

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

Financial and Compliance Report

April 30, 2024

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INDEPENDENT AUDITOR'S REPORT



**HARDING, SHYMANSKI
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Finance Committee
Metro United Way, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metro United Way, Inc. (Organization), a Not-for-Profit Corporation, which comprise the statement of financial position as of April 30, 2024, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of April 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Organization 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 audit opinion.

Restatement of Prior Year

As discussed in Note 2 to the financial statements, the April 30, 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and our report dated August 31, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2023, as restated, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report (beginning on page 40) dated January 10, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Harding, Shymanski & Company, P.S.C.

Louisville, Kentucky
January 10, 2025

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

STATEMENTS OF FINANCIAL POSITION

April 30, 2024 with Comparative Totals for 2023 (as Restated)

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 771,521	\$ 3,226,489
Certificates of Deposit	0	114,265
Investments	35,465,468	32,845,266
Pledges Receivable, Less Allowance for Uncollectible Pledges 2024 \$311,913; 2023 \$395,689	3,131,693	2,960,392
Other Receivables and Prepaid Expenses	1,085,325	572,641
Employee Retention Tax Credits Receivable, Net	0	1,416,323
Property and Equipment, Net	1,852,163	1,953,003
Assets Held for Custodian Funds	144,618	111,960
Investments Held by Others	2,201,244	1,948,359
Pension Asset	21,065	0
Total assets	\$ 44,673,097	\$ 45,148,698
LIABILITIES AND NET ASSETS		
Allocations Payable	\$ 400,781	\$ 1,169,179
Accounts Payable and Accrued Expenses	1,063,768	1,032,222
Pension Liability	0	596,324
Amounts Due Custodian Funds	144,618	111,960
Total liabilities	1,609,167	2,909,685
Net Assets		
Without donor restrictions		
Invested in land, building, and equipment	1,852,163	1,953,003
Board designated for Southern Indiana	391,546	373,373
Board designated for future allocations and initiatives	8,693,574	2,298,365
Board designated for donor advised fund	4,108,430	4,437,389
Board designated for endowment fund	12,679,612	20,856,169
Undesignated	5,206,397	3,682,667
	32,931,722	33,600,966
With donor restrictions		
Purpose restricted	2,456,397	1,969,952
Time restricted for future periods	527,675	369,646
Beneficial interest in trusts held by others	700,994	597,275
Endowment	6,447,142	5,701,174
	10,132,208	8,638,047
Total net assets	43,063,930	42,239,013
Total liabilities and net assets	\$ 44,673,097	\$ 45,148,698

See notes to financial statements.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

STATEMENTS OF ACTIVITIES

Year Ended April 30, 2024 with Comparative Totals for 2023 (as Restated)

	April 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total	April 30, 2023
Total 2023/2022 campaign results	\$ 6,228,523	\$ 396,393	\$ 6,624,916	\$ 8,683,584
Donor designations	(38,825)	0	(38,825)	(34,083)
Total 2023/2022 campaign contributions	<u>\$ 6,189,698</u>	<u>\$ 396,393</u>	<u>\$ 6,586,091</u>	<u>\$ 8,649,501</u>
Revenues, gains, and other support:				
Current campaign:				
Contributions received in the current year	\$ 5,928,325	\$ 103,723	\$ 6,032,048	\$ 8,051,420
Contributions received in prior years released from restrictions	<u>261,373</u>	<u>(261,373)</u>	<u>0</u>	<u>0</u>
Total contributions from current campaign	6,189,698	(157,650)	6,032,048	8,051,420
Provision for uncollectible pledges	(266,491)	0	(266,491)	(138,341)
Future campaigns:				
Contributions received for future allocation periods	0	565,427	565,427	537,061
Provision for uncollectible pledges	0	(22,025)	(22,025)	(9,104)
Prior campaigns:				
Additional contributions	1,653,348	618,670	2,272,018	1,928,084
Provision for uncollectible pledges	<u>213,765</u>	<u>0</u>	<u>213,765</u>	<u>0</u>
Total campaigns	7,790,320	1,004,422	8,794,742	10,369,120
Grants and other income	577,438	3,901,976	4,479,414	2,423,541
Investment income, net	896,142	7,305	903,447	770,330
Realized and unrealized gains on investments, net	2,021,842	466,408	2,488,250	61,932
Appreciation (depreciation) of investments held by others	9,005	307,956	316,961	(28,010)
Administrative fees for fundraising on behalf of others	10,168	0	10,168	32,793
Other fees	218,481	0	218,481	255,126
Other net assets released from restrictions	<u>4,193,906</u>	<u>(4,193,906)</u>	<u>0</u>	<u>0</u>
Total revenues, gains, and other support	<u>15,717,302</u>	<u>1,494,161</u>	<u>17,211,463</u>	<u>13,884,832</u>

See notes to financial statements.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

STATEMENTS OF ACTIVITIES (CONTINUED)

Year Ended April 30, 2024 with Comparative Totals for 2023 (as Restated)

	April 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total	April 30, 2023
Allocations and other functional expenses:				
Gross allocations to agencies and partners	\$ 5,554,930	\$ 0	\$ 5,554,930	\$ 7,880,378
Less donor designations	(38,825)	0	(38,825)	(42,474)
Net allocations expense to agencies and partners	5,516,105	0	5,516,105	7,837,904
Program/community services expense	6,226,611	0	6,226,611	7,659,040
Supporting services				
Fundraising	3,521,117	0	3,521,117	3,644,776
Management and general	1,974,223	0	1,974,223	2,013,090
Total allocations and other functional expenses	17,238,056	0	17,238,056	21,154,810
Changes in net assets before pension related changes	(1,520,754)	1,494,161	(26,593)	(7,269,978)
Pension related changes other than the service cost component of net periodic pension costs	851,510	0	851,510	234,252
Change in net assets	(669,244)	1,494,161	824,917	(7,035,726)
Net assets at beginning of year, as restated (see Note 2)	33,600,966	8,638,047	42,239,013	49,274,739
Net assets at end of year	\$ 32,931,722	\$ 10,132,208	\$ 43,063,930	\$ 42,239,013

See notes to financial statements.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

STATEMENTS OF CASH FLOWS

Year Ended April 30, 2024 with Comparative Totals for 2023 (as Restated)

