
**UNITED WAY OF GREATER
ST. LOUIS, INC.**
FINANCIAL STATEMENTS
JUNE 30, 2007



**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

We have audited the accompanying statement of financial position of United Way of Greater St. Louis, Inc. (the Organization), a not-for-profit organization, as of June 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of United Way of Greater St. Louis, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater St. Louis, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, the Organization changed its method of accounting for pension and postretirement plans for the fiscal year beginning July 1, 2005, as required by the provisions of Statements on Financial Accounting Standards No. 158.

RubinBrown LLP

November 19, 2007

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

Assets

	<u>June 30,</u>	
		2006
		(As Restated -
	2007	Note 10)
Cash and cash equivalents	\$ 8,511,627	\$ 8,670,032
Campaign pledges receivable (Note 4)	31,275,276	31,428,635
Allowance for uncollectible pledges and net present value discount (Note 4)	(3,780,357)	(3,815,403)
Other receivables and other assets (Notes 11 and 14)	1,020,842	594,503
Other pledges receivable	97,169	141,669
Charitable remainder trusts (Note 7)	3,551,292	3,099,163
Assets restricted for temporary investment (Note 5)	466,593	563,840
Investments (Note 5)	15,362,237	13,086,097
Land, building, furniture and equipment (Notes 6 and 14)	5,457,874	4,958,743
Assets restricted for permanent investment (Note 8)	5,656,026	5,153,376
Total Assets	\$ 67,618,579	\$ 63,880,655

Liabilities And Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 997,357	\$ 646,936
Current portion of long-term debt (Note 14)	120,467	116,027
Payable to United Way of America	269,376	267,235
Allocations payable	26,384,882	25,785,243
Donor designations payable	903,228	953,663
Long-term debt (Note 14)	2,906,537	3,027,003
Pension plan and postretirement plan liabilities (Notes 11 and 12)	1,670,422	2,365,743
Total Liabilities	33,252,269	33,161,850

Net Assets

Unrestricted:		
Board designated	556,171	586,583
Investment in land, building and equipment	2,430,870	1,815,713
Operations	14,279,191	11,721,795
Total Unrestricted	17,266,232	14,124,091
Temporarily restricted (Note 9)	11,444,052	11,441,338
Permanently restricted (Note 9)	5,656,026	5,153,376
Total Net Assets	34,366,310	30,718,805

Total Liabilities And Net Assets	\$ 67,618,579	\$ 63,880,655
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UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue And Gains				
Public Support				
Annual campaign	\$ 61,200,077	\$ 5,047,371	\$ —	\$ 66,247,448
Donor designations	(4,355,049)	—	—	(4,355,049)
Provision for uncollectible pledges	(3,299,879)	(208,962)	—	(3,508,841)
Net Annual Campaign	53,545,149	4,838,409	—	58,383,558
Estate, trust and other contributions	686,619	2,848,238	78,000	3,612,857
Total Public Support	54,231,768	7,686,647	78,000	61,996,415
Revenue And Gains				
Net realized gains on investments	76,963	6,220	—	83,183
Net unrealized gains on investments (Note 5)	1,800,287	66,759	—	1,867,046
Investment income	884,207	43,493	—	927,700
Change in value of split-interest agreements (Note 7)	—	452,129	424,650	876,779
Total Revenue And Gains	2,761,457	568,601	424,650	3,754,708
Net Assets Released From Restrictions (Note 9)				
	8,252,534	(8,252,534)	—	—
Total Public Support, Revenue And Gains	65,245,759	2,714	502,650	65,751,123
Allocations And Expenses				
Gross funds awarded to agencies	53,519,568	—	—	53,519,568
Donor designations	(4,355,049)	—	—	(4,355,049)
Other programs and grants	3,502,756	—	—	3,502,756
Allocations to agencies and other programs	52,667,275	—	—	52,667,275
Other Program Services:				
Allocations/grant-making	1,233,106	—	—	1,233,106
Community initiatives	876,730	—	—	876,730
Community services	1,332,079	—	—	1,332,079
2-1-1	665,606	—	—	665,606
Total Program Services	56,774,796	—	—	56,774,796
Supporting Activities:				
Fundraising	3,754,473	—	—	3,754,473
Management and general	1,701,517	—	—	1,701,517
Dues to United Way of America	538,753	—	—	538,753
Total Supporting Services	5,994,743	—	—	5,994,743
Total Allocations And Expenses	62,769,539	—	—	62,769,539
Increase In Net Assets From Operations	2,476,220	2,714	502,650	2,981,584
Pension And Postretirement Plan Changes Other Than Net Periodic Benefit Costs (Notes 11 And 12)				
	665,921	—	—	665,921
Increase In Net Assets	3,142,141	2,714	502,650	3,647,505
Net Assets - Beginning Of Year	14,124,091	11,441,338	5,153,376	30,718,805
Net Assets - End Of Year	\$ 17,266,232	\$ 11,444,052	\$ 5,656,026	\$ 34,366,310

