# Consolidated Financial Statements and Report of Independent Certified Public Accountants and Single Audit Reports

## The Salvation Army of Greater St. Louis

September 30, 2024 and 2023

**Contents**

GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark St., Suite 200
Chicago, IL 60601-3370

D +1 312 856 0200
F +1 312 602 8099

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Divisional Commander
The Salvation Army of Greater St. Louis

### Opinion

We have audited the consolidated financial statements of The Salvation Army of Greater St. Louis (the “Entity”), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of September 30, 2024 and 2023, 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity’s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

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**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 US GAAS 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Entity'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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.

Grant Thornton LLP

Chicago, Illinois
March 10, 2025

**The Salvation Army of Greater St. Louis**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**September 30,**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 2,162,671 | $ 2,837,896 |
| Cash on deposit with Divisional Headquarters | 1,952,960 | 1,976,333 |
| Grants and accounts receivable | 1,614,333 | 2,784,507 |
| Due from Territory Headquarters | 572 | 6,371 |
| Other assets | 199,431 | 472,935 |
| Vehicles, furniture and equipment, net | 636,293 | 272,162 |
| Total assets | $ 6,566,260 | $ 8,350,204 |
| **LIABILITIES AND NET ASSETS** | | |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 1,927,287 | $ 3,846,730 |
| Due to Divisional Headquarters, net | 3,659,971 | 2,049,070 |
| Deferred revenue | 610,893 | 517,773 |
| Total liabilities | 6,198,151 | 6,413,573 |
| **Net assets** | | |
| Net (deficit) assets without donor restrictions | | |
| General operating | (868,705) | 1,153,369 |
| Property | 636,293 | 272,162 |
| Total net (deficit) assets without donor restrictions | (232,412) | 1,425,531 |
| Net assets with donor restrictions | 600,521 | 511,100 |
| Total net assets | 368,109 | 1,936,631 |
| Total liabilities and net assets | $ 6,566,260 | $ 8,350,204 |

The accompanying notes are an integral part of these consolidated financial statements.

**The Salvation Army of Greater St. Louis**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year ended September 30, 2024, with comparative totals for 2023**

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2024 Total | 2023 Total* |
|---|---|---|---|---|
| **Support and revenues** | | | | |
| Public support | | | | |
| Received directly | | | | |
| Contributions of cash and other financial assets | $ 7,596,504 | $ 154,194 | $ 7,750,698 | $ 8,103,425 |
| Donations-in-kind and contributed services | 5,246,264 | - | 5,246,264 | 5,121,106 |
| Total received directly | 12,842,768 | 154,194 | 12,996,962 | 13,224,531 |
| Received indirectly | | | | |
| Allocated by federated fund-raising organizations | 855,089 | - | 855,089 | 950,601 |
| Total public support | 13,697,857 | 154,194 | 13,852,051 | 14,175,132 |
| Fees and grants from government agencies | 7,328,234 | - | 7,328,234 | 5,191,929 |
| Other revenue | | | | |
| Program service fees | 185,872 | - | 185,872 | 191,145 |
| Sales to the public | 4 | - | 4 | 1,315 |
| Contributions from associated organizations | 182,719 | - | 182,719 | 144,481 |
| Interest income | 79,710 | - | 79,710 | 47,954 |
| Other revenue and gains | 60,924 | - | 60,924 | 68,811 |
| Donated rent | 5,068,768 | - | 5,068,768 | 5,403,094 |
| Total other revenue | 5,577,997 | - | 5,577,997 | 5,856,800 |
| Total support and revenues before net assets released | 26,604,088 | 154,194 | 26,758,282 | 25,223,861 |
| Net assets released from restrictions | 64,773 | (64,773) | - | - |
| Total public support and revenue | 26,668,861 | 89,421 | 26,758,282 | 25,223,861 |
| **Expenses** | | | | |
| Program services | | | | |
| Special Services | 1,654,517 | - | 1,654,517 | 1,400,918 |
| Family Haven/Community in Partnership | 3,261,145 | - | 3,261,145 | 2,923,089 |
| Midtown Clinic | 4,176,767 | - | 4,176,767 | 3,440,201 |
| Illinois Corps Community Centers | 5,668,468 | - | 5,668,468 | 4,503,503 |
| Missouri Corps Community Centers | 9,443,252 | - | 9,443,252 | 9,117,342 |
| Transitional Housing | 1,478,890 | - | 1,478,890 | 1,346,276 |
| Emergency Social Services | 2,715,706 | - | 2,715,706 | 3,367,516 |
| Total program services | 28,398,745 | - | 28,398,745 | 26,098,845 |
| Supporting services | | | | |
| Management and general | 924,369 | - | 924,369 | 1,315,909 |
| Fundraising | 2,342,832 | - | 2,342,832 | 1,549,107 |
| Total supporting services | 3,267,201 | - | 3,267,201 | 2,865,016 |
| Total expenses | 31,665,946 | - | 31,665,946 | 28,963,861 |
| Change in net assets before transfers | (4,997,085) | 89,421 | (4,907,664) | (3,740,000) |
| **Net transfers to Divisional Headquarters** | (406,897) | - | (406,897) | (1,191,915) |
| **Net transfers from Central Territory** | 3,746,039 | - | 3,746,039 | 4,395,344 |
| **CHANGE IN NET (DEFICIT) ASSETS** | (1,657,943) | 89,421 | (1,568,522) | (536,571) |
| **Net assets at beginning of year** | 1,425,531 | 511,100 | 1,936,631 | 2,473,202 |
| **Net (deficit) assets at end of year** | $ (232,412) | $ 600,521 | $ 368,109 | $ 1,936,631 |

* See complete 2023 consolidated statement of activities on page 7.

The accompanying notes are an integral part of this consolidated financial statement.

