. The Organization received these funds in 2023 in addition to \$157,463 of interest.

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.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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, time studies, and full-time employee equivalents (FTE).

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

Natural Category	Method
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 rental and maintenance	Computer counts and square footage
Insurance	Square footage
Depreciation	Square footage and direct charge

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Advertising Costs

The Organization expenses advertising costs as incurred. Total advertising costs charged against income amounted to \$234,465 in 2023 and \$156,128 in 2022.

Donated Goods And Services

Various goods are donated to the Organization. Donated goods, which are utilized by the Organization's programs, are recorded at fair value at the date of donation based on publicly available market prices for similar items. Donated goods, which are included within estate, trust and other contributions on the statement of activities, amounted to \$95,257 and \$26,087 in 2023 and 2022, respectively. During 2023, \$72,588 of these donated goods were donor restricted for programming. During 2022, there were no donor-imposed restrictions associated with the donated goods.

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 2019 and later remain subject to examination by taxing authorities.

The Organization's federal tax return also includes a disregarded entity, No Market Investments LLC, for whom the Organization is the sole member. This entity, which holds worthless investment securities with no fair market value, has no assets, liabilities, or equity. Its only financial activity arises if any proceeds are subsequently received related to these bankrupted companies, which are immediately liquidated and transferred to the Organization and included within estate, trust and other contributions on the statement of activities.

Reclassifications

Certain 2022 balances have been reclassified, as appropriate, to conform with the 2023 financial statement presentation. This includes the recast of the 2022 statement of cash flows due to a change in accounting policy in 2023 as it relates to the classification of money market accounts as cash equivalents.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

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

The Organization 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, 2023, 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	\$ 50,550,383	\$ 820,861	\$ 51,371,244
Restricted for United Way programs	—	3,435,062	3,435,062
Donor-advised fund gifts (Note 12)	530,813	—	530,813
Designated for direct payment	11,694,726	—	11,694,726
Third-party processor revenue	131,101	—	131,101
Gross Annual Campaign Revenue	62,907,023	4,255,923	67,162,946
Less: Pay direct/third-party processor designations	(11,807,611)	—	(11,807,611)
Less: First dollar designations	(1,515,262)	—	(1,515,262)
Less: Provision for uncollectible pledges	(1,060,705)	(33,702)	(1,094,407)
Net Annual Campaign Revenue	48,523,445	4,222,221	52,745,666
United Way Private And Other Campaign Revenue			
Restricted for United Way programs	—	2,131,692	2,131,692
Designated for direct payment	1,819,393	—	1,819,393
Gross Private And Other Campaign Revenue	1,819,393	2,131,692	3,951,085
Less: Pay direct designations	(1,819,393)	—	(1,819,393)
Net Private And Other Campaign Revenue	—	2,131,692	2,131,692
Total	\$ 48,523,445	\$ 6,353,913	\$ 54,877,358

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Member agencies were awarded \$40,137,910 of the \$40,781,738 funds awarded to agencies. In addition to those awards, member agencies received first-dollar designations of \$1,515,262, \$1,506,436 of the \$13,495,903 of the pay direct designations, all of the third-party processor designations of \$131,101, and \$125,410 of the \$5,280,992 of other programs and grants awarded for the year ended June 30, 2023, which includes donor-advised fund (DAF) payouts.

4. Other Receivables

Other receivables consist of the following:

	<u>2023</u>	<u>2022</u>
Employee retention credits (Note 2)	\$ —	\$ 1,747,988
Local, state, and federal grants	1,212,772	1,117,134
Accrued interest on investments	109,368	7,365
Foundation receivables	62,319	175,000
Pension plan administrative costs	48,791	76,097
Franklin County United Way	36,175	—
Miscellaneous	37,825	61,685
	<u>\$ 1,507,250</u>	<u>\$ 3,185,269</u>

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.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Investments consist of the following:

	<u>2023</u>	<u>2022</u>
Money market accounts - short-term investments	\$ 3,373,587	\$ 4,541,786
Fixed income securities:		
Certificates of deposit	2,274,144	1,350,421
Government bonds	7,799,051	—
Corporate bonds	7,995,246	—
Equity mutual funds:		
Domestic large-cap blend index	26,768,974	22,587,664
Foreign large-cap blend index	8,468,603	7,764,300
Real estate index	2,671,696	2,637,897
Private equity fund	—	27,868
Fixed income mutual funds:		
Intermediate-term bond index	17,749,581	18,111,858
	<u>\$ 77,100,882</u>	<u>\$ 57,021,794</u>

The total cost basis of these investments amounted to \$60,763,231 and \$44,501,924 at June 30, 2023 and 2022, respectively.