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2006 (As Restated – Note 10)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue And Gains				
Public Support				
Annual campaign	\$ 59,373,677	\$ 5,547,882	\$ —	\$ 64,921,559
Donor designations	(3,737,729)	—	—	(3,737,729)
Provision for uncollectible pledges	(3,359,270)	(230,936)	—	(3,590,206)
Net Annual Campaign	52,276,678	5,316,946	—	57,593,624
Estate, trust and other contributions	716,416	4,645,855	—	5,362,271
Total Public Support	52,993,094	9,962,801	—	62,955,895
Revenue And Gains				
Net realized gains on investments	109,169	4,590	1,956	115,715
Net unrealized gains on investments (Note 5)	641,012	21,426	—	662,438
Investment income	705,372	48,214	—	753,586
Change in value of split-interest agreements (Note 7)	—	159,502	200,667	360,169
Total Revenue And Gains	1,455,553	233,732	202,623	1,891,908
Net Assets Released From Restrictions (Note 9)	9,150,513	(9,150,513)	—	—
Total Public Support, Revenue And Gains	63,599,160	1,046,020	202,623	64,847,803
Allocations And Expenses				
Gross funds awarded to agencies	52,064,898	—	—	52,064,898
Donor designations	(3,737,729)	—	—	(3,737,729)
Other programs and grants	3,195,865	—	—	3,195,865
Allocations to agencies and other programs	51,523,034	—	—	51,523,034
Other Program Services:				
Allocations/grant-making	911,917	—	—	911,917
Community initiatives	1,616,798	—	—	1,616,798
Community services	1,189,323	—	—	1,189,323
Total Program Services	55,241,072	—	—	55,241,072
Supporting Activities:				
Fundraising	3,842,496	—	—	3,842,496
Management and general	1,605,780	—	—	1,605,780
Dues to United Way of America	535,025	—	—	535,025
Total Supporting Services	5,983,301	—	—	5,983,301
Total Allocations And Expenses	61,224,373	—	—	61,224,373
Increase In Net Assets From Operations	2,374,787	1,046,020	202,623	3,623,430
Pension And Postretirement Plan Changes Other Than Net Periodic Benefit Costs (Notes 11 And 12)				
	984,695	—	—	984,695
Increase In Net Assets	3,359,482	1,046,020	202,623	4,608,125
Net Assets - Beginning Of Year	13,719,264	10,395,318	4,950,753	29,065,335
Cumulative Impact Of Change In Accounting Principle (Note 10)				
	(2,954,655)	—	—	(2,954,655)
Net Assets Beginning Of Year - As Restated	10,764,609	10,395,318	4,950,753	26,110,680
Net Assets - End Of Year	\$ 14,124,091	\$ 11,441,338	\$ 5,153,376	\$ 30,718,805

UNITED WAY OF GREATER ST. LOUIS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2007**