**The Salvation Army of Greater St. Louis**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year ended September 30, 2023**

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2023 Total |
|---|---|---|---|
| **Support and revenues** | | | |
| Public support | | | |
| Received directly | | | |
| Contributions of cash and other financial assets | $ 7,997,922 | $ 105,503 | $ 8,103,425 |
| Donations-in-kind and contributed services | 5,121,106 | - | 5,121,106 |
| Total received directly | 13,119,028 | 105,503 | 13,224,531 |
| Received indirectly | | | |
| Allocated by federated fund-raising organizations | 950,601 | - | 950,601 |
| Total public support | 14,069,629 | 105,503 | 14,175,132 |
| Fees and grants from government agencies | 5,191,929 | - | 5,191,929 |
| Other revenue | | | |
| Program service fees | 191,145 | - | 191,145 |
| Sales to the public | 1,315 | - | 1,315 |
| Contributions from associated organizations | 144,481 | - | 144,481 |
| Interest income | 47,954 | - | 47,954 |
| Other revenue and gains | 68,811 | - | 68,811 |
| Donated rent | 5,403,094 | - | 5,403,094 |
| Total other revenue | 5,856,800 | - | 5,856,800 |
| Total support and revenues before net assets released | 25,118,358 | 105,503 | 25,223,861 |
| Net assets released from restrictions | 54,232 | (54,232) | - |
| Total public support and revenue | 25,172,590 | 51,271 | 25,223,861 |
| **Expenses** | | | |
| Program services | | | |
| Special Services | 1,400,918 | - | 1,400,918 |
| Family Haven/Community in Partnership | 2,923,089 | - | 2,923,089 |
| Midtown Clinic | 3,440,201 | - | 3,440,201 |
| Illinois Corps Community Centers | 4,503,503 | - | 4,503,503 |
| Missouri Corps Community Centers | 9,117,342 | - | 9,117,342 |
| Transitional Housing | 1,346,276 | - | 1,346,276 |
| Emergency Social Services | 3,367,516 | - | 3,367,516 |
| Total program services | 26,098,845 | - | 26,098,845 |
| Supporting services | | | |
| Management and general | 1,315,909 | - | 1,315,909 |
| Fundraising | 1,549,107 | - | 1,549,107 |
| Total supporting services | 2,865,016 | - | 2,865,016 |
| Total expenses | 28,963,861 | - | 28,963,861 |
| Change in net assets before transfers | (3,791,271) | 51,271 | (3,740,000) |
| **Net transfers (to) from Divisional Headquarters** | (1,118,704) | (73,211) | (1,191,915) |
| **Net transfers from Central Territory** | 4,395,344 | - | 4,395,344 |
| **CHANGE IN NET ASSETS** | (514,631) | (21,940) | (536,571) |
| **Net assets at beginning of year** | 1,940,162 | 533,040 | 2,473,202 |
| **Net assets at end of year** | $ 1,425,531 | $ 511,100 | $ 1,936,631 |

The accompanying notes are an integral part of this consolidated financial statement.

The Salvation Army of Greater St. Louis

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2024, with comparative totals for 2023

| | 2024 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Program Services | | | | | | | | Supporting Services | | | | |
| | Special Services | Family Haven/ Community in Partnership | Midtown Clinic | Illinois Corps Community Centers | Missouri Corps Community Centers | Transitional Housing | Emergency Social Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses | 2023 Total* |
| Salaries, allowances and taxes | $ 108,666 | $ 977,031 | $ 2,128,017 | $ 893,284 | $ 1,682,781 | $ 433,593 | $ 1,099,095 | $ 7,322,467 | $ 506,175 | $ 777,538 | 1,283,713 | $ 8,606,180 | $ 6,927,240 |
| Employee and officer benefits | 25,162 | 229,752 | 467,740 | 214,626 | 438,954 | 84,381 | 211,900 | 1,672,515 | 81,208 | 130,619 | 211,827 | 1,884,342 | 1,630,467 |
| Professional fees | 4,517 | 152,478 | 382,049 | 104,739 | 171,670 | 272,462 | 111,304 | 1,199,219 | 59,463 | 262,654 | 322,117 | 1,521,336 | 977,603 |
| Supplies | 10,120 | 210,216 | 151,724 | 93,403 | 143,028 | 25,054 | 26,036 | 659,581 | 8,618 | 24,683 | 33,301 | 692,882 | 575,672 |
| Communications, postage and shipping | 525 | 9,797 | 12,556 | 49,418 | 71,068 | - | 10,439 | 153,803 | 6,665 | 99,226 | 105,891 | 259,694 | 311,227 |
| Occupancy, furnishings and equipment | 996,860 | 951,480 | 190,142 | 965,085 | 3,233,181 | 291,002 | 184,786 | 6,812,536 | 107,226 | 128,071 | 235,297 | 7,047,833 | 7,580,802 |
| Printing and publications | 980 | 430 | 1,265 | 84,199 | 120,318 | 572 | - | 207,764 | 651 | 698,064 | 698,715 | 906,479 | 783,187 |
| Conferences, meetings and travel | 1,451 | 13,915 | 22,713 | 102,346 | 178,285 | 15,475 | 16,430 | 350,615 | 5,290 | 57,257 | 62,547 | 413,162 | 469,532 |
| Direct assistance | 406,752 | 502,983 | 45,123 | 2,696,236 | 2,667,248 | 273,694 | 893,234 | 7,485,270 | - | - | - | 7,485,270 | 7,066,080 |
| World Service support | - | 3,900 | 23,500 | 74,857 | 117,402 | - | - | 219,659 | 87,500 | - | 87,500 | 307,159 | 308,261 |
| Interest expense | - | - | 393,570 | - | - | - | - | 393,570 | - | - | - | 393,570 | 393,563 |
| Depreciation | - | 8,919 | 80,177 | 48,482 | 38,586 | (5,981) | - | 170,183 | - | 5,814 | 5,814 | 175,997 | 132,848 |
| Other | 99,484 | 200,244 | 278,191 | 341,793 | 580,731 | 88,638 | 162,482 | 1,751,563 | 61,573 | 158,906 | 220,479 | 1,972,042 | 1,807,379 |
| Total expenses | $ 1,654,517 | $ 3,261,145 | $ 4,176,767 | $ 5,668,468 | $ 9,443,252 | $ 1,478,890 | $ 2,715,706 | $ 28,398,745 | $ 924,369 | $ 2,342,832 | $ 3,267,201 | $ 31,665,946 | $ 28,963,861 |

* See complete 2023 statement of functional expenses on page 9.