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 824,917	\$ (7,035,726)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	253,383	242,957
Pension and postretirement benefit additions	(617,389)	(4,395)
Pension and postretirement benefit contributions	0	(251,522)
Provision for uncollectible pledges	74,751	147,445
Appreciation (depreciation) of investments held by others	(316,961)	28,010
Investment income for investments, net	(820,958)	(682,016)
Realized and unrealized gains on investments, net	(2,488,250)	(61,932)
Changes in assets and liabilities:		
Decrease (increase)		
Pledges receivable	(246,052)	2,959,500
Other receivables and prepaid expenses	(512,684)	1,220,747
Employee retention tax credits receivable	1,416,323	(90,718)
Increase (decrease)		
Allocations payable	(768,398)	(174,638)
Accounts payable and accrued expenses	31,546	(56,155)
Net cash used in operating activities	(3,169,772)	(3,758,443)
Cash Flows from Investing Activities		
Purchases of fixed assets	(152,543)	(85,842)
Purchases of investments	(10,481,241)	(479,924)
Proceeds from sale of investments, certificates of deposit, and assets held by others	11,348,588	1,494,773
Net cash provided by investing activities	714,804	929,007
Net decrease in cash and cash equivalents	(2,454,968)	(2,829,436)
Cash and cash equivalents at beginning of year	3,226,489	6,055,925
Cash and cash equivalents at end of year	\$ 771,521	\$ 3,226,489

See notes to financial statements.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended April 30, 2024 with Comparative Totals for 2023 (as Restated)

	Total Program/Community Services	Fundraising Services	Management and General Services	2024 Total	2023 Total
Gross allocations	\$ 5,554,930	\$ 0	\$ 0	\$ 5,554,930	\$ 7,880,378
Less donor designations	(38,825)	0	0	(38,825)	(42,474)
Net allocations	<u>5,516,105</u>	<u>0</u>	<u>0</u>	<u>5,516,105</u>	<u>7,837,904</u>
Salaries	2,262,795	1,901,664	1,068,199	5,232,658	5,080,856
Fringe benefits	364,347	357,215	176,992	898,554	906,390
Payroll taxes	170,359	161,918	79,836	412,113	403,526
Professional fees and contract services	2,318,828	380,671	360,151	3,059,650	4,688,427
Supplies	167,401	4,787	3,258	175,446	129,286
Telephone	51,142	41,213	14,739	107,094	108,700
Postage and shipping	10,297	16,141	4,711	31,149	17,005
Occupancy	153,565	168,546	60,323	382,434	395,349
Equipment, repairs, and rentals	53,904	31,945	11,558	97,407	105,988
Printing and duplicating	86,571	27,517	9,449	123,537	102,801
Travel	68,732	21,111	4,512	94,355	49,783
Conferences, conventions, and meetings	271,909	147,965	65,261	485,135	441,891
Membership dues	8,850	5,539	5,683	20,072	15,060
Dues to state United Ways	21,278	23,406	8,511	53,195	69,683
Insurance	14,916	15,238	11,651	41,805	44,526
Banking and processing fees	4,799	5,279	5,450	15,528	22,938
Miscellaneous	5,893	833	7,529	14,255	6,895
Depreciation	101,353	111,489	40,541	253,383	242,957
	<u>6,136,939</u>	<u>3,422,477</u>	<u>1,938,354</u>	<u>11,497,770</u>	<u>12,832,061</u>
United Way Worldwide dues	<u>89,672</u>	<u>98,640</u>	<u>35,869</u>	<u>224,181</u>	<u>484,845</u>
Total functional expenses	<u>\$ 11,742,716</u>	<u>\$ 3,521,117</u>	<u>\$ 1,974,223</u>	<u>\$ 17,238,056</u>	<u>\$ 21,154,810</u>

See notes to financial statements.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year Ended April 30, 2024 with Comparative Totals for 2023 (as Restated)

	Program/Community Services 2024							2023 Total Program/ Community Services
	Thriving Kids	Equitable Community	Strong Households/ Basic Needs	Community Engagement	Strong Households/ Economic Mobility	Designations and County Services	Direct Organizational Support	2024 Total Program/ Community Services
Gross allocations	\$ 1,354,673	\$ 323,983	\$ 2,146,928	\$ 0	\$ 641,075	\$ 996,335	\$ 91,936	\$ 5,554,930
Less donor designations	0	0	0	0	0	(38,825)	0	(38,825)
Net allocations	1,354,673	323,983	2,146,928	0	641,075	957,510	91,936	5,516,105
Salaries	555,176	130,577	577,815	140,171	164,203	55,817	639,036	2,262,795
Fringe benefits	43,480	17,376	67,624	20,529	19,451	6,155	189,732	364,347
Payroll taxes	30,474	12,413	43,707	9,878	10,494	8,438	54,955	170,359
Professional fees and contract services	1,124,285	121,073	721,868	0	81,323	5,905	264,374	2,318,828
Supplies	155,964	6,457	807	696	0	5	3,472	167,401
Telephone	0	0	13,614	0	0	680	36,848	51,142
Postage and shipping	6,000	0	167	7	0	352	3,771	10,297
Occupancy	100	0	0	0	0	2,658	150,807	153,565
Equipment, repairs, and rentals	20,113	305	295	1,152	0	265	31,774	53,904
Printing and duplicating	68,544	6,389	1,197	912	0	645	8,884	86,571
Travel	50,930	441	2,683	2,439	842	1,626	9,771	68,732
Conferences, conventions, and meetings	67,816	30,339	19,352	104,828	654	1,431	47,489	271,909
Membership dues	0	0	2,921	874	0	225	4,830	8,850
Dues to state United Ways	0	0	0	0	0	0	21,278	21,278
Insurance	0	0	0	2,415	0	62	12,439	14,916
Banking and processing fees	0	0	0	0	0	0	4,799	4,799
Miscellaneous	0	0	2,542	0	0	326	3,025	5,893
Depreciation	0	0	0	0	0	0	101,353	101,353
	2,122,882	325,370	1,454,592	283,901	276,967	84,590	1,588,637	6,136,939
United Way Worldwide dues	0	0	0	0	0	0	89,672	89,672
Total program/community services expenses	\$ 3,477,555	\$ 649,353	\$ 3,601,520	\$ 283,901	\$ 918,042	\$ 1,042,100	\$ 1,770,245	\$ 11,742,716

See notes to financial statements.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies

Legal Name and Governance

Metro United Way, Inc. (Metro United Way or Organization) is a not-for-profit organization governed by a Board of Directors and is not subject to federal or state income taxes. The Organization serves a seven-county area in Kentucky and Southern Indiana and is based in Louisville, Kentucky.