	Program Services					Supporting Activities			
	Allocations / Grant-making	Community Initiatives	Community Services	2-1-1	Total	Fund- raising	Management And General	Total	Total
Gross funds awarded	\$ 52,859,172	\$ 561,959	\$ 98,437	\$ —	\$ 53,519,568	\$ —	\$ —	\$ —	\$ 53,519,568
Less: Donor designations	(4,355,049)	—	—	—	(4,355,049)	—	—	—	(4,355,049)
Other programs and grants	3,215,616	287,140	—	—	3,502,756	—	—	—	3,502,756
Allocations to agencies and other programs	51,719,739	849,099	98,437	—	52,667,275	—	—	—	52,667,275
Salaries, taxes and benefits	923,309	629,931	989,224	431,302	2,973,766	2,585,104	1,049,275	3,634,379	6,608,145
Meetings and local travel	25,003	16,994	27,597	12,975	82,569	69,206	28,362	97,568	180,137
Training and professional development	6,825	7,121	10,577	9,286	33,809	27,448	16,256	43,704	77,513
Campaign materials and operating supplies	58,170	59,887	58,336	57,108	233,501	511,158	134,849	646,007	879,508
Telephone	11,768	6,308	13,812	5,122	37,010	33,590	17,135	50,725	87,735
Postage	7,408	3,194	10,903	6,137	27,642	45,199	7,307	52,506	80,148
Occupancy, equipment rental and maintenance	56,917	46,986	69,618	25,026	198,547	172,574	123,597	296,171	494,718
Consulting and professional fees	70,112	49,832	57,124	78,008	255,076	89,544	98,881	188,425	443,501
Other	22,412	15,532	33,470	20,169	91,583	56,870	51,838	108,708	200,291
Depreciation and amortization	36,622	29,297	43,946	14,649	124,514	117,189	124,513	241,702	366,216
Interest	12,433	9,947	14,920	4,973	42,273	39,786	42,273	82,059	124,332
Unrealized loss on interest rate swap agreement (Note 14)	2,127	1,701	2,552	851	7,231	6,805	7,231	14,036	21,267
Expenses excluding dues and allocations	1,233,106	876,730	1,332,079	665,606	4,107,521	3,754,473	1,701,517	5,455,990	9,563,511
UWA Dues	—	—	—	—	—	—	538,753	538,753	538,753
Total	\$ 52,952,845	\$ 1,725,829	\$ 1,430,516	\$ 665,606	\$ 56,774,796	\$ 3,754,473	\$ 2,240,270	\$ 5,994,743	\$ 62,769,539

UNITED WAY OF GREATER ST. LOUIS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2006**

	Program Services				Supporting Activities			
	Allocations / Grant-making	Community Initiatives	Community Services	Total	Fund- raising	Management And General	Total	Total
Gross funds awarded	\$ 51,480,570	\$ 485,257	\$ 99,071	\$ 52,064,898	\$ —	\$ —	\$ —	\$ 52,064,898
Less: Donor designations	(3,737,729)	—	—	(3,737,729)	—	—	—	(3,737,729)
Other programs and grants	3,112,575	83,290	—	3,195,865	—	—	—	3,195,865
Allocations to agencies and other programs	50,855,416	485,257	99,071	51,523,034	—	—	—	51,523,034
Salaries, taxes and benefits	712,804	1,218,114	927,899	2,858,817	2,599,000	1,116,353	3,715,353	6,574,170
Meetings and local travel	19,999	27,705	27,776	75,480	64,457	22,871	87,328	162,808
Training and professional development	3,597	10,235	8,485	22,317	17,657	8,395	26,052	48,369
Campaign materials and operating supplies	60,494	123,785	58,885	243,164	640,332	144,781	785,113	1,028,277
Telephone	4,487	11,369	15,048	30,904	25,834	13,176	39,010	69,914
Postage	6,068	8,578	6,842	21,488	50,316	9,697	60,013	81,501
Occupancy, equipment rental and maintenance	31,541	82,776	50,205	164,522	162,251	110,778	273,029	437,551
Consulting and professional fees	22,900	47,967	21,740	92,607	78,484	72,174	150,658	243,265
Other	12,653	20,866	23,484	57,003	48,319	41,407	89,726	146,729
Depreciation and amortization	40,925	71,618	53,611	166,154	170,655	72,436	243,091	409,245
Interest	12,894	22,564	16,891	52,349	53,767	22,821	76,588	128,937
Unrealized gain on interest rate swap agreement (Note 14)	(16,445)	(28,779)	(21,543)	(66,767)	(68,576)	(29,109)	(97,685)	(164,452)
Expenses excluding dues and allocations	911,917	1,616,798	1,189,323	3,718,038	3,842,496	1,605,780	5,448,276	9,166,314
UWA Dues	—	—	—	—	—	535,025	535,025	535,025
Total	\$ 51,767,333	\$ 2,102,055	\$ 1,288,394	\$ 55,241,072	\$ 3,842,496	\$ 2,140,805	\$ 5,983,301	\$ 61,224,373