The accompanying notes are an integral part of this consolidated financial statement.

The Salvation Army of Greater St. Louis

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year ended September 30, 2023

| | 2023 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Program Services | | | | | | | | Supporting Services | | | |
| | Special Services | Family Haven/ Community in Partnership | Midtown Clinic | Illinois Corps Community Centers | Missouri Corps Community Centers | Transitional Housing | Emergency Social Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
| Salaries, allowances and taxes | $ 97,133 | $ 951,095 | $ 1,670,806 | $ 770,898 | $ 1,524,313 | $ 402,225 | $ 769,451 | $ 6,185,921 | $ 411,301 | $ 330,018 | 741,319 | $ 6,927,240 |
| Employee and officer benefits | 14,801 | 207,561 | 375,629 | 188,602 | 405,697 | 105,452 | 164,970 | 1,462,712 | 112,973 | 54,782 | 167,755 | 1,630,467 |
| Professional fees | 10,624 | 98,266 | 275,841 | 119,979 | 195,745 | 137,716 | 31,094 | 869,265 | 62,831 | 45,507 | 108,338 | 977,603 |
| Supplies | 18,312 | 184,507 | 62,054 | 86,198 | 143,262 | 16,921 | 45,293 | 556,547 | 5,106 | 14,019 | 19,125 | 575,672 |
| Communications, postage and shipping | - | 9,140 | 36,875 | 40,598 | 54,241 | 1,651 | 19,567 | 162,072 | 6,527 | 142,628 | 149,155 | 311,227 |
| Occupancy, furnishings and equipment | 995,002 | 1,150,854 | 253,774 | 973,320 | 2,908,223 | 372,583 | 335,969 | 6,989,725 | 535,780 | 55,297 | 591,077 | 7,580,802 |
| Printing and publications | 2,100 | 431 | 3,232 | 42,322 | 62,402 | 1,507 | 47,074 | 159,068 | - | 624,119 | 624,119 | 783,187 |
| Conferences, meetings and travel | 26 | 12,154 | 30,947 | 75,796 | 144,620 | 5,459 | 20,214 | 289,216 | 5,189 | 175,127 | 180,316 | 469,532 |
| Direct assistance | 178,050 | 109,064 | 66,313 | 1,812,386 | 2,969,962 | 214,262 | 1,716,043 | 7,066,080 | - | - | - | 7,066,080 |
| World Service support | - | 3,671 | 22,794 | 73,780 | 109,920 | - | 10,548 | 220,713 | 87,548 | - | 87,548 | 308,261 |
| Interest expense | - | - | 393,563 | - | - | - | - | 393,563 | - | - | - | 393,563 |
| Depreciation | - | 9,730 | 22,341 | 44,912 | 42,361 | - | - | 119,344 | - | 13,504 | 13,504 | 132,848 |
| Other | 84,870 | 186,616 | 226,032 | 274,712 | 556,596 | 88,500 | 207,293 | 1,624,619 | 88,654 | 94,106 | 182,760 | 1,807,379 |
| Total expenses | $ 1,400,918 | $ 2,923,089 | $ 3,440,201 | $ 4,503,503 | $ 9,117,342 | $ 1,346,276 | $ 3,367,516 | $ 26,098,845 | $ 1,315,909 | $ 1,549,107 | $ 2,865,016 | $ 28,963,861 |

The accompanying notes are an integral part of this consolidated financial statement.

**The Salvation Army of Greater St. Louis**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years ended September 30,**

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Change in net assets | $ (1,568,522) | $ (536,571) |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation | 175,997 | 132,848 |
| Gain on sale of vehicles and equipment | (500) | (561) |
| Non-cash transfers to Divisional Headquarters | - | (831,587) |
| Changes in operating assets and liabilities: | | |
| Grants and accounts receivable | 1,170,174 | (2,170,779) |
| Due from Territory Headquarters | 5,799 | 531,259 |
| Other assets | 273,504 | (272,699) |
| Accounts payable and accrued expenses | (1,919,443) | 3,191,377 |
| Due to Divisional Headquarters | 1,610,901 | 1,009,819 |
| Deferred revenue | 93,120 | (226,979) |
| Net cash (used in) provided by operating activities | (158,970) | 826,127 |
| **Cash flows from investing activities:** | | |
| Purchases of vehicles, furniture and equipment | (540,128) | (217,917) |
| Proceeds from sale of vehicles, furniture and equipment | 500 | 561 |
| Net cash used in investing activities | (539,628) | (217,356) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (698,598) | 608,771 |
| **Cash and cash equivalents at beginning of year** | 4,814,229 | 4,205,458 |
| **Cash and cash equivalents at end of year** | $ 4,115,631 | $ 4,814,229 |
| **Cash and cash equivalents at year end consists of:** | | |
| Cash and cash equivalents | $ 2,162,671 | $ 2,837,896 |
| Cash on deposit with Divisional Headquarters | 1,952,960 | 1,976,333 |
| | $ 4,115,631 | $ 4,814,229 |

The accompanying notes are an integral part of these consolidated financial statements.

## NOTE 1 - PURPOSE AND ORGANIZATION

The Salvation Army, founded in 1865, is a not-for-profit international religious organization and charitable movement organized and operated on a quasi-military pattern and is a branch of the Christian Church. Its membership includes officers (clergy), soldiers and adherents (laity), members of varied activity groups, and volunteers who serve as advisors, associates and committed participants in its service functions.