Nature of Activities

For more than 100 years, Metro United Way has been improving lives and our community, which includes Jefferson, Bullitt, Oldham, and Shelby counties in Kentucky and Clark, Floyd, and Harrison counties in Indiana. It is uniquely positioned to harness the power of donors, volunteers, thought leaders, experts, other nonprofits, and government at all levels to ensure positive, sustainable change for every person in its seven-county region. Now more than ever, Metro United Way is focused on three priorities: thriving kids, strong households, and an equitable community.

The work is done through new, innovative programs and initiatives such as United Neighborhoods, Black L.O.V.E. (Live, Own, Vote, Excel), Young Men United, and FundBLACKFounders along with existing, proven programs, partnerships, and initiatives such as the Ready 4 K Alliance, Youth Success Network, Siemer Institute, 2-1-1, and much more.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit organizations and financial statement standards issued by United Way Worldwide. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and reported in the statements of activities as net assets released from restrictions. Pledges received for which the time restriction has been met in the current period are recorded in net assets without donor restrictions.

Contributions received where the donor has restricted the use of the principal and allows only the income to be utilized to support activities of the Organization are recorded as net assets with donor restrictions.

Contributions received for investment in land, building, and equipment, unless restricted by the donor, are designated for that purpose by the Board and recorded as net assets without donor restrictions. Contributions specifically restricted by the donor are reported in net assets with donor restrictions.

Contributions received, which have been designated by the donor to be given to another organization, are included in total campaign results, but are not included in revenues on the accompanying statements of activities. These contributions pass through Metro United Way as agency transactions to the designated recipient.

Summarized Financial Information for Prior Year

The financial statements and notes include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Metro United Way's financial statements for the year ended April 30, 2023, as restated, from which the summarized information was derived.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Employee Retention Tax Credit

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020, provided for an employee retention tax credit (ERC) that is a refundable tax credit against certain employer payroll taxes. The ERC was subsequently amended by the Taxpayer Certainty and Disaster Tax Relief Act of 2020, the Consolidated Appropriations Act of 2021, the American Rescue Plan Act of 2021, and the Infrastructure Investment and Jobs Act of 2021, all of which amended various provisions of the ERC availability and guidelines. Under the provisions of the ERC, eligible employers are able to claim a refundable tax credit against the employer share of Social Security taxes owed. For 2020, the amount of the credit is equal to 50 percent of the employer's qualified wages paid (up to \$10,000 of wages per employee) after March 13, 2020, but before December 31, 2020. For 2021, the amount of the credit is equal to 70 percent of the employer's qualified wages paid (up to \$10,000 of wages per employee per quarter) before October 1, 2021. An employer receives an ERC benefit by either requesting a refund on their quarterly payroll tax returns or by amending payroll tax returns filed for previous quarters.

The Organization was eligible and applied for ERCs during fiscal year 2022. The Organization elected to treat the ERC as a government grant in accordance with ASC 958-605. Under this treatment, the Organization recognizes the ERC on a systematic basis over the periods in which the payroll related expenses are incurred. In fiscal year 2022, the Organization recognized ERCs totaling \$1,325,605. In fiscal year 2023, the Organization recognized interest income, net of fees, of \$90,718, resulting in a receivable of \$1,416,323 at April 30, 2023. Interest income, net of fees, is included in investment income, net on the statements of activities and employee retention tax credits receivable, net on the statements of financial position. On June 27, 2023, the ERC receivable was collected.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash, cash equivalents, certificates of deposit, pledges, other receivables, and assets held for custodian funds. At times, such cash, cash equivalents, and certificates of deposit in federally insured banks may be in excess of the Federal Deposit Insurance Corporation insurance limit. In order to limit its credit exposure, the Organization utilizes a fully collateralized overnight sweep account at the institution that houses its main checking account.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Certificates of Deposit

The Organization does not hold any certificates of deposit as of April 30, 2024. For the year ended April 30, 2023, the Organization's investments in certificates of deposit were classified separately on the statement of financial position and were carried at the principal cost plus accrued interest.

Revenue Recognition

Revenue from Contributions and Other Income

Revenue from the Organization's pledges, contributions, and grants is accounted for in accordance with ASC Topic 958-605. The Organization does not provide the donor with benefits in return for a pledge or a contribution, nor does the Organization provide services to a grantor in exchange for the grant. Therefore, there is no exchange transaction, and these revenues are outside the scope of ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606).

Revenue from Contracts with Customers

Administration and other fees consist of reimbursements to Metro United Way from other organizations for indirect costs incurred by Metro United Way for providing services to support various programs, projects, and other engagement services. These fees are not significant and are accounted for in accordance with ASC 606.

Pledges Receivable

Promises to give are referred to as pledges by the Organization. Pledges, less an estimated provision for uncollectible amounts, are recorded as receivables in the year made. The Organization provides for losses on pledges receivable using the allowance method. The allowance for uncollectible pledges is based upon the Organization's collection policy, past experience, the length of time pledges have been outstanding, and current economic factors.

At the end of the collection period of each campaign, any differences between the original provision for uncollectible pledges and the actual uncollectible amount are recognized by the Organization and recorded with "Prior Campaigns-Additional Contributions" on the statements of activities.

Investments and Investments Held by Others

Investments and investments held by others are recorded at fair value based on quoted market value. Unrealized and realized gains and losses are recorded in the statements of activities, as well as appreciation and depreciation of investments held by others. Investment earnings are reported net of related expenses, such as custodial and commission fees. Short-term investments consist of cash and cash equivalents held by investment firms.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Fair Value Measurements

Under the Financial Accounting Standards Board's (FASB) authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended April 30, 2024 and 2023, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

The following are descriptions of the valuation methodologies used for instruments measured at fair value:

Investment Securities

The fair value of investment securities, including corporate fixed income funds, equity mutual funds, exchange-traded funds, U.S. government agency funds, and money market funds, is the market value based on quoted market prices, if available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Beneficial Interest in Perpetual Trusts

The fair value of the beneficial interest in perpetual trusts is recorded at the stated value of the Organization's interest as determined by the trustee. Based on the valuation method and nonredeemable nature of the assets, the measures of the fair value of the beneficial interest are categorized as Level 3, as further discussed in Note 3.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. The Organization capitalizes expenditures in excess of \$500 with useful lives of one year or more. Provisions for depreciation of property and equipment have been computed on the straight-line method over the estimated useful life.