UNITED WAY OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2007	2006 As Restated - Note 10)
Cash Flows From Operating Activities		
Increase in net assets	\$ 3,647,505	\$ 4,608,125
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	366,215	409,245
Net realized gains on investments	(83,183)	(115,715)
Net unrealized gains on investments	(1,867,046)	(662,438)
Net unrealized (gains) losses on interest rate swap agreement	21,267	(164,452)
Increase in value of split-interest agreements	(876,779)	(360,169)
Pension and postretirement plan changes other than net periodic benefit costs	(665,921)	(984,695)
In-kind contribution - equipment	(472,373)	—
Contributions restricted for permanent investment	(78,000)	—
Change in assets and liabilities:		
Decrease in campaign pledges receivable	153,359	1,835,622
Increase (decrease) in allowances for uncollectible pledges and net present value discount	(35,046)	59,456
(Increase) decrease in other receivables and other assets	(453,785)	359,999
Decrease in other pledges receivable	44,500	31,586
Increase (decrease) in accounts payable and accrued expenses	181,054	(30,678)
Decrease in amounts held for others	—	(31,027)
Increase (decrease) in payable to United Way of America	2,141	(3,371)
Increase in allocations payable	599,639	1,254,546
Decrease in donor designations payable	(50,435)	(1,487,109)
Increase in pension plan and postretirement plan liabilities	(33,458)	(1,011,353)
Net Cash Provided By Operating Activities	399,654	3,707,572
Cash Flows From Investing Activities		
Purchases of furniture and equipment	(213,369)	(171,808)
Proceeds from charitable remainder trust	—	43,542
Proceeds from sale of investments	1,667,510	2,056,540
Purchases of investments	(2,079,825)	(2,621,482)
Proceeds from sale of assets restricted for temporary investment	1,760,090	1,505,044
Purchases of assets restricted for temporary investment	(1,654,439)	(1,396,231)
Net Cash Used In Investing Activities	(520,033)	(584,395)
Cash Flows From Financing Activities		
Contributions restricted for permanent investment	78,000	—
Principal payments on long-term debt	(116,026)	(111,446)
Net Cash Used In Financing Activities	(38,026)	(111,446)
Net Increase (Decrease) In Cash And Cash Equivalents	(158,405)	3,011,731
Cash And Cash Equivalents - Beginning Of Year	8,670,032	5,658,301
Cash And Cash Equivalents - End Of Year	\$ 8,511,627	\$ 8,670,032
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 124,707	\$ 129,289
Noncash investing and financing activities (Note 15)		

UNITED WAY OF GREATER ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 And 2006

(As Restated – Note 10)

1. 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.

Reclassification

Certain 2006 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2007.

Basis Of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, United Way of Greater St. Louis, Inc. (the Organization) is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Restricted net assets consist of the following:

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts for which a donor-imposed restriction has not been met and promises to give for which the ultimate purpose of the proceeds is not permanently restricted. The entire gift, the principal amount given, can be spent in accordance with the donor's restriction.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts, trusts and pledges which require, by donor restriction, that the corpus or the principal be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Cash And Cash Equivalents

The Organization considers all money market and short-term investments with original maturities less than three months from the date of purchase to be cash equivalents. The Organization invests its cash with financial institutions with strong credit ratings. At times, such balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Pledges Receivable

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

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance which is computed based upon a five-year historical average adjusted by estimates of current economic factors, 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 And Assets Restricted For Permanent Investment

Investments are reported at fair value, which is based on quoted market prices. 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.

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 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.

Derivative Instruments And Hedging Activities

The Organization accounts for derivatives and hedging activities in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Certain Hedging Activities*, as amended. The Organization uses an interest rate swap agreement to manage interest rate volatility related to variable rate debt, and records unrealized gains and losses in the statement of activities. SFAS No. 133 requires that all derivatives, including interest rate swaps, be recognized in the statement of financial position at fair value. Derivatives that are not designed as hedges must be recorded at fair value through current period earnings. Fair value for the Organization's interest rate swap is based on pricing models using current assumptions. The Organization does not hold or issue derivative instruments for trading purposes.

The Organization does not speculate using derivative instruments.

Restricted And Unrestricted Public Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donor Designations

Donors to the campaign may designate all or part of their contributions to specific agencies. In accordance with Statement of Financial Accounting Standards No. 136, *Transfer of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, these specified designations are not considered to be part of the allocations to agencies and are deducted from the current campaign results. The amount of donor designations to specified agencies that remain unpaid at year end are included in the statement of financial position as donor designations payable.

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 2):

Program Services:

Allocations/Grant-making – Includes expenditures for ongoing operational funding and one-time grants to member agencies, administering the funding and providing oversight of other fund distribution programs (i.e., Dollar More, 100 Neediest Cases).

Community Initiatives - Includes expenditures relating to collaborations with organizations to develop specialized approaches to impacting community problems in the areas of quality early child care and education, financial stability and independence, and faith community mobilization.