The Salvation Army Central Territory (Central Territory) is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC), as amended, and is exempt from state income taxes under related state provisions.

The accompanying consolidated financial statements are summaries of the financial position, results of operations, net asset classifications, and sources and applications of cash of The Salvation Army of Greater St. Louis (the Army) of the Central Territory of The Salvation Army. Included in the Army are the St. Louis City Funds and the St. Louis Area Corps Community Centers (Arnold; Gateway Citadel; Euclid; Maplewood; Temple; St. Charles; O'Fallon; Jefferson City; Madison County, Illinois, St. Clair County, Illinois and Quincy, IL). All inter-unit accounts and transactions have been eliminated. The accompanying consolidated financial statements do not include the balances and activities of certain trust and endowment funds maintained at the Central Territory. The Army is under the management of The Salvation Army Midland Division (the Divisional Headquarters). The Divisional Headquarters is under the management of the Central Territory, an Illinois corporation.

The Army operates a variety of programs, including corps community centers that provide spiritual, educational and recreational services; homeless and emergency shelters; senior citizens' residences, children's homes and children's day care centers; adult rehabilitation centers and substance abuse centers; emergency disaster services; assistance for the poor, disabled and retired; and jail and hospital visitation.

*Special Services* - The Army provides Christmas assistance to needy families each year. This assistance includes toys, food vouchers, blankets and nursing homes and hospital visits.

*Family Haven/Community in Partnership* - The Army's Family Haven A Community in Partnership shelter is the largest family shelter in St. Louis County. Family Haven A Community in Partnership shelter has 60 beds for single women, single parents with children and couples with or without children. Family Haven provides a safety net to the community in both the winter and summer months by expanding services with 32 additional beds for single men and women. These are not day services but 24-hour shelter services with comprehensive case management and the ability to remain housed in shelter for the extreme temperature months of summer and winter. A wide array of services is offered for all the shelters residents including clean and safe housing, three meals a day, laundry facilities, phone/computer access, and private storage. Residents participate in case management and meet weekly to establish and review goals and progress. Participants can reside at the shelter for up to 120 days. Residents of the shelter are offered a variety of skill-building classes and activities weekly including money management, communication, parenting, and other topics. These classes/activities are tailored to address the challenges related to homelessness that residents face.

*Midtown Clinic* - The Midtown Clinic, previously referred to as Harbor Light Center, programs consist of a 16-bed in-patient and out-patient detoxification center with a comprehensive 28-day treatment program for chemically dependent individuals, a residential spiritual growth program, and a correctional program.

*The Illinois and Missouri Corps Community Centers* - The Corps Community Centers serve the spiritual, social, educational and recreational needs of people from all age groups. In addition to Sunday school, church services and Bible study, many Corps offer senior citizens clubs, Community Care (hospital and nursing home visitation), Home League (service/social organization for women), after-school programming for youth (scouting, Latch Key, homework club, recreation and day camp) and other programs that meet identified neighborhood needs. In addition, Corps Community Centers provide food pantry, direct financial assistance and emergency housing.

*Transitional Housing* - Veterans Residence (LIHTC) has 24 one-bedroom or loft style units for formerly homeless veterans (not to be confused with the 24 permanent apartments). The apartment building has a community computer center, communal recreational lounges and a multi-purpose room for meetings and/or training. Residents are referred to Veterans Residence through Veterans Administration, and Salvation Army provides intensive case management. However, on-site services are available to assist with eviction mitigation intervention for residents. The beds here service male and female homeless veterans who seek a supportive transitional housing environment, where the issues and barriers to permanent housing and greater self-sufficiency can be addressed.

*Emergency Social Services* - Emergency social services responds to the basic needs of households experiencing a short-term financial crisis and prevents homelessness to the greatest extent possible. This assists client to gain knowledge about available community resources, have immediate basic needs met (food, clothing, shelter, etc.), and remain in/transition to an improved, stable living situation.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in accordance with the national accounting policies of The Salvation Army. These policies are consistent with accounting principles generally accepted in the United States of America (U.S. GAAP).

In order to observe restrictions that donors place on grants and other gifts, as well as designations made by the Board of Trustees/Directors, all assets, liabilities and support and revenue are accounted for in the following net asset classifications:

> Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be designated for specific purposes or locations by actions of the Board of Trustees/Directors.
>
> Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions that will be fulfilled either by actions of the Army or the passage of time or that include a stipulation that assets provided be retained and invested in perpetuity while permitting the Army to use all or part of the investment return on these assets for specified or unspecified purposes.

### *Cash and Cash Equivalents*

For purposes of these consolidated financial statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have original maturities of three months or less.

### *Revenue Recognition*

All items of support and revenue are stated on the accrual basis.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period.

Contributions subject to donor-imposed restrictions are recorded as revenue with donor restrictions. When the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed, the net assets are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. Contributions with restrictions that are met during the fiscal year in which they are received are recorded as revenue without donor restrictions. Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

In accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Army recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Army expects to be entitled to in exchange for those goods or services. Revenue from sales to the public is recognized at the point in time of the sale transaction. Program and service fees are recognized as revenue as the services are provided.

The Army recognizes revenue from grants and contracts in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Army evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Army applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Army evaluates whether the contribution is conditional based upon whether agreement includes both (1) one or more barriers that must be overcome before the Army is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

### *Contributed Nonfinancial Assets*

The Army receives various types of contributed nonfinancial assets on an annual basis. Contributed nonfinancial assets are recognized at fair value as income in the period they are received and recorded as assets or as part of the program or supporting services upon use.

Contributed services, which include professional services from attorneys, accountants, contractors and other consultants, are reported as contributions at their fair value if such services (1) create or enhance non-financial assets or (2) if they would typically need to be purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers.

The Army has a significant number of volunteers who contribute meaningful amounts of time in furtherance of the Army's mission. Such contributions do not meet generally accepted accounting criteria for recognition as contributed services and, accordingly, are not recorded in the consolidated statements of activities.