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

	<u>2023</u>	<u>2022</u>
Investments	\$ 41,820,181	\$ 37,367,762
Other operating investments	18,045,560	3,002,927
Endowment investments (Note 12)	17,235,141	16,651,105
	<u>\$ 77,100,882</u>	<u>\$ 57,021,794</u>

Investments include purpose-restricted investment 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 (losses) of \$3,817,780 and \$(10,236,213) were recorded for the years ended June 30, 2023 and 2022, 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. Fair Value Measurements

The Organization accounts for certain assets at fair value as required by generally accepted accounting principles. Fair value is defined 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 valuation techniques are required to 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 assets 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 years ended June 30, 2023 and 2022 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, 2023			
	Level 1	Level 2	Level 3	Total
Fixed income securities:				
Government bonds	\$ —	\$ 7,799,051	\$ —	\$ 7,799,051
Corporate bonds	—	7,995,246	—	7,995,246
Mutual funds:				
Domestic large-cap blend index	26,768,974	—	—	26,768,974
Foreign large-cap blend index	8,468,603	—	—	8,468,603
Real estate index	2,671,696	—	—	2,671,696
Private equity fund	—	—	—	—
Fixed income mutual funds:				
Intermediate-term bond index	17,749,581	—	—	17,749,581
Beneficial interests in assets held by others	—	—	273,475	273,475
Beneficial interests in charitable remainder trusts	—	—	9,985,396	9,985,396
Beneficial interests in perpetual trusts	—	—	5,436,462	5,436,462
Total Assets At Fair Value	\$ 55,658,854	\$ 15,794,297	\$ 15,695,333	\$ 87,148,484

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Domestic large-cap blend index	\$ 22,587,664	\$ —	\$ —	\$ 22,587,664
Foreign large-cap blend index	7,764,300	—	—	7,764,300
Real estate index	2,637,897	—	—	2,637,897
Private equity fund	—	—	27,868	27,868
Fixed income mutual funds:				
Intermediate-term bond index	18,111,858	—	—	18,111,858
Beneficial interests in charitable remainder trusts	—	—	8,934,032	8,934,032
Beneficial interests in perpetual trusts	—	—	5,165,660	5,165,660
Total Assets At Fair Value	\$ 51,101,719	\$ —	\$ 14,127,560	\$ 65,229,279

At June 30, 2023 and 2022, the Level 2 and 3 assets utilize the following valuation techniques and inputs:

Fixed Income Securities - Government and corporate bonds are valued using techniques consistent with the income approach. Significant observable inputs to in the income approach include data points for benchmark constant maturity curves and spreads.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Beneficial Interest in Trusts - Beneficial interests in charitable remainder trusts are measured at the fair value of the assets in the trusts or 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.

Beneficial interests in perpetual trusts held by others are 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.

Beneficial Interest in Assets Held By Others - The carrying amounts of financial assets required to be measured at fair value on a recurring basis include investments held by the St. Louis Community Foundation (the Foundation), the fair value of which is based upon information determined and reported by the Foundation.

During 2023 and 2022, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets.

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, 2023 and 2022:

	Beneficial Interests In Perpetual Trusts	Beneficial Interests In Charitable Remainder Trusts	Beneficial Interest In Assets Held By Others	Private Equity Fund
Balance - July 1, 2021	\$ 6,331,928	\$ 10,218,160	\$ —	\$ 28,246
Change in value	(1,166,268)	(1,284,128)	—	(378)
Balance - June 30, 2022	5,165,660	8,934,032	—	27,868
Transfers	—	—	197,494	—
Distribution	—	—	—	(27,868)
Change in value	270,802	1,051,364	75,981	—
Balance - June 30, 2023	\$ 5,436,462	\$ 9,985,396	\$ 273,475	\$ —