Community Services - Includes expenditures relating to programming that would be performed by funded agencies if not as a part of the United Way (i.e., Information and Referral, Volunteer Center).

2-1-1 - Includes expenditures related to establishing and operating a 24-hour health and human service information and referral hotline for 99 counties in Missouri and 9 counties in Illinois. In Missouri, this line is accessed using a three-digit telephone number, 2-1-1.

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.

Expense Allocation

Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Donated Services

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to fundraising campaigns. These services are not recorded in the financial statements since they do not meet the criteria in Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*.

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.

Fair Value

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

2. Organization

The Organization, founded in 1922, is a not-for-profit organization that conducts annual campaigns in the St. Louis region to raise funds to support almost 200 health and human service organizations throughout the city of St. Louis and 15 surrounding counties in Missouri and Illinois. These agency allocations are determined through a citizen review process that involves more than 350 volunteers who are representative of the St. Louis area community. Payments of agency allocations are made in the calendar year following the campaign, matching the timing of most cash receipts from that campaign. The Organization is governed by a volunteer Board of Directors that both evaluates and helps the agency fulfill its mission.

Mission Statement

The United Way of Greater St. Louis unites people of diverse backgrounds and interests who work together to strengthen health and human services in Missouri and Illinois. The United Way efficiently raises and allocates funds to support a strong network of quality agencies and services; provides information, management and technical resources; identifies critical issues and unmet needs; and builds collaborations with the public and private sectors to meet those needs.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

3. Governmental Campaign

In U.S. federal offices and military installations throughout the St. Louis metropolitan area, the workplace fundraising campaign is done through the East-West Gateway Combined Federal Campaign (CFC). The United Way of Greater St. Louis is a participating federation in the CFC on behalf of itself and its member agencies. United Way federation agencies received pledges of \$657,353 from the 2006/07 campaign and \$584,768 from the 2005/06 campaign, both net of expenses and an allowance for uncollectible accounts estimated by the CFC. Total distributions as of June 30, 2007 from those two campaigns were \$179,301 and \$597,414, respectively. The 2005/06 CFC campaign was complete by that point. During 2005/06 and 2006/07, the Organization complied with the requirements of the CFC campaign to honor designations made to each member agency by distributing a proportionate share of receipts based on donor designations to each member agency, insofar as they related to accounting matters.

4. Pledges Receivable

Campaign pledges receivable are unconditional and consist of the following:

	<u>2007</u>	<u>2006</u>
Gross campaign pledges receivable	\$ 31,275,276	\$ 31,428,635
Less: Allowance for uncollectible pledges receivable	(3,780,357)	(3,745,147)
Net present value discount	—	(70,256)
	<u>\$ 27,494,919</u>	<u>\$ 27,613,232</u>

At June 30, 2007, all campaign pledges receivable are expected to be collected in the next fiscal year.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

5. Investments

Investments consist of the following:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ 476,490	\$ 476,488	\$ 574,938	\$ 574,938
Certificates of deposit	1,006,200	1,006,200	1,002,745	1,002,745
Government National Mortgage Association	1,533	1,533	3,301	3,301
Bond index funds	4,733,682	4,604,404	4,323,690	4,123,901
Stock index funds	7,861,034	11,206,730	7,784,418	9,333,577
	<u>\$ 14,078,939</u>	<u>\$ 17,295,355</u>	<u>\$ 13,689,092</u>	<u>\$ 15,038,462</u>

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

	2007	2006
Assets restricted for temporary investment	\$ 466,593	\$ 563,840
Investments	15,362,237	13,086,097
Assets restricted for permanent investment (Note 8)	1,466,525	1,388,525
	<u>\$ 17,295,355</u>	<u>\$ 15,038,462</u>

Assets restricted for temporary investment include amounts held relating to Dollar More and technology improvements.

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. Unrealized gains of \$1,867,046 and \$662,438 were recorded for the years ending June 30, 2007 and 2006, respectively, to adjust the investments to fair value.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

6. Land, Building, Furniture And Equipment

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

	2007			2006		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 960,000	\$ —	\$ 960,000	\$ 960,000	\$ —	\$ 960,000
Building	3,397,975	308,409	3,089,566	3,397,976	183,346	3,214,630
Furniture and equipment	2,639,732	1,711,875	927,857	2,261,038	1,492,087	768,951
Assets not placed into service	480,451	—	480,451	15,162	—	15,162
	<u>\$ 7,478,158</u>	<u>\$ 2,020,284</u>	<u>\$ 5,457,874</u>	<u>\$ 6,634,176</u>	<u>\$ 1,675,433</u>	<u>\$ 4,958,743</u>

Depreciation expense amounted to \$355,978 and \$399,009 for the years ended June 30, 2007 and 2006, respectively.