### *Expenses*

All expenses are stated on the accrual basis and are presented in the accompanying consolidated statements of functional expenses and the consolidated statements of activities as decreases in net assets without donor restrictions. Expenses directly attributable to a specific functional category are reported as expenses of those functional categories. Expenses attributable to more than one functional category are allocated across program services and supporting services using a variety of cost allocation techniques. These techniques include the allocation of property related expenses based on calculated use of the square footage of buildings and allocation of salary and benefits based on employee's time charged to specific program services.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

## NOTE 3 - GRANTS AND ACCOUNTS RECEIVABLE

The Army receives funding from various federal and state grants. The receivable balance at year-end represents amounts due to the Army from various granting organizations for services performed under the grant contract, as well as these program service fees. As of September 30, 2024 and 2023, an allowance for credit losses was not considered necessary.

A portion of the Army's revenue is derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred or performance requirement have been met, in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Army received cost reimbursable grants of $5,087,465 and $4,823,090 that have not been recognized at September 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred. Amounts received in advance under federal and state contracts and grants are recorded as deferred revenue in the consolidated statements of financial position as of September 30, 2024 and 2023.

## NOTE 4 - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended September 30, 2024 and 2023, contributed nonfinancial assets recognized within the consolidated statements of activities consisted of the following:

| | 2024 | 2023 | Utilizations | Donor Restrictions | Valuation Techniques and Inputs |
|---|---|---|---|---|---|
| Food | $ 4,712,493 | $ 4,513,199 | Distributed and/or utilized in program services | No associated donor restrictions | Estimated of retail values that would be received for selling similar products in the United States or based upon values provided by third parties |
| Other | 533,771 | 607,907 | Distributed and/or utilized in program services or otherwise monetized | No associated donor restrictions | Estimated of retail values for similar products or values provided by third parties |
| Space/Rent | 5,068,768 | 5,403,094 | Recorded as part of the program or supporting service benefited | No associated donor restrictions | Broker quotes or published pricing sources to estimate fair value for comparable facilities in the applicable real estate market |
| | $ 10,315,032 | $ 10,524,200 | | | |

## NOTE 5 - VEHICLES, FURNITURE AND EQUIPMENT, NET

Vehicles, furniture and equipment (with a purchase price of $10,000 or more) are recorded at cost or, if donated, at fair value at the date of donation.

Depreciation is provided on vehicles, furniture and equipment at straight-line rates based on estimated service lives. A full year of depreciation expense will be recorded in the year of acquisition. No depreciation is charged in the year of disposition. Estimated useful lives range from 3 to 15 years for vehicles and 3 to 15 years for furniture and equipment.

The following is a summary of vehicles, furniture and equipment as of September 30:

| | 2024 | 2023 |
|---|---|---|
| Vehicles | $ 2,337,100 | $ 1,999,594 |
| Furniture and equipment | 190,212 | 171,310 |
| Total vehicles, furniture and equipment | 2,527,312 | 2,170,904 |
| Less: accumulated depreciation | (1,891,019) | (1,898,742) |
| Vehicles, furniture and equipment, net | $ 636,293 | $ 272,162 |

## NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Total net (deficit) assets without donor restrictions of ($232,412) and $1,425,531 is comprised of general operating and property amounts at September 30, 2024 and 2023, respectively.

## NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

| | 2024 | 2023 |
|---|---|---|
| Subject to expenditure for specified purpose or future period: | | |
| Project H2O (purpose restriction) | $ 1,982 | $ - |
| Tree of Lights kickoff/donations (purpose restriction) | 79,230 | 35,394 |
| Other programs (purpose restriction) | 406,103 | 370,108 |
| Other improvements (time restriction) | 113,206 | 105,598 |
| Total | $ 600,521 | $ 511,100 |

## NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors during the fiscal year:

| | 2024 | 2023 |
|---|---|---|
| Purpose/time restriction accomplished: | | |
| Project H2O (purpose restriction) | $ 4,684 | $ 7,596 |
| Tree of Lights kickoff/donations (purpose restrictions) | - | 27,250 |
| Other programs (purpose restriction) | 30,089 | 19,386 |
| Other improvements (time restrictions) | 30,000 | - |
| Total | $ 64,773 | $ 54,232 |

## NOTE 9 - PENSION PLAN AND RETIREMENT AND POST-RETIREMENT BENEFIT PROVISIONS

### *Employee Pension Plan*

Eligible employees participate in The Salvation Army Pension Plan (the Plan) with other Salvation Army territories, which provides for death, disability and retirement benefits. The Plan is a defined contribution, money purchase plan.

Annual contributions to the Plan are based on a stipulated percentage of employees' salaries. The Army incurred $213,729 and $203,749 of expense under the Plan for the years ended September 30, 2024 and 2023, respectively.

### *Officers' Retirement Provision*

The Central Territory has a noncontributory retirement provision for Officers, which provides retirement benefits and certain health care and death benefits to retired officers, as defined by Salvation Army policy governing such benefits. The corporate headquarters has total responsibility for the administration of retirement benefits. Retirement allowances are determined based upon active officer allowances and length of service. Provision for these benefits is made principally by annual assessments to all centers of operation, by designated portions of legacy income, by earnings on assets designated for retirement benefits, and by special appropriations. Amounts charged to the Army and included in expenses for this provision were $142,500 and $132,688 the years ended September 30, 2024 and 2023, respectively.

## NOTE 10 - RELATED-PARTY TRANSACTIONS

### *Cash Deposits*

The Army deposits cash in the Divisional Headquarters' cash accounts for various reserve purposes. The total cash held by the related party was $1,952,960 and $1,976,333 at September 30, 2024 and 2023, respectively.

### *Funds Controlled by the Central Territory*

The Salvation Army raises funds from various sources, including bequests, trusts and donor-restricted contributions. These funds, which are held for each constituent unit, are pooled, controlled and invested on behalf of the Army by the Board of Trustees/Directors of the Central Territory with the guidance of professional counsel. Combining all funds at the Central Territory provides the constituents with the benefits of knowledgeable and experienced investment advisors. The pooling of funds and the diversifying of investments minimize the risk to the individual constituent.