Long-Lived Assets

Long-lived assets are reviewed for impairment in accordance with guidance issued by FASB. The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. Impairment losses are measured by comparing the estimated fair value of the assets to their carrying amount. There were no impairment losses for the years ended April 30, 2024 and 2023.

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NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under ASC Topic 842, *Leases*, not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less and instead recognizes the lease payments in changes in net assets on a straight-line basis over the lease term. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or May 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Corporation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). The Organization elected to use this risk-free borrowing rate for all leases. For any lease in which the rate implicit in the lease is readily determinable, that rate must be used instead of the risk-free borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which would be initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent would be recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease, if present in the lease, are included in the lease payments only when it is probable that they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate lease asset class. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate. Additionally, the Organization makes payments to or on behalf of the lessor for reimbursement of certain costs, such as property taxes and insurance. These payments are non-component costs representing additional consideration in the contract, which is allocated to the single lease component. Non-lease component and non-component costs that are fixed in nature are included with the lease payments in the calculation of the lease liabilities and ROU assets; however, non-lease component and non-component costs that are variable in nature are recorded in variable lease expense in the period incurred.

For the years ended April 30, 2024 and 2023, all leases were short-term in nature and; therefore, the Organization did not recognize ROU assets and lease liabilities for leases in accordance with the accounting policy election available under ASC 842.

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Allocations Payable

At the conclusion of each campaign year, the Organization identifies undesignated funds to be allocated to a variety of programs across the seven-county service area. The Organization uses community data, and local agency relationships to determine allocations to best meet community needs. Allocations are recommended by the Community Impact Cabinet and approved by the Board of Directors. Allocation expenses are recorded once an agency has been notified of its approved allocation. To assist with the Organization's efforts, Jefferson County funds both traditional and non-traditional agencies and supports Organization led programming.

Board Designated for Future Allocations and Initiatives

"Board designated for future allocations and initiatives" on the statements of financial position as of April 30, 2024 and 2023, represent funds eligible to be allocated to agencies and initiatives subsequent to the fiscal year-end. The associated allocation payable liability and allocation expense will be incurred and recorded at the time of the award.

Donor Advised Fund

The Organization has a donor advised fund that enables a donor to identify funding opportunities aligned with values and charitable interests of the donor. The donor advised fund allows the donor to recommend grant recipients, subject to the Organization's due diligence and approval. The donor advised fund is not restricted and is included in investments on the statements of financial position. The Organization has a donor advised fund of \$4,108,430 and \$4,437,389 as of the years ended April 30, 2024 and 2023, respectively, which are included within investments in the statements of financial position.

Donated Services, Goods, and Property

Various volunteers have donated substantial amounts of time toward the annual campaign and the various community activities; however, no values of in-kind amounts have been included in the financial statements as there is no objective basis upon which to measure the value of these services.

Donated goods and property are recorded in the financial statements at their fair value when received.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include employee salaries, fringe benefits, professional fees and contract services, insurance, depreciation, telephone, occupancy, equipment, repairs, and rentals, and printing and duplicating, which are allocated on the basis of estimates of staff time and effort.

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NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense, included in professional fees and contract services on the statements of functional expenses, for the years ended April 30, 2024 and 2023 was \$178,801 and \$122,267, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain items in the April 30, 2023 financial statements have been reclassified to conform to the April 30, 2024 classifications.

Recently Adopted Accounting Standards

Financial Instruments – Credit Losses

In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, financing receivables, contract assets, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statements of activity as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. FASB subsequently issued ASU 2018-19, ASU 2019-04, ASU 2019-05, and ASU 2019-11, all of which made minor modifications to Topic 326 and were to be adopted concurrently to ASU 2016-13 if it had not already been early adopted. The Organization adopted this guidance included in all of these ASUs effective May 1, 2023, which applies to a portion of their other receivables; however, the adoption did not have a significant effect on the Organization's financial statements.

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 2 – Prior Period Adjustment

During the fiscal year ended April 30, 2024, it was discovered that the Organization recorded certain pledges from the 2022 campaign based on an estimate calculated by the Organization, rather than a formal commitment, which is not in accordance with U.S. GAAP. The prior period adjustment impact on the April 30, 2023 financial statements decreased pledges receivable and revenue by approximately \$2,260,000, resulting in a decrease to opening balance of net assets without donor restrictions of approximately \$2,260,000.

A summary of the effect of the adjustment on the statements of activities for the fiscal year ended April 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>
Net assets at May 1, 2022, as previously reported	\$ 49,274,739
Changes in net assets as of April 30, 2023, as previously reported	<u>(4,775,726)</u>
Net assets at April 30, 2023, as previously reported	44,499,013
Prior period adjustment	<u>(2,260,000)</u>
Net assets at April 30, 2023, as restated	<u><u>\$ 42,239,013</u></u>

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NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 771,521	\$ 3,226,489
Certificates of Deposit	0	114,265
Investments and Investments Held by Others	37,666,712	34,793,625
Pledges Receivable, Net	3,131,693	2,960,392
Other Receivables	1,028,321	379,002
Employee Retention Tax Credits Receivable, Net	<u>0</u>	<u>1,416,323</u>
Subtotal of financial assets	<u>42,598,247</u>	<u>42,890,096</u>
Less Amounts Unavailable for General Expenditures Within One Year, Due To:		
Restricted by donors with purpose restrictions	(2,456,397)	(1,969,952)
Endowment earnings restricted until appropriated by Board	(2,966,657)	(2,294,660)
Assets Held by Others - Beneficial Interest	(700,994)	(597,275)
Restricted by donors in perpetuity	(3,480,485)	(3,406,514)
Long-term pledges receivable without donor restrictions, net	<u>(136,693)</u>	<u>(107,773)</u>
Total amounts unavailable for general expenditures within one year	<u>(9,741,226)</u>	<u>(8,376,174)</u>
Less Amounts Unavailable to Management Without Board Approval:		
Board designated endowment fund	(12,679,612)	(20,856,169)
Board designated for future allocations and initiatives	(8,693,574)	(2,298,365)
Board designated for donor advised fund	(4,108,430)	(4,437,389)
Board designated for Southern Indiana	<u>(391,546)</u>	<u>(373,373)</u>
Total amounts unavailable to management without Board approval:	<u>(25,873,162)</u>	<u>(27,965,296)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 6,983,859</u>	<u>\$ 6,548,626</u>

As part of the liquidity management plan, the Organization invests excess cash in short-term investments, certificates of deposit, and money market funds. As further discussed in Note 7, the Organization also has an operating line of credit with maximum borrowings available of \$1,000,000.