7. Split-Interest Agreements

The Organization is a beneficiary of two 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, 2007 and 2006, the Organization's specified percentage of the remaining balances was valued at \$3,551,292 and \$3,099,163, respectively.

In addition, the Organization has a beneficial interest in seven perpetual trusts created by donors (Note 8). 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 present value of the future cash flows from the trusts. This present value was estimated to be equivalent to the Organization's share of the current fair market value of the trusts, which amounts to \$4,189,501 and \$3,764,851 at June 30, 2007 and 2006, respectively.

The total change in value of split-interest agreements was an increase of \$876,779 and \$360,169 for the years ended June 30, 2007 and 2006, respectively.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

8. Assets Restricted For Permanent Investment

Assets restricted for permanent investment consist of:

	<u>2007</u>	<u>2006</u>
Investments (Note 5)	\$ 1,466,525	\$ 1,388,525
Beneficial interest in perpetual trusts (Note	4,189,501	3,764,851
	<u>\$ 5,656,026</u>	<u>\$ 5,153,376</u>

9. Net Assets

Temporarily restricted net assets consist of campaign contributions that have not yet been expensed or specifically allocated to Organization agencies as of June 30, 2007 and 2006, as well as contributions that have been restricted by donors for a particular purpose or program. Amounts are released from restrictions when the agencies are notified, in writing, of their allocation and when expenses are incurred for program use.

Temporarily restricted net assets are available for the following donor-imposed restrictions:

	<u>2007</u>	<u>2006</u>
2007 Campaign	\$ 4,293,600	\$ —
2006 Campaign	—	4,264,717
Charitable remainder trusts (Note 7)	3,551,292	3,099,163
Missouri Foundation for Health 2-1-1	1,061,634	—
Technology Fund	733,846	1,244,343
100 Neediest Cases	442,675	399,237
Edison Family Foundation	218,083	—
Long-Term Recovery disaster funding	164,452	391,715
Families and Learning Initiative	152,913	152,913
Individual Development Accounts	132,082	189,184
St. Louis Mental Health Scholarships	100,000	50,000
Campaign representatives	85,422	121,584
Dollar More	76,203	1,238,099
The Healthy Youth Partnership	55,458	—
Region Wise	32,862	32,862
Other	343,530	257,521
	<u>\$ 11,444,052</u>	<u>\$ 11,441,338</u>

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Temporarily restricted net assets were released due to satisfaction of restrictions as follows:

	<u>2007</u>	<u>2006</u>
Restricted Campaign	\$ 3,568,446	\$ 4,834,563
Dollar More	1,855,822	1,879,232
100 Neediest Cases	1,197,641	1,295,423
Technology Fund	538,970	28,362
Missouri Foundation for Health 2-1-1	389,706	—
Hurricane Katrina Assistance	342,543	337,929
Campaign representatives	178,686	173,046
The Healthy Youth Partnership	55,666	—
Early Learning Opportunities Act federal grant	—	449,135
Charitable remainder trusts	—	43,542
Families and Learning Initiative	—	37,375
Other, net	125,054	71,906
	<u>\$ 8,252,534</u>	<u>\$ 9,150,513</u>

Permanently restricted net assets include gifts and bequests which have been permanently restricted by the donors to be invested for the purpose of producing support for the Organization. Income from these assets is released to unrestricted operations unless restricted by donor stipulations. Permanently restricted net assets also include the Organization's beneficial interest in perpetual trusts (Note 7).

10. Change In Accounting Principle

In 2007, the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. This Statement requires recognition of the funded status of a single employer defined benefit postretirement plan as an asset or liability in the statement of financial position. Funded status is determined as the difference between the fair value of plan assets and the benefit obligation. Changes in the funded status are recognized through changes in unrestricted net assets.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Associated changes to the asset/liability valuation of both the defined benefit pension plan (Note 11) and the postretirement plan (Note 12) for healthcare coverage of the Organization were as follows:

	Defined Benefit Pension Plan (Note 11)	Postretirement Plan (Note 12)	Total Pension & Postretirement Plans
Net pension & postretirement plan asset / (liability) at July 1, 2005	\$ 535,923	\$ (1,407,136)	\$ (871,213)
Cumulative impact of change in accounting principle under SFAS No. 158	(2,430,552)	(524,103)	(2,954,655)
Net pension & postretirement plan beginning liabilities at July 1, 2005 - As restated	\$ (1,894,629)	\$ (1,931,239)	\$ (3,825,868)

As a result, the unrestricted net assets balance at July 1, 2005 was reduced from \$13,719,264 to \$10,764,609. Likewise, total net assets at July 1, 2005 also declined by \$2,954,655 to \$26,110,680.