Investment portfolios are maintained at the Central Territory, with the earnings being allocated to each account on a pro-rata basis. In accordance with the policy of the Central Territory, these funds are available to the individual constituents upon approval of the Board of Trustees/Directors of the Central Territory.

***Contributed Facilities***

The Army occupies, without charge, various properties that are owned by the Central Territory. The use of these facilities is recorded as donations in-kind and occupancy expenses at their estimated fair value based on the actual square footage used by the Army. The total donations in-kind and occupancy expense was $5,068,768 and $5,403,094 for the years ended September 30, 2024 and 2023, respectively.

***Support Services***

The Army is assessed an administrative charge by Divisional Headquarters and the Central Territory for support services provided. Support services provided by Divisional and Territorial Headquarters include program, personnel, business, and social services. Expenses reflected for these services were $1,756,233 and $1,730,977 for the years ended September 30, 2024 and 2023, respectively.

***Officer and Employee Benefits***

The Salvation Army provides certain health care and death benefits for active Salvation Army officers and Auxiliary-Captains through Officers' and Auxiliary-Captains' Sick Benefit and Burial Funds, as defined by the national Salvation Army policy. All active Salvation Army officers and Auxiliary-Captains and their eligible dependents are eligible for these benefits. Amounts charged to the Army and included in expenses for this provision were $157,500 and $148,775 for the years ended September 30, 2024 and 2023, respectively.

Employees of the Army are provided health benefits under a self-insured program, which is administered by a third-party claims administrator. Amounts charged to the Army and included in expenses were $1,245,865 and $1,139,765 for the years ended September 30, 2024 and 2023, respectively.

***Insurance Programs***

The Salvation Army maintains self-insurance programs for general liability, automobile, workers' compensation and property coverage. The programs, which are administered by the Central Territory, are intended to provide coverage for claims arising in all centers of operation. Amounts charged to the Army and included in expenses were $498,576 and $351,051 for the years ended September 30, 2024 and 2023, respectively.

***Payables***

As of September 30, 2024 and 2023, the Army had outstanding net payables to the Divisional Headquarters of $3,659,971 and $2,049,070, respectively. Included within grants and accounts receivable, the Army had receivables due from Divisional Headquarters of $0 and $1,467,517 as of September 30, 2024 and 2023, respectively.

## NOTE 11 - CONCENTRATION OF CREDIT RISK

Certain financial instruments subject the Army to credit risk. Those financial instruments consist primarily of cash and accounts receivable. The Army maintains its cash balance in financial institutions, and at times these balances may exceed federally insured limits. The Army has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Additionally, as of September 30, 2024 and 2023, approximately 69% and 29%, respectively, of grants and accounts receivable were due from various federal agencies.

## NOTE 12 - INCOME TAXES

The Army is a distinct operating unit of, and its activities are included within, the operations of the Central Territory. As an operating unit of the Central Territory, the Army does not have a federal or state income tax filing requirement. The Central Territory is recognized as exempt from federal income taxes under Section 501(a) of the IRC as an organization exempt under IRC 501(c)(3). The activity of the Central Territory and its operating units may be subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the IRC.

## NOTE 13 - CONTINGENCIES AND COMMITMENTS

### *Legal Proceedings*

The Army, in the normal course of its operations, is or could become a party to various legal proceedings and complaints, the majority of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the consolidated financial position, changes in net assets and cash flows of the Army.

### *Government Grants and Contracts*

The Army receives grants and contracts from federal, state and local governments. Cost-reimbursement grant programs, including those subject to independent audit under the Office of Management and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, may be reviewed by grantor agencies. These audits and reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, management believes that any costs ultimately disallowed would not materially affect the Army’s consolidated financial position.

## NOTE 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Army's financial assets available to meet cash needs for general expenditures within one year as of September 30:

| | 2024 | 2023 |
|---|---|---|
| Financial assets at September 30, | | |
| Cash and cash equivalents | $ 2,162,671 | $ 2,850,862 |
| Cash on deposit with Divisional Headquarters | 1,952,960 | 1,976,333 |
| Grants and accounts receivable | 1,614,333 | 2,784,507 |
| Due from Territory Headquarters | 572 | 6,371 |
| Total financial assets available within one year | 5,730,536 | 7,618,073 |
| Less: net assets with donor restrictions | (600,521) | (511,100) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 5,130,015 | $ 7,106,973 |

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

As described in Note 10, the Army's investment portfolio is maintained at the Central Territory. In addition, the Army invests excess cash with the Central Territory. The Army can draw down funds with approval of the Board of Trustees/Directors of the Central Territory.

## NOTE 15 - SUBSEQUENT EVENTS

The Army has evaluated subsequent events through March 10, 2025, the date the consolidated financial statements were issued. During this period, there were no subsequent events that required recognition and/or disclosure in the consolidated financial statements.