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 4 – Investments and Investments Held by Others

At April 30, 2024 and 2023, the Organization’s investments are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>April 30, 2024</u>				
Money market funds	\$ 2,757,766	\$ 2,757,766	\$ 0	\$ 0
Equity mutual funds	18,969,648	18,969,648	0	0
Corporate fixed income funds	8,032,442	0	8,032,442	0
U.S. government agency funds	<u>5,705,612</u>	<u>5,705,612</u>	<u>0</u>	<u>0</u>
Total investments at fair value	<u>\$ 35,465,468</u>	<u>\$ 27,433,026</u>	<u>\$ 8,032,442</u>	<u>\$ 0</u>
<u>April 30, 2023</u>				
Money market funds	\$ 6,596,894	\$ 6,596,894	\$ 0	\$ 0
Equity mutual funds	12,298,093	12,298,093	0	0
Corporate fixed income funds	4,855,929	0	4,855,929	0
U.S. government agency funds	<u>9,094,350</u>	<u>9,094,350</u>	<u>0</u>	<u>0</u>
Total investments at fair value	<u>\$ 32,845,266</u>	<u>\$ 27,989,337</u>	<u>\$ 4,855,929</u>	<u>\$ 0</u>

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 4 – Investments and Investments Held by Others (Continued)

At April 30, 2024 and 2023, the Organization's investments held by others are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>April 30, 2024</u>				
Money market funds	\$ 6,136	\$ 6,136	\$ 0	\$ 0
Equity mutual funds	1,312,243	1,312,243	0	0
Corporate fixed income funds	<u>181,871</u>	<u>0</u>	<u>181,871</u>	<u>0</u>
Fair value of investment securities held by others	1,500,250	1,318,379	181,871	0
Beneficial interest in trusts held by others	<u>700,994</u>	<u>0</u>	<u>0</u>	<u>700,994</u>
Total investments held by others at fair value	<u><u>\$ 2,201,244</u></u>	<u><u>\$ 1,318,379</u></u>	<u><u>\$ 181,871</u></u>	<u><u>\$ 700,994</u></u>
<u>April 30, 2023</u>				
Money market funds	\$ 62,182	\$ 62,182	\$ 0	\$ 0
Equity mutual funds	1,106,852	1,106,852	0	0
Corporate fixed income funds	<u>182,050</u>	<u>0</u>	<u>182,050</u>	<u>0</u>
Fair value of investment securities held by others	1,351,084	1,169,034	182,050	0
Beneficial interest in trusts held by others	<u>597,275</u>	<u>0</u>	<u>0</u>	<u>597,275</u>
Total investments held by others at fair value	<u><u>\$ 1,948,359</u></u>	<u><u>\$ 1,169,034</u></u>	<u><u>\$ 182,050</u></u>	<u><u>\$ 597,275</u></u>

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 4 – Investments and Investments Held by Others (Continued)

The Organization has beneficial interest in trusts that are categorized as Level 3. Changes in the fair value of the Organization's beneficial interest in trusts held by others are as follows:

Beginning balance at April 30, 2022	\$ 248,384
Total net realized and unrealized gains included in change in net assets	11,081
Purchases	152,420
Sales	(166,058)
Settlements	(11,802)
Transfers into Level 3	<u>363,250</u>
Balance at April 30, 2023	597,275
Total net realized and unrealized gains included in change in net assets	117,323
Purchases	58,953
Sales	(61,258)
Settlements	<u>(11,299)</u>
Balance at April 30, 2024	<u><u>\$ 700,994</u></u>

Net investment income for the years ended April 30, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Dividend and interest income	\$ 1,023,906	\$ 842,770
Realized gain	2,021,842	49,896
Unrealized gain	466,408	12,036
Appreciation (depreciation) of investments held by others	316,961	(28,010)
Investment expenses	<u>(120,459)</u>	<u>(72,440)</u>
Total investment income, net	<u><u>\$ 3,708,658</u></u>	<u><u>\$ 804,252</u></u>

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 5 – Pledges Receivable and Other Receivables

Pledges Receivable

At April 30, 2024 and 2023, the Organization's pledges receivable are as follows:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 2,481,489	\$ 2,883,297
One to five years	<u>986,117</u>	<u>487,784</u>
 Total pledges receivable	 3,467,606	 3,371,081
Less discount	(24,000)	(15,000)
Less allowance for uncollectible pledges	<u>(311,913)</u>	<u>(395,689)</u>
 Pledges receivable, net	 <u><u>\$ 3,131,693</u></u>	 <u><u>\$ 2,960,392</u></u>

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in campaign revenue. The interest rate used in computing the discount of the estimated future cash flows was 4.41 percent for pledges received for each of the years ended April 30, 2024 and 2023. The Organization deemed the discount on future pledges due in one to five years insignificant at April 30, 2024. During fiscal years when a discount is recorded, the discount will be recognized as income in future fiscal years and amortized over the duration of the pledges. An allowance for uncollectible pledges receivable is provided based on management's judgment, including such factors as prior collection history and type of pledge.

The timing of the close-out of campaigns will vary from year to year based on the status of collections.

Metro United Way receives pledges from corporations and individuals primarily located in Jefferson and adjoining counties in Kentucky and Southern Indiana. Although Metro United Way has many diverse pledges from donors, a substantial portion of its donors' abilities to perform is somewhat dependent on the economic conditions of the counties in which they operate.

Other Receivables

Other receivables consist of government grants, sponsorships, and other miscellaneous receivables. Other receivables of \$1,028,321 and \$454,002 as of April 30, 2024 and 2023, respectively, are expected to be collected within one year.

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 6 – Property and Equipment

Property and equipment at April 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 403,218	\$ 403,218
Building and improvements	5,226,577	5,115,027
Equipment, furniture, and fixtures	1,062,529	1,030,387
Automobiles	<u>32,691</u>	<u>32,691</u>
	6,725,015	6,581,323
Accumulated depreciation	<u>(4,872,852)</u>	<u>(4,628,320)</u>
	<u>\$ 1,852,163</u>	<u>\$ 1,953,003</u>

Depreciation expense for the years ended April 30, 2024 and 2023 was \$253,383 and \$242,957, respectively.