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

7. Land, Building, Furniture And Equipment

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

	2023			2022		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 960,000	\$ —	\$ 960,000	\$ 960,000	\$ —	\$ 960,000
Building	4,248,900	2,878,907	1,369,993	4,045,407	2,698,604	1,346,803
Furniture and equipment	2,401,186	2,070,436	330,750	2,372,421	2,050,223	322,198
Assets not placed into service	—	—	—	95,181	—	95,181
	<u>\$ 7,610,086</u>	<u>\$ 4,949,343</u>	<u>\$ 2,660,743</u>	<u>\$ 7,473,009</u>	<u>\$ 4,748,827</u>	<u>\$ 2,724,182</u>

8. Leases

Under ASC 842

The Organization has operating leases for office space and automobiles that expire at various dates through 2025.

Rent expense under operating leases was \$90,877 for the year ended June 30, 2023, which is included in occupancy, equipment rental and maintenance on the statement of functional expenses. During 2023, ROU assets obtained in exchange for new operating leases was \$49,222. The weighted-average remaining term for the operating leases is 1.33 years and the weighted-average discount rate is 0.24%.

The reconciliation of the undiscounted cash flows for each of the next two years of the lease liabilities recorded on the statement of financial position is as follows:

Year	Operating Leases
2024	\$ 82,194
2025	16,016
Total minimum lease payments	98,210
Less: Amount of lease payments representing interest	135
Present value of future minimum lease payments	<u>\$ 98,075</u>

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Under ASC 840

On July 1, 2022, the Organization adopted the new lease standard using the modified-retrospective approach by recognizing and measuring leases at the adopting date with a cumulative effect of initially applying the guidance recognized at the date of initial application and did not restate the prior periods presented in the financial statements. Accordingly, the following information is presented for the year ended June 30, 2022 under ASC Topic 840.

Rental payments associated with the leases had been recognized on a straight-line basis over the lease terms. Lease expense for the year ended June 30, 2022 amounted to \$136,423, which was included in occupancy, equipment rental and maintenance on the statement of functional expenses.

Future minimum lease commitments related to the operating leases as of June 30, 2022 were as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 91,109
2024	82,194
<u>2025</u>	<u>16,016</u>
	<u>\$ 189,319</u>

9. Beneficial Interests

Charitable Remainder Trusts

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, 2023 and 2022, the Organization's specified percentage of the remaining balances was valued at \$9,985,396 and \$8,934,032, respectively.

The change in value of the charitable remainder trusts was an increase (decrease) of \$1,051,364 and \$(1,284,128) for the years ended June 30, 2023 and 2022, respectively.

Assets Held By Others

During the year ended June 30, 2023, the Organization transferred assets totaling \$194,494 to the St. Louis Community Foundation (the Foundation) and retained a beneficial interest in those assets. The Organization has granted variance power to the Foundation, which allows the Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable fulfillment or inconsistent with the charitable needs of the Organization.

In accordance with FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the transfer was not considered to be a contribution from the Organization to the Foundation, but rather was accounted for as a reciprocal transfer between the Organization and the Foundation. Therefore, the amount held at the Foundation totaling \$273,475 at June 30, 2023 is reflected in the statement of financial position as a beneficial interest in assets held by others. This amount is reflected in net assets with donor restrictions. The change in value of the assets held by others was an increase of \$75,981 for the year ended June 30, 2023.

Perpetual Trusts

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 \$5,436,462 and \$5,165,660 at June 30, 2023 and 2022, respectively (Note 10).

The change in value of the perpetual trusts was an increase (decrease) of \$270,802 and \$(1,166,268) for the years ended June 30, 2023 and 2022, respectively.

UNITED WAY OF GREATER ST. LOUIS, INC.Notes To Financial Statements *(Continued)***10. Perpetual In Nature Net Assets**

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

	<u>2023</u>	<u>2022</u>
Investments (Note 12)	\$ 11,721,636	\$ 11,721,636
Beneficial interest in perpetual trusts (Note 9)	5,436,462	5,165,660
Beneficial interest in assets held by others (Note 9)	273,475	—
	<u>\$ 17,431,573</u>	<u>\$ 16,887,296</u>