SINGLE AUDIT REPORTS

**The Salvation Army of Greater St. Louis**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2024**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Amounts Provided to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| Department of Agriculture | | | | |
| Pass-Through Programs | | | | |
| Food Distribution Cluster | | | | |
| Illinois Department of Human Services through St. Louis Area Food Bank | | | | |
| Commodity Supplemental Food Program | 10.565 | None provided | $ - | $ 29,484 |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | None provided | - | 873,525 |
| Missouri Department of Social Services through St. Louis Area Food Bank | | | | |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | None provided | - | 889,887 |
| Emergency Food Assistance Program (Senior Boxes) | 10.569 | None provided | - | 61,139 |
| Total Food Distribution Cluster | | | - | 1,854,035 |
| Total Department of Agriculture | | | - | 1,854,035 |
| Department of Housing and Urban Development | | | | |
| Pass-Through Programs | | | | |
| Illinois Department of Human Services | | | | |
| Emergency Solutions Grant Program | 14.231 | FCSCH05744 | - | 75,949 |
| Emergency Solutions Grant Program | 14.231 | FSCAH03900 | - | 42,011 |
| St. Louis City | | | | |
| Emergency Solutions Grant Program - CV1 Rapid Rehousing | 14.231 | E-20-MW-29-0006 | - | 242,907 |
| Total Emergency Solutions Grant Program | | | - | 360,867 |
| St. Louis County Department of Human Services | | | | |
| Continuum of Care Program | 14.267 | MO0106L7E002111 | - | 195,168 |
| Continuum of Care Program | 14.267 | MO0106L7E002313 | - | 48,977 |
| Total Continuum of Care Program | | | - | 244,145 |
| Total Department of Housing and Urban Development | | | - | 605,012 |
| Department of Treasury | | | | |
| Pass-Through Programs | | | | |
| City of St. Louis | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | SLFRP1969 | - | 78,937 |
| Missouri Department of Economic Development | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Family Haven | 21.027 | SLFRP4542 | - | 245,968 |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Jefferson City | 21.027 | SLFRP4542 | - | 102,394 |
| Total Department of Treasury | | | - | 427,299 |
| Department of Veterans Affairs | | | | |
| Direct Programs | | | | |
| VA Homeless Providers Grant and Per Diem Program | 64.024 | | | 663,818 |
| VA Homeless Transition-In-Place | 64.024 | | - | 73,484 |
| Total Department of Veterans Affairs | | | - | 737,302 |

The accompanying notes are an integral part of this schedule.

The Salvation Army of Greater St. Louis

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended September 30, 2024

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Amounts Provided to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| Department of Homeland Security | | | | |
| Pass-Through Programs | | | | |
| United Way | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | 547600-030 | $ - | $ 75,678 |
| Emergency Food and Shelter National Board Program | 97.024 | 551600-034 | - | 34,599 |
| Emergency Food and Shelter National Board Program | 97.024 | None provided | - | 22,606 |
| Total Emergency Food and Shelter National Board Program | | | - | 132,883 |
| Missouri Department of Public Safety | | | | |
| Disaster Assistance Projects | 97.088 | 4665 | - | 345,271 |
| Total Department of Homeland Security | | | - | 478,154 |
| Department of Health and Human Services | | | | |
| Pass-Through Programs | | | | |
| Missouri Department of Mental Health/Division of Alcohol and Drug Abuse | | | | |
| Opioid STR | 93.788 | SDA42012015 | - | 34,609 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | SDA42012015 | - | 777,629 |
| Total Department of Health and Human Services | | | - | 812,238 |
| Total expenditures of federal awards | | | $ - | $ 4,914,040 |

The accompanying notes are an integral part of this schedule.

**The Salvation Army of Greater St. Louis**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2024**

## NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of The Salvation Army of Greater St. Louis (the Army) for the year ended September 30, 2024 and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

## NOTE 2 - NON-CASH ASSISTANCE

The Army received non-cash assistance during the year ended September 30, 2024, at no cost, in the form of food provided to the Army by The St. Louis Area Food Bank, passed through from the U.S. Department of Agriculture. Total expenditures under Assistance Listing Numbers 10.565 and 10.569 represent non-cash assistance.

## NOTE 3 - INDIRECT COST RATE

The Army has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark St., Suite 200
Chicago, IL 60601-3370

**D** +1 312 856 0200
**F** +1 312 602 8099

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Divisional Commander
The Salvation Army of Greater St. Louis

We have audited, 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 (*Government Auditing Standards*), the consolidated financial statements of The Salvation Army of Greater St. Louis (the “Entity”), which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 10, 2025.

**Report on internal control over financial reporting**
In planning and performing our audit of the consolidated financial statements, we considered the Entity’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 Entity’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be significant deficiencies in the Entity’s internal control.

**Report on compliance and other matters**
As part of obtaining reasonable assurance about whether the Entity's consolidated 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*.

**Entity's response to findings**
*Government Auditing Standards* requires the auditor to perform limited procedures on the Entity's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Entity's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we express no opinion on the Entity's response.

**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 Entity'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 Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant Thornton LLP

Chicago, Illinois
March 10, 2025

GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark St., Suite 200
Chicago, IL 60601-3370

D +1 312 856 0200
F +1 312 602 8099

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Divisional Commander
The Salvation Army of Greater St. Louis

## Report on compliance for each major federal program

### Opinion on each major federal program

We have audited the compliance of The Salvation Army of Greater St. Louis (the "Entity") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal programs for the year ended September 30, 2024. The Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

### Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Entity's compliance with the compliance requirements referred to above.

### Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Entity's federal programs.

**Auditor's responsibilities for the audit of compliance**
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Entity's compliance based on our audit. 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 US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a

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material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Chicago, Illinois
March 10, 2025

**The Salvation Army of Greater St. Louis**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**September 30, 2024**

## SECTION I - SUMMARY OF AUDITOR'S RESULTS

### Financial Statements

| | | | | |
|---|---|---|---|---|
| Type of auditors' report issued | Unmodified | | | |
| Internal control over financial reporting: | | | | |
| • Material weakness(es) identified? | ______ | yes | X | no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | X | yes | ______ | none reported |
| Noncompliance material to financial statements noted? | ______ | yes | X | no |

### Federal Awards

| | | | | |
|---|---|---|---|---|
| Internal control over major programs: | | | | |
| • Material weakness(es) identified? | ______ | yes | X | no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | ______ | yes | X | none reported |
| Type of auditors' report issued on compliance for major programs: | Unmodified | | | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ______ | yes | X | no |

**Identification of major programs:**

| Federal Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|---|
| 10.565 & 10.569 | Food Distribution Cluster |
| 21.027 | Coronavirus State and Local Fiscal Recovery Funds |

| | | | | |
|---|---|---|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $750,000 | | | |
| Auditee qualified as low-risk auditee? | ______ | yes | X | no |

## SECTION II - FINANCIAL STATEMENT FINDINGS

***Finding 2024-001: Review of Financial Information (Significant Deficiency)***

Criteria: A financial reporting environment should include reviews of financial information, including journal entries, on a timely basis to prevent errors or misstatements within the financial statements.