Note 7 – Line of Credit

The Organization has an operating line of credit with maximum borrowings of \$1,000,000. The note provides for interest at 1.15 percent in excess of the Index Rate for the years ended April 30, 2024 and 2023, is secured by assets of the Organization, and matures in December 2024. There were no borrowings on the line of credit at April 30, 2024 and 2023.

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 8 – Net Assets with Donor Restrictions and Net Assets Released from Restrictions and Commitments

Net assets with donor restrictions at April 30, 2024 and 2023 represent contributions restricted by donors for specific programs of Metro United Way, subsequent year allocations to Metro United Way agencies, restricted grants, and certain land, building, and equipment which are restricted for a specific program.

A summary of the components of net assets with donor restrictions is as follows:

	2024	2023
Purpose-based restrictions:		
Kindergarten readiness	\$ 695,881	\$ 473,720
Other early care and education initiatives	66,416	113,668
Economic stability initiatives	619,831	227,163
United community	165,000	36,579
Black male achievement gifts	15,103	9,316
Black love philanthropic partnership	312,972	431,248
Grace James Academy	49,402	61,480
Other high school graduation initiative	99,885	109,107
Other restricted gifts	431,907	507,671
Total purpose-based restrictions	<u>2,456,397</u>	<u>1,969,952</u>
Time restricted for future periods:		
Future campaigns without purpose restrictions	527,675	369,646
Beneficial interest in trusts held by others	458,426 (A)	362,383
Endowment earnings not yet appropriated by Board	2,966,657	2,294,660
Total time restricted for future periods	<u>3,952,758</u>	<u>3,026,689</u>
Perpetual in nature:		
Beneficial interest in trusts held by others	242,568	234,892
Endowment	3,480,485	3,406,514
Total perpetual in nature	<u>3,723,053</u>	<u>3,641,406</u>
	<u>\$ 10,132,208</u>	<u>\$ 8,638,047</u>

(A) The Organization is a beneficiary of a trust in which they receive interest on an annual basis. The principal is restricted through fiscal year 2043, at which time, the restriction on the principal balance will be released.

Net assets of \$261,373 and \$535,817 for the years ended April 30, 2024 and 2023, respectively, have been released from donor restrictions due to the expiration of time restrictions on campaign pledges. Purpose-based restrictions of \$4,193,906 and \$6,135,459 have also been released from net assets with donor restrictions for the years ended April 30, 2024 and 2023, respectively.

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 9 – Endowment Funds

Endowment Funds

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Metro United Way has both Board-designated endowment funds and donor-restricted endowment funds.

Interpretation of Relevant Law

The Organization has interpreted the Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Organization
- g. The investment policies of the Organization

METRO UNITED WAY, INC.
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NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 9 – Endowment Funds (Continued)

Changes in endowment net assets for the year ended April 30, 2024 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of the year	<u>\$ 20,856,169</u>	<u>\$ 5,701,174</u>	<u>\$ 26,557,343</u>
Investment return			
Investment income	498,752	74,373	573,125
Net change in value (realized and unrealized)	<u>1,215,705</u>	<u>662,614</u>	<u>1,878,319</u>
Total investment return	<u>1,714,457</u>	<u>736,987</u>	<u>2,451,444</u>
Appropriation of endowment assets for expenditure	<u>(9,919,014)</u>	<u>(65,019)</u>	<u>(9,984,033)</u>
Contributions	<u>28,000</u>	<u>74,000</u>	<u>102,000</u>
Endowment net assets, end of year	<u><u>\$ 12,679,612</u></u>	<u><u>\$ 6,447,142</u></u>	<u><u>\$ 19,126,754</u></u>

Changes in endowment net assets for the year ended April 30, 2023 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of the year	<u>\$ 20,516,923</u>	<u>\$ 5,692,361</u>	<u>\$ 26,209,284</u>
Investment return			
Investment income	532,376	60,238	592,614
Net change in value (realized and unrealized)	<u>132,491</u>	<u>10,036</u>	<u>142,527</u>
Total investment return	<u>664,867</u>	<u>70,274</u>	<u>735,141</u>
Appropriation of endowment assets for expenditure	<u>(364,066)</u>	<u>(61,461)</u>	<u>(425,527)</u>
Contributions	<u>38,445</u>	<u>0</u>	<u>38,445</u>
Endowment net assets, end of year	<u><u>\$ 20,856,169</u></u>	<u><u>\$ 5,701,174</u></u>	<u><u>\$ 26,557,343</u></u>

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 9 – Endowment Funds (Continued)

Investment Objectives and Spending Policy

Metro United Way's endowments are managed according to the Board's investment and spending policies. These policies attempt to provide a consistent return on assets, preserve capital, and the purchasing power of the assets while also providing a predictable funding stream to support programs and the annual campaign. The Organization must hold donor-restricted funds in perpetuity. Under these policies, endowment assets are invested in a manner to maintain the real value of the principal over the long-term, provide a return that is greater than that for the simple preservation of capital, and shall avoid undue risk. The investment managers are reviewed based on absolute returns; returns relative to market indices; and the universe of investment managers.

To satisfy its rate-of-return objectives, Metro United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its return objectives within prudent risk constraints.

The net income from the Board-designated endowment funds with and without donor restrictions are used to support the annual campaign or are used for other Board-approved purposes, in accordance with the donor's intentions. This spending policy is consistent with Metro United Way's objective to preserve capital and the purchasing power of the assets while also providing a predictable funding stream to support programs and the annual campaign.

In addition to the donor-restricted endowment funds, the Organization has beneficial interest in perpetual trusts. The investment policy and the spending policy of the trust are determined by the trustee rather than by the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of April 30, 2024 and 2023.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 10 – Employee Benefit Plans

Metro United Way sponsors a defined benefit pension plan and a defined contribution 403(b) plan. To be eligible for future benefit accruals in the defined benefit pension plan, the combined age and years of service were required to be a total 45 years or more on January 1, 2018.

403(b) Plan

Employees who are eligible to continue to earn benefit accruals on and after January 1, 2018 in the Pension Plan receive a matching contribution equal to 100 percent of the salary reduction amount the employee contributed during the plan year that does not exceed three percent of the employee's compensation during the plan year.

Employees who are not eligible to continue to earn benefit accruals on and after January 1, 2018 in the Pension Plan receive a matching contribution based on the employee's years of service and their deferral amount during the year. Employer matching contributions range between 100 percent to 300 percent of the salary reduction amount the employee contributed during the plan year that does not exceed five percent of the employee's compensation received during the plan years.