During 2006 and also in association with SFAS No. 158, the Organization recognized pension and postretirement plan changes other than net periodic costs of \$629,392 and \$355,303, respectively, which had the effect of increasing net assets at June 30, 2006 by \$984,695 (Note 11). Together with the cumulative adjustment at the beginning of 2006, the net effect of implementation of SFAS No. 158 was to decrease unrestricted net assets at June 30, 2006 by \$1,969,960 from \$16,094,051 to \$14,124,091. Likewise, total net assets at June 30, 2006 also declined from \$32,688,765 to \$30,718,805.

11. Pension Plans

Substantially all employees of the Organization are covered by a defined benefit pension plan (the Plan). Benefits are based on years of service and salary levels prior to retirement. 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.

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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

	<u>2007</u>	<u>2006</u>
Discount rate	6.25%	6.25%
Expected long-term return on plan assets	7.5%	8.0%
Rate of compensation increase	4.0%	4.0%

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.

The following table sets forth the funded status, components of pension expense and amounts included in the Organization's statement of financial position for the plan:

	<u>2007</u>	<u>2006</u>
Projected benefit obligation	\$ (7,942,979)	\$ (8,172,134)
Plan assets at fair value	7,947,037	7,418,153
Funded plan status asset / (liability)	\$ 4,058	\$ (753,981)

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

	<u>2007</u>	<u>2006</u>
Other receivables and assets	\$ 4,058	\$ —
Pension plan and postretirement plan liabilities	—	(753,981)
	<u>\$ 4,058</u>	<u>\$ (753,981)</u>

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

Net periodic benefit expense includes the following components:

	<u>2007</u>	<u>2006</u>
Service cost	\$ 448,745	\$ 508,402
Interest cost	530,131	480,604
Expected return on plan assets	(580,757)	(497,419)
Net amortization or deferral	108,875	197,157
Loss due to settlement	142,081	—
	<u>\$ 649,075</u>	<u>\$ 688,744</u>

A loss due to settlement of \$142,081 was recorded for the year ended June 30, 2007. This loss due to settlement is required by Statement of Financial Accounting Standards No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*. This loss due to settlement is required because the sum of all annuity purchases for the year exceeded the sum of the service cost and interest cost for the year.

Amounts recognized on the statement of activities for pension and postretirement changes (Note 12) other than net periodic benefit costs consist of the following:

	<u>2007</u>	<u>2006</u>
Net gain – pension plan	\$ 675,897	\$ 598,987
Net prior service credit	30,405	30,405
Net gain (loss) – postretirement medical plan	(40,381)	355,303
	<u>\$ 665,921</u>	<u>\$ 984,695</u>

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

	<u>2007</u>	<u>2006</u>
Fixed income funds	\$ 2,628,530	\$ 2,665,491
Equity securities	5,318,507	4,752,662
	<u>\$ 7,947,037</u>	<u>\$ 7,418,153</u>

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

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

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

The Organization contributed \$700,812 and \$1,200,000 to the plan in 2007 and 2006, respectively. Benefits paid to participants amounted to \$1,296,294 and \$530,209 for the years ended June 30, 2007 and 2006, respectively.

The Organization intends to contribute \$700,000 in the year ending June 30, 2008.

Benefit payments are estimated to be paid out as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 56,000
2009	392,000
2010	214,000
2011	712,000
2012 - 2016	4,638,000
	<u>\$ 6,012,000</u>

12. Postretirement Plan

In addition to providing pension benefits, the Organization provides certain healthcare and life insurance benefits for retired employees. Substantially all of the Organization employees hired prior to July 1, 1990 and who retire from this Organization with 10 years of service are eligible for such benefits.