11. Net Assets

Net asset designations and restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Time restricted for future periods	\$ 10,922,452	\$ 9,813,883
Purpose restrictions	8,573,097	7,184,202
Endowment earnings restricted until appropriated (Note 12)	5,513,505	4,929,469
Designated by the Board for specific purposes	9,781,839	7,785,895
Perpetual in nature (Note 10)	17,431,573	16,887,296
	<u>\$ 52,222,466</u>	<u>\$ 46,600,745</u>

Net assets designated by the Board consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Operating reserve	\$ 4,500,000	\$ 4,500,000
Initiative grants	2,375,918	1,514,117
Designated bequests	1,027,669	604,135
Donor-advised funds (Note 13)	987,017	590,028
SWID	461,536	381,319
Other programs and initiatives	429,699	196,296
	<u>\$ 9,781,839</u>	<u>\$ 7,785,895</u>

UNITED WAY OF GREATER ST. LOUIS, INC.

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 were as follows:

	<u>2023</u>	<u>2022</u>
Time restricted for future periods	\$ 853,551	\$ 1,005,052
Purpose restrictions	10,433,178	13,310,404
	<u>\$ 11,286,729</u>	<u>\$ 14,315,456</u>

12. 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 interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift dates 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 endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments 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 funds with donor restrictions that is not classified as perpetual in nature net assets is classified as endowment earnings to be appropriated until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purposes of the Organization and the donor-restricted endowment funds;

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment and operating reserves policies of 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 2023 and 2022, endowment earnings appropriated by the Board were used for general operations.

Endowment Asset Composition By Type Of Fund As Of June 30, 2023:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Donor-restricted endowment funds	\$ 5,513,505	\$ 11,721,636	\$ 17,235,141

Endowment Asset Composition By Type Of Fund As Of June 30, 2022:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Donor-restricted endowment funds	\$ 4,929,469	\$ 11,721,636	\$ 16,651,105

UNITED WAY OF GREATER ST. LOUIS, INC.Notes To Financial Statements (*Continued*)**Changes In Endowment Assets For The Fiscal Year Ended June 30, 2023:**

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Endowment assets, beginning of year	\$ 4,929,469	\$ 11,721,636	\$ 16,651,105
Investment return (losses):			
Interest and dividends	368,586	—	368,586
Net realized and unrealized gains	1,050,332	—	1,050,332
Total investment return	1,418,918	—	1,418,918
Appropriation of endowment assets for expenditure	(834,882)	—	(834,882)
Endowment assets, end of year	\$ 5,513,505	\$ 11,721,636	\$ 17,235,141

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2022:

	Endowment Earnings To Be Appropriated	Perpetual In Nature	Total
Endowment assets, beginning of year	\$ 8,069,333	\$ 11,721,636	\$ 19,790,969
Investment return (loss):			
Interest and dividends	344,002	—	344,002
Net realized and unrealized losses	(2,670,699)	—	(2,670,699)
Total investment loss	(2,326,697)	—	(2,326,697)
Appropriation of endowment assets for expenditure	(813,167)	—	(813,167)
Endowment assets, end of year	\$ 4,929,469	\$ 11,721,636	\$ 16,651,105

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, 2023 and 2022, 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.

13. Donor-Advised Funds (DAF)

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 \$530,813 and \$575,752 for the years ended June 30, 2023 and 2022, respectively.

Grants made to charitable organizations during the years ended June 30, 2023 and 2022 from the DAF were \$215,559 and \$167,765, respectively. The balance of unexpended DAF contributions, inclusive of investment earnings, was \$987,017 and \$590,028 at June 30, 2023 and 2022, respectively. Investment earnings (losses) for the years ended June 30, 2023 and 2022 were \$81,735 and \$(89,435), respectively.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

14. 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 9,194,333	\$ 23,284,797
Other operating investments	18,045,560	3,002,927
Campaign pledge receivables, net	13,360,847	13,407,176
Other receivables	1,507,250	3,185,269
Investments	41,820,181	37,367,762
Promissory note receivable due within one year	100,000	100,000
<u>Total financial assets</u>	<u>84,028,171</u>	<u>80,347,931</u>
Less amounts not available to be used within one year:		
Amounts designated by the Board for specific purposes	9,781,839	7,785,895
Amounts with donor purpose restrictions	8,573,097	7,184,202
Amounts with donor time-restrictions for future periods	10,922,452	9,813,883
<u>Total financial assets not available to be used</u>		
<u>within one year</u>	<u>29,277,388</u>	<u>24,783,980</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 54,750,783</u>	<u>\$ 55,563,951</u>

The Organization is supported by a significant amount of 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, certain 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 operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted assets.