Prior to January 1, 2018, the Organization matched up to three percent of the eligible employee contribution at a rate of 100 percent. Vesting for the employer contribution is 20 percent per year with full vesting in five years.

The Organization's contributions for the years ended April 30, 2024 and 2023 were \$137,952 and \$139,441, respectively.

Pension Plan

Pension benefits are based on years of service and compensation during the last five years of employment.

FASB ASC 715 "Compensation-Retirement Benefits" requires an employer without publicly traded equity securities to recognize the funded status of a defined benefit post-retirement plan and to provide the required disclosures under FASB ASC 715.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 10 – Employee Benefit Plans (Continued)

The changes in projected benefit obligation as of the years ended April 30, 2024 and 2023 are as follows:

	2024	2023
Projected benefit obligation at the beginning of the year	\$ 14,829,855	\$ 14,567,986
Service cost	234,121	229,858
Interest cost	702,516	627,615
Actuarial gain	(1,288,339)	(93,494)
Benefits paid	(518,921)	(502,110)
Projected benefit obligation at the end of the year	<u>\$ 13,959,232</u>	<u>\$ 14,829,855</u>

The significant changes in assumption that impacted the change in the projected benefit obligation as of April 30, 2024 are as follows:

- The assumed Discount Rate changed from 4.85 percent to 5.6 percent.
- The expected long-term rate of return on assets, for the upcoming year's net periodic benefit cost, has been changed from 6.75 percent to 6.25 percent. This decrease had an increasing effect on the upcoming year's net periodic benefit cost.

The following table sets forth the defined benefit plan's funded status and amounts recognized in the Organization's statements of financial position at April 30, 2024 and 2023:

	2024	2023
Fair value of plan assets	\$ 13,980,297	\$ 14,233,531
Projected benefit obligation	<u>13,959,232</u>	<u>14,829,855</u>
Funded status - overfunded/(underfunded)	<u>\$ 21,065</u>	<u>\$ (596,324)</u>
Accumulated benefit obligation	<u>\$ 13,273,414</u>	<u>\$ 13,915,675</u>
Accrued (benefit) cost recognized in the statements of financial position	<u>\$ (21,065)</u>	<u>\$ 596,324</u>

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 10 – Employee Benefit Plans (Continued)

There are no plan assets expected to be returned to Metro United Way during the next fiscal year.

Net periodic benefit cost including the following components for the years ended April 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Service cost	\$ 234,121	\$ 229,858
Interest cost	702,516	627,615
Expected return on plan assets	(880,788)	(783,395)
Amortization of unrecognized prior service cost (credit)	<u>0</u>	<u>(29,379)</u>
Net periodic benefit cost	<u>\$ 55,849</u>	<u>\$ 44,699</u>

The following table sets forth items not yet recognized as a component of net periodic benefit cost as follows:

	<u>2024</u>	<u>2023</u>
Net gain	\$ 1,347,584	\$ 674,346

There were no net prior service cost yet to be recognized as a component of net period benefit cost for the years ended April 30, 2024 and 2023.

The net actuarial changes other than net periodic benefit costs that are reported separately on the statements of activities that is adjusting net assets without donor restrictions for the years ended April 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Net effect of adoption of recognition provisions of ASC Topic 715	\$ 673,238	\$ 49,093
Components other than the service cost component of net periodic benefit costs	<u>178,272</u>	<u>185,159</u>
Net actuarial changes	<u>\$ 851,510</u>	<u>\$ 234,252</u>

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 10 – Employee Benefit Plans (Continued)

Other information related to the plan for the years ended April 30, 2024 and 2023 is as follows:

	2024	2023
Net periodic benefit cost	\$ 55,849	\$ 44,699
Employer contribution	0	251,522
Benefits paid	518,921	502,110

Weighted-average assumptions used to determine net periodic benefit cost:

Discount rate	4.85%	4.40%
Expected long-term rate of return on assets	6.75%	6.25%
Rate of compensation increase	3.50%	3.50%

The expected long-term rate of return on plan assets assumption of 6.75 percent was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions for the corresponding fiscal year. Metro United Way's investment objective is to invest plan assets in a manner that will assure sufficient resources to pay current and projected plan obligations over the life of the plan.

The following table sets forth by level, within the fair value hierarchy, Metro United Way's defined benefit plan assets at fair value as of April 30, 2024 and 2023, which are considered Level 1 investments.

	2024	2023
Equity	\$ 4,014,232	\$ 7,902,339
Fixed income	9,966,065	6,331,192
	<u>\$ 13,980,297</u>	<u>\$ 14,233,531</u>

Metro United Way currently provides continuing benefit accruals to a closed group of active participants. As a result, the Plan's ultimate liability is capped. The market value of this ultimate liability can be measured periodically as the Total Benefit Obligation (TBO), using the assumptions and methods defined by FASB for such purposes.

Due to the capped nature of the Plan's liability, Metro United Way no longer has a desire to accumulate any significant amount of excess assets in the Plan. Therefore, Metro United Way wishes to dynamically reduce the Plan's asset/liability risk as the Plan's TBO funded percentage becomes closer to 100 percent. For this purpose, the Plan's TBO funded percentage shall equal the TBO (measured on assumptions, including the discount rate, which reflect market conditions on the measurement date) divided by the market value of Plan assets on such measurement date.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS

April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 10 – Employee Benefit Plans (Continued)

Until the Plan's TBO funded percentage equals 85 percent or more, the Plan's long-term asset mix guideline is 65 percent in equity alternatives and 35 percent in fixed income alternatives. Upon attaining an 85 percent or more TBO funded percentage, Metro United Way will implement changes to its asset mix in accordance with the Organization's investment policy to achieve the overall investment objective. The TBO is calculated at month-end with the new target being established for the month following the TBO calculation.

For the fiscal years ended April 30, 2024 and 2023, Metro United Way attained a TBO funded percentage greater than 85 percent.

As of April 30, 2024 and 2023, the target allocation, based on the TBO funded percentage that was calculated as of March 31, 2024 and 2023, respectively, were as follows:

2024			2023		
TBO Funded Percentage	Target Allocation		TBO Funded Percentage	Target Allocation	
	Equity	Bonds		Equity	Bonds
93.6%	28.0%	72.0%	86.9%	56.0%	44.0%

The TBO funded percentage calculated at April 30, 2024 was 92.8 percent, which will result in a target allocation of 28 percent in equity alternatives and 72 percent in fixed income alternatives for May 2024.