Condition: Certain journal entries provided during the audit had no evidence of supervisory review in accordance with management's policies.

Context: There was no evidence of supervisory review and approval for 6 of the 13 journal entries selected for testing.

Cause: Due to system limitations, the general ledger system does not require journal entries posted to be approved directly in the system. However, management's policies require a manual supervisory review documented control for each journal entry recorded. Certain critical functions were performed by the Controller or the Divisional Executive Director of Business, rather than delegating to accounting staff, to be reviewed by the Controller or Divisional Executive Director of Business respectively. This is likely a result of turnover and resource constraints within the accounting department.

Effect: Without appropriate resources, cross-training, and detailed review, financial reporting is delayed and may contain material errors that are not identified and corrected on a timely basis.

Repeat Finding: Yes. Finding 2023-001

Recommendation: Accounting and financial reporting resources should be critically evaluated, and adequate cross-training should be provided to accounting personnel to allow for reviews and approvals by appropriate individuals having the financial knowledge and understanding of the process prior to finalizing.

Views of Responsible Officials: Management agrees with the details of this finding and will implement the procedures outlined in our Corrective Action Plan.

## SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Midland Division
1130 Hampton Avenue
St. Louis, MO 63139
(314) 646-3000
salarmymidland.org

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**THE SALVATION ARMY OF GREATER ST. LOUIS**
**CORRECTIVE ACTION PLAN**
**SEPTEMBER 30, 2024**

**Finding 2024-001: Review of Financial Information (Significant Deficiency)**

Criteria: A financial reporting environment should include reviews of financial information, including journal entries, on a timely basis to prevent errors or misstatements within the financial statements.

Condition: Certain journal entries provided during the audit had no evidence of supervisory review in accordance with management's policies.

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Effect: Without appropriate resources, cross-training, and detailed review, financial reporting is delayed and may contain material errors that are not identified and corrected on a timely basis.
Repeat Finding: Yes. Finding 2023-001

Recommendation: Accounting and financial reporting resources should be critically evaluated, and adequate cross-training should be provided to accounting personnel to allow for reviews and approvals by appropriate individuals having the financial knowledge and understanding of the process prior to finalizing.

Views of Responsible Officials: Management agrees with the details of this finding and will implement the procedures outlined in our Corrective Action Plan.

**Corrective Action Planned:**
During FY2024, The Salvation Army Finance Department experienced significant turnover. In August/September 2024, the department was re-organized and all key leadership positions were filled, restoring preparation and approval duties to the appropriate accounting staff. In an effort to improve communication within the department, daily departmental stand-up meetings were implemented in the Fall of 2024, providing a space for recurring discussion of internal controls, including the approval process. In FY2025, The Salvation Army plans to transition accounting software. The new accounting software, Acumatica, will automate the approval process, assigning roles to accounting staff and ensuring that all entries are approved before being posted to the general ledger.

Anticipated Completion Date: The constraints on staffing have resolved and communication of the approval process has already taken place in the Fall of 2024. The transition to the new accounting software, Acumatica, is scheduled for Spring/Summer 2025.

Name of Contact Person Responsible for the Plan: Elizabeth Sergel

Midland Division
1130 Hampton Avenue
St. Louis, MO 63139
(314) 646-3000
salarmymidland.org

**THE SALVATION ARMY OF GREATER ST. LOUIS**
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**
**YEAR ENDED SEPTEMBER 30, 2024**

**Finding 2023-001 Preparation and Review of Financial Information (Material Weakness)**

Condition: Certain audit support provided during the audit was significantly delayed and/or contained errors, and year-end consolidated financial statements were not yet completed at the time of the audit. In addition, the supplemental schedule of Schedule of Expenditures of Federal Awards contained a number of errors.

Current Year Update:

In FY24, management made adjustments to employee job responsibilities/training/positions, as needed, to ensure that individuals with the appropriate financial knowledge and understanding of the processes are included in the approval process. As a result of these adjustments, The Salvation Army Finance Department experienced significant turnover, including several key leadership positions. There was a period of time in FY24 where resources were limited requiring certain critical functions to be performed by the Controller or the Divisional Executive Director of Business, rather than delegating to accounting staff, to be reviewed by the Controller or Divisional Executive Director of Business respectively. Upon the hire of all key leadership positions, this resolved itself, restoring preparation and approval duties to the appropriate accounting staff.

**Finding 2023-002: Allowable Costs/Cost Principles (Material Weakness and Noncompliance)**

Condition: For this program, there was no evidence that actual employee time was tracked, reviewed and approved, or that the actual time spent was used as a basis for allocating personnel charges to the grant. In addition, there was no evidence that actual incurred expenditures were used as a basis for allocating indirect costs to the grant using the negotiated indirect cost rate.

Current Year Update:

Management implemented a process for timekeeping for all employees allocated to grant/contract budgets. Ongoing meetings and shared data via Teams channels between the Human Resources Department, Social Services Department and the Grants & Contract Accountants continue to improve communication and compliance in all areas. This finding has been remediated in 2024.

**Finding 2023-003 : Procurement (Material Weakness and Noncompliance)**

Condition/Context: For this program for our sample of one (representing the entire population), there was no documentation of policies and procedures for procurement of equipment, real property and other services funded by federal funds. We determined for this program that rate quotations and rationale for limited competition was not retained for the vendor. It was also determined that there was no documentation retained regarding verification of vendor suspension or debarment for the vendor.

Current Year Update:

Management updated the existing procurement policy in accordance with the Uniform Guidance and implemented a system of review and approval controls to complement the design of processes over the procurement, suspension, and debarment compliance requirements. This finding has been remediated in 2024.