The Organization has unappropriated endowment earnings of approximately \$5.5 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.

15. Benefit Plans**Pension Plan**

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 10 active employees of the Organization are covered by this noncontributory defined benefit pension plan (the Plan) as of June 30, 2023. 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. All other employees vested as of December 31, 2018 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:

	<u>2023</u>	<u>2022</u>
Discount rate	5.10%	4.20%
Expected long-term return on plan assets	7.50%	7.50%
Rate of compensation increase	3.00%	3.00%

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 7.5%, 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*.

UNITED WAY OF GREATER ST. LOUIS, INC.Notes To Financial Statements (*Continued*)

The following table sets forth the funded status and amounts included in the Organization's statement of financial position for the Plan:

	<u>2023</u>	<u>2022</u>
Projected benefit obligation	\$ (12,504,343)	\$ (13,833,169)
Plan assets at fair value	14,107,697	12,866,820
<hr/>		
Funded plan status (included in pension plan and postretirement plan liabilities)	\$ 1,603,354	\$ (966,349)

Net periodic benefit expense includes the following components:

	<u>2023</u>	<u>2022</u>
Pension plan service costs	\$ 70,550	\$ 162,736
<hr/>		
Other components of net periodic pension cost:		
Interest cost	531,182	352,310
Expected return on plan assets	(846,356)	(1,100,828)
Net amortization of actuarial loss	482,890	266,138
Loss due to settlement	—	303,751
<hr/>		
Total other components of net periodic pension costs	167,716	(178,629)
<hr/>		
Net periodic pension cost	\$ 238,266	\$ (15,893)

Total net periodic pension cost of \$238,266 and \$(15,893) for 2023 and 2022, respectively, is comprised of pension plan service costs and other components of net periodic pension cost. Pension plan service costs are recorded as an expense, and other components of net periodic pension cost are recorded as pension and postretirement changes other than pension plan service costs in the statement of activities.

A loss due to settlement of \$303,751 was recorded for the year ended June 30, 2022. 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. No loss due to settlement was recorded for the year ended June 30, 2023.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Amounts recognized on the statement of activities for pension and postretirement plan changes other than pension plan service costs consist of the following:

	<u>2023</u>	<u>2022</u>
Net (gain) loss - pension plan	\$ (2,307,969)	\$ 754,853
Net gain - postretirement welfare plan	(6,578)	(510,290)
Other components of net periodic pension costs - pension plan	167,716	(178,629)
Other components of net periodic benefit expense - postretirement welfare plan	124,537	138,313
	<u>\$ (2,022,294)</u>	<u>\$ 204,247</u>

The accumulated benefit obligation was \$12,504,343 and \$13,624,633 on June 30, 2023 and 2022, 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, 2024:

Net prior service cost	\$ —
Net actuarial loss	<u>40,950</u>
	<u>\$ 40,950</u>

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2023 and 2022:

	<u>June 30, 2023</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Insurance company general account	\$ —	\$ 447,404	\$ 447,404
Fixed income mutual funds:			
Intermediate term bond index	1,503	—	1,503
Total assets included in the fair value hierarchy	<u>\$ 1,503</u>	<u>\$ 447,404</u>	448,907

Investments measured at net asset value per share (a)	<u>13,658,790</u>
	<u>\$ 14,107,697</u>

UNITED WAY OF GREATER ST. LOUIS, INC.Notes To Financial Statements (*Continued*)

	June 30, 2022		
	Level 1	Level 2	Total
Money market accounts:			
Short-term investments	\$ 21,952	\$ —	\$ 21,952
Equity mutual funds:			
Domestic mid-cap index	1,136,280	—	1,136,280
Foreign large-cap index	2,009,272	—	2,009,272
Real estate index	690,503	—	690,503
Fixed income mutual funds:			
Intermediate term bond index	4,576,595	—	4,576,595
Total assets included in the fair value hierarchy	\$ 8,434,602	\$ —	8,434,602
Investment measured at net asset value per share (a)			4,432,218
			<u>\$ 12,866,820</u>

- (a) An investment measured at fair value using the net asset value per share (or its equivalent) as a practical expedient has not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The insurance company general account is valued at fair value, which represents contributions plus credited interest, less withdrawals and expenses.