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

	<u>2007</u>	<u>2006</u>
Accumulated postretirement benefit obligation:		
Retirees and their beneficiaries/dependents	\$ 1,188,616	\$ 1,154,524
Fully eligible active participants	94,192	101,289
Other active participants	387,614	355,949
	<u> </u>	<u> </u>
Accrued postretirement benefit obligation (included in pension plan and postretirement plan liabilities)	\$ 1,670,422	\$ 1,611,762

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements *(Continued)*

The Organization recognized expense related to the postretirement benefit obligation of \$116,035 and \$134,193 for the years ended June 30, 2007 and 2006, respectively. The assumed healthcare cost trend rate used in measuring the accumulated postretirement benefit obligation was 9% in 2007 and 10% in 2006, and is projected to decrease 1% per year to an ultimate rate of 5%. The assumed discount rate used in determining the accumulated benefit obligation was 6.25% and 5% for the years ended June 30, 2007 and 2006, respectively.

13. Leases

The Organization leases various automobiles and leases garage space for its employees and visitors in St. Louis. Employees share in the cost for their parking through payroll deductions. At June 30, 2007, the future minimum annual rental payments payable are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 111,812
2009	101,168
2010	80,359
2011	84,374
2012	88,592
Thereafter	140,671
	<u>\$ 606,976</u>

Rent expense amounted to \$125,868 and \$111,547 for the years ended June 30, 2007 and 2006, respectively.

14. Long-Term Debt

On October 19, 2004, the Organization entered into an agreement to purchase a building to replace its headquarters offices, the lease for which expired on December 31, 2004. The costs of the building, land, sales commission and remodeling totaled \$3,300,000. This amount was financed through tax-exempt financing, whereby the Land Clearance for Redevelopment Authority for the City of St. Louis (LCRA) issued tax-exempt bonds on behalf of the Organization. This ten-year variable rate loan with LCRA was assigned to Bank of America, the purchaser of the bonds. The loan has an interest rate equal to 60.938% of the London Interbank Offering Rate plus 1.02% (effective rate of 4.26% at June 30, 2007). Principal and interest are due in variable monthly installments, which began on February 1, 2005. The terms of the note require maintenance of various covenants and financial ratios. As of June 30, 2007, the Organization was in compliance with required covenants and financial ratios. Interest expense amounted to \$124,332 and \$128,937 for the years ended June 30, 2007 and 2006, respectively. The building is pledged as collateral on the bond, and the maturity date is November 1, 2014.

Aggregate maturities of the debt for years subsequent to June 30, 2007 are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 120,467
2009	125,748
2010	130,918
2011	136,299
2012	141,632
Thereafter	2,371,940
	<u>3,027,004</u>
Less: Current portion	<u>120,467</u>
	<u>\$ 2,906,537</u>

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

On January 1, 2005, the Organization entered into an interest rate swap agreement for the notional amount of \$3,300,000 to effectively fix the interest rate of the variable rate loan agreement with Bank of America at 3.98%. The notional amount of this agreement reduces commensurate with the principal balance outstanding on the loan agreement, which at June 30, 2007 and June 30, 2006 amounted to \$3,027,004 and \$3,143,030, respectively. The changes in the fair value of the swap agreement in the amounts of (\$21,267) and \$164,452 have been included in the accompanying statement of activities for the years ended June 30, 2007 and 2006, respectively. A corresponding asset of \$54,628 and \$75,895 is recorded in other receivables and other assets in the accompanying statement of financial position at June 30, 2007 and 2006, respectively.

15. Supplemental Cash Flow Information

The Organization had the following noncash investing activity:

At June 30, 2007, \$169,367 of furniture and equipment was included in accounts payable.

16. Calculation Of Overhead Ratio

	2007	2006
Total public support and revenue per statement of activities	\$ 65,751,123	\$ 64,847,803
Plus: Donor designations	4,355,049	3,737,729
Less: Net unrealized gains on investments	(1,867,046)	(662,438)
Less: Change in value of split-interest agreements	(876,779)	(360,169)
Total revenue (Line 12 of Form 990)	\$ 67,362,347	\$ 67,562,925
Fundraising (Line 14 of Form 990)	\$ 3,754,473	\$ 3,842,496
Management and general (Line 15 of Form 990)	1,701,517	1,605,780
Dues to United Way of America (Line 16 of Form 990)	538,753	535,025
Total overhead expenses	\$ 5,994,743	\$ 5,983,301
Overhead expenses as a percentage of total revenue	8.90%	8.86%

UNITED WAY OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Note - The United Way of America 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, 2007 are the amounts that are anticipated to be shown in the Form 990 which had not yet been prepared as of the date of this year's audit. The amounts for the year ended June 30, 2006 are extracted from the IRS Form 990 for that year.