The investments measured at net asset value per share consist of pooled separate accounts that are valued at the net asset value (NAV) of units held by the Plan at year end. The NAV, as provided by Mutual of America and Principal, is used as a practical expedient to estimate fair value. The NAV of the pooled separate accounts are determined by dividing the net assets of the fund, at fair value, by the number of units outstanding on the day of valuation. The pooled separate accounts are primarily comprised of shares of registered investment companies held through subaccounts of a separate account of an insurance company.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

The following table summarizes the Organization's investments in pooled separate accounts that calculate net asset value per share (or its equivalents):

		Fair Value		Unfunded	Redemption Frequency And Notice Period
		2023	2022	Commitment At June 30, 2023	
Equity index fund	^(a)	\$ 4,850,528	\$ 4,432,218	\$ —	Daily
Large blend	^(b)	2,316,800	—	—	One transfer within a 30 day period
Mid cap blend	^(c)	144,659	—	—	One transfer within a 30 day period
Small cap blend	^(d)	54,353	—	—	One transfer within a 30 day period
Foreign large blend	^(e)	1,069,499	—	—	One transfer within a 30 day period
Intermediate fixed income	^(f)	2,871,523	—	—	One transfer within a 30 day period
Long-term fixed income	^(g)	2,351,428	—	—	One transfer within a 30 day period
Total		\$ 13,658,790	\$ 4,432,218	\$ —	

- (a) The investment seeks investment results (before fees and expenses) that correspond to the investment performance of the S&P 500 Index.
- (b) The investment normally invests the majority of its assets in the common stock of companies that compose the S&P 500 Index. The investment attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 500 Index.
- (c) The investment normally invests the majority of its assets in the common stock of companies that compose the S&P MidCap 400 Index. The investment attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P MidCap 400 Index.
- (d) The investment seeks long-term growth of capital and normally invests the majority of its assets in the common stock of companies that comprise the S&P SmallCap 600 Index. The investment attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P SmallCap 600 Index.
- (e) The investment normally invests the majority of its assets in companies in at least three different countries. It invests in securities of companies with their principal place of business or principal office outside of the United States; companies for which the principal securities trade on a foreign exchange; and companies, regardless of where their securities are traded, that derive 50% or more of their total revenue from goods or services produced or sold outside of the United States.
- (f) The investment seeks to provide a high level of current income by investing primarily in corporate fixed income securities that are deemed to be investment-grade. The investment looks to identify issuers with strong business fundamentals from sectors and industries which traditionally have characteristics it believes allow these securities to deliver consistent results through multiple business cycles. Those characteristics include steady cash flows, positive demographic trends and defensible market positions. The investment generally maintains a target portfolio duration between 3 and 10 years.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

- (g) The investment is primarily invested in long duration corporate bonds, Treasury bonds, agency debentures and zero coupon bonds and other traditional fixed income instruments predominantly denominated in U.S. dollars. In addition, it may invest in over the counter derivative instruments such as options and futures. The investments may also include foreign bond investments deemed appropriate for a fixed income bond account. The account will typically have an effective duration of thirteen to fifteen years.

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

	2023		2022	
	Amount	%	Amount	%
Fixed income funds and money market accounts	\$ 5,224,454	37.0%	\$ 4,598,547	35.7%
Equity funds	8,435,839	59.8%	8,268,273	64.3%
Insurance company general account	447,404	3.2%	—	0.0%
	<u>\$ 14,107,697</u>		<u>\$ 12,866,820</u>	

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.

There were no scheduled contributions, as recommended by actuarial valuation, for 2023 or 2022. However, the Organization did contribute \$500,000 for both 2023 and 2022.

Benefits paid to participants amounted to \$329,501 and \$1,097,326 for the years ended June 30, 2023 and 2022, respectively.

The Organization intends to contribute \$500,000 in the year ending June 30, 2024.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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>
2024	\$ 2,370,000
2025	1,310,000
2026	560,000
2027	2,370,000
2028	79,000
2029 - 2033	4,100,000

403(b) Plan

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 pension plan, the Executive Committee approved an increase in Organization contributions to the 403(b) defined contribution plan effective January 1, 2018. The Organization's 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 pension plan may participate in the 403(b) plan but are not eligible for the employer contribution or match.

Employer contributions made to the 403(b) plan for 2023 and 2022 amounted to \$473,467 and \$440,357, respectively.

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.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

The following sets forth the amounts recognized in the Organization's statement of financial position:

	<u>2023</u>	<u>2022</u>
Accumulated postretirement benefit obligation:		
Retirees and their beneficiaries/dependents	\$ 2,055,457	\$ 2,104,330
Fully eligible active participants	322,961	317,059
Other active participants	150,455	141,007
Accrued postretirement benefit obligation (included in pension plan and postretirement plan liabilities)	<u>\$ 2,528,873</u>	<u>\$ 2,562,396</u>

Net periodic benefit expense includes the following components:

	<u>2023</u>	<u>2022</u>
Service costs	\$ 4,485	\$ 6,478
Other components of net periodic benefit expense:		
Interest cost	124,537	90,042
Net amortization of actuarial loss	—	48,271
Total other components of net periodic benefit expense	<u>124,537</u>	<u>138,313</u>
Net periodic benefit expense	<u>\$ 129,022</u>	<u>\$ 144,791</u>

The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 6.25% for the 2023 report and 6.50% for the 2022 report. In the 2023 and 2022 reports, 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 5.25% and 5.00% for the years ended June 30, 2023 and 2022, 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 \$168,316 and \$174,894 at June 30, 2023 and 2022, respectively.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

During 2023 and 2022, the employer contributions and gross benefits paid were \$155,967 and \$141,408, respectively.

Expected Employer Contributions

Fiscal 2024* \$ 142,000

* Includes benefits expected to be paid from the Organization's assets

Expected Net Employer Benefit Payments

Fiscal 2024 \$ 142,000

Fiscal 2025 146,000

Fiscal 2026 152,000

Fiscal 2027 154,000

Fiscal 2028 152,000

Fiscal 2029 - 2033 809,000

16. Calculation Of Overhead Ratio

	<u>2023</u>	<u>2022</u>
Total public support, revenue and gains (losses) per statement of activities:	\$ 70,808,430	\$ 58,734,540
Add/subtract revenue items not included on 990:		
Donor designations	15,142,266	12,164,115
Net unrealized (gains) losses on investments	(3,817,780)	10,236,213
(Increase) decrease in value of beneficial interests	(1,398,147)	2,450,396
Total revenue (Line 12, Part I of Form 990)	\$ 80,734,769	\$ 83,585,264
Total fundraising expenses per Statement of Activities	\$ 5,090,064	\$ 4,779,178
Less donated advertising expense not included on Form 990	—	—
Fundraising (Line 25(d), Part IX of Form 990)	5,090,064	4,779,178
Management and general (Line 25 (c), Part IX of Form 990)	2,475,580	2,404,406
Total overhead expenses	\$ 7,565,644	\$ 7,183,584
Overhead expenses as a percentage of total revenue	9.37%	8.59%

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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. Appropriations of earnings from this endowment had the following impact:

	<u>2023</u>	<u>2022</u>
Total overhead expenses	\$ 7,565,644	\$ 7,183,584
Distribution from Overhead Endowment Fund	(143,393)	(142,969)
Overhead expenses net of distribution from Overhead Endowment Fund	<u>\$ 7,422,251</u>	<u>\$ 7,040,615</u>
Overhead expenses as a percentage of total revenue after distribution from Overhead Endowment Fund	<u>9.19%</u>	<u>8.42%</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, 2023 are the amounts that are anticipated to be shown in the Form 990, which has 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 \$390,697 and \$356,340 for the years ended June 30, 2023 and 2022, respectively. The amount of dues allocated to supporting services in 2023 was \$271,220 to fundraising and \$86,688 to management and general expenses. In 2022, these amounts were \$255,532 to fundraising and \$82,885 to management and general expenses.

17. 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, 2023 and 2022, the outstanding balance of \$100,000 and \$200,000, respectively, is reflected as a promissory note receivable on the statement of financial position.

18. 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.

**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, 2023, 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 24, 2024.

Report On 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.

Report On 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 24, 2024