If the TBO funded percentage reaches 85 percent or more and then declines, no assets shall be moved back into equity investments unless Metro United Way directs so.

Estimated pension benefit payments, which reflect future service, for the years ending April 30, 2025 through 2034 are as follows:

<u>Years Ending April 30,</u>	
2025	\$ 750,000
2026	790,000
2027	820,000
2028	820,000
2029	850,000
2030-2034	<u>4,770,000</u>
	<u>\$ 8,800,000</u>

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 10 – Employee Benefit Plans (Continued)

Metro United Way did not contribute to the Plan for the year ended April 30, 2024. For the fiscal year ended April 30, 2024, the Organization expects to continue to base its contribution percentage on the recommendation of the actuary after the actuarial valuation is completed. Based on funded status of the Plan, the Organization estimates that there will be no employer contributions required for the next fiscal year.

Note 11 – Commitments and Contingencies

Unemployment Services Trust

Metro United Way is a participating member of the Unemployment Services Trust, a revocable grantor trust composed of individual 501(c)(3) organizations. The Trust acts as a servicing agent for funds contributed by its participating members for payment of unemployment claims. As a participating member of the Trust, Metro United Way is able to take advantage of the benefits of directly reimbursing unemployment claims generally at a lower cost than paying state unemployment taxes.

Contributions to the Trust are recommended by the Trust's actuary, based on analyses of historical claims experience and current economic conditions in order to approximate future unemployment obligations of the Organization. Contributions totaled \$9,809 and \$10,353 for the fiscal years ended April 30, 2024 and 2023, respectively. Claims are paid by the Trust on behalf of Metro United Way to the Commonwealth of Kentucky for unemployment claims paid to former Metro United Way employees. The obligation for the estimated future claim liabilities of each participating member is ultimately the responsibility of that member. Since contributions are based on actuarial estimates, the amounts held in the Trust at a given time may be less than the potential future unemployment obligations of the Organization. The Organization estimates that the amounts held in the Trust as of April 30, 2024 and 2023 approximate the potential future unemployment obligations incurred as of April 30, 2024 and 2023.

For the year ended April 30, 2024, claims were billed from the state through March 31, 2024. The Organization incurred no additional claims following this date through April 30, 2024.

Paycheck Protection Program Loans

During the year ended April 30, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$1,103,800 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization believes it met the eligibility criteria for qualification to receive the PPP loan and used the proceeds only for qualifying expenses eligible under the CARES Act. The Organization applied for and received formal forgiveness from the U.S. Small Business Administration (SBA) on November 2, 2020. The Organization believes it has met the subsequent criteria for forgiveness of the PPP loans as set forth in the CARES Act; however, the loan is subject to review by the SBA, which could result in the partial or full repayment of the loan by the Organization.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO FINANCIAL STATEMENTS
April 30, 2024 with Comparative Totals for 2023 (as Restated)

Note 11 – Commitments and Contingencies (Continued)

Paycheck Protection Program Loans (Continued)

During the year ended April 30, 2021, the Organization received a second draw PPP loan in the amount of \$1,073,500 under the Economic Aid to Hard-Hit Small Businesses, Non-profits and Venues Act (Economic Aid Act). The Organization believes they met the eligibility criteria for qualification to receive the second draw PPP loan and used the proceeds only for qualifying expenses eligible under the Economic Aid Act. The Organization received formal forgiveness from the SBA on November 4, 2021. The Organization believes it has met the subsequent criteria for forgiveness of the PPP loan as set forth in the Economic Aid Act; however, the loan is subject to review by the SBA, which could result in the partial or full repayment of the loan by the Organization.

Employee Retention Credit

During the year ended April 30, 2022, the Organization applied for and received Employee Retention Credits (ERC) totaling \$1,325,605 enacted under the CARES Act and other subsequent legislation. The Organization believes it met the eligibility criteria for qualification to receive the ERCs it claimed and subsequently received; however, until the statute of limitations for each associated quarterly payroll tax return expires, an Internal Revenue Service (IRS) examination could result in the partial or full repayment of the ERCs by the Organization.

Note 12 – Tax Status

The IRS has ruled that the Organization is exempt from the payment of federal income tax (except on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954 and is not considered a private foundation. There were no taxes due for the years ended April 30, 2024 and 2023, as there was no unrelated business income for these years.

Management evaluated the Organization's uncertain tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Note 13 – Subsequent Events

The Organization has evaluated subsequent events through January 10, 2025, the date on which the financial statements were available to be issued.

--- SUPPLEMENTARY INFORMATION ---

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended April 30, 2024

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
Federal Awards				
U.S. Department of Treasury Passed through Louisville Metro Government Public Health and Wellness				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	CSLFRF-CEOC-FY22-001	\$ 0	\$ 283,183
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	ARP 0060-SHN Office of Youth Development LAT-090	0	343,606
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	CSLFRF-MAY-FY23-004	0	90,553
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	CSLFRF-MAY-FY23-005	0	105,787
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	ARP 0060-SHN Office of Youth Development LAT-090	0	393,512
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	CSLFRF-MAY-FY23-006	0	164,175
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	CSLFRF-MAY-FY23-011	0	181,951
Total U.S. Department of Treasury			0	1,562,767
U. S. Department of Health and Human Services				
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	N/A	0	5,128
Total Expenditures of Federal Awards			\$ 0	\$ 1,567,895

See accompanying notes to Schedule of Expenditures of Federal Awards

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended April 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Metro United Way, Inc. (Organization) under programs of the federal government for the year ended April 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable.

Note 3 – Indirect Cost Rate

The Organization has elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Subrecipient Awards

There were no pass-through awards to subrecipients for the year ended April 30, 2024.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metro United Way, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Metro United Way, Inc. (Organization), a Not-for-Profit Corporation, which comprise the statement of financial position as of April 30, 2024, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a material weakness.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONTINUED)**



Report on Compliance and Other Matters

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

Purpose of this Report

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

Wardig, Skymanski & Company, P.S.C.

Louisville, Kentucky
January 10, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Metro United Way, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Metro United Way, Inc.'s (Organization) compliance 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 Organization's major federal programs for the year ended April 30, 2024. The Organization'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 Organization 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 April 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 (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 Organization and to meet our other ethical responsibilities, in accordance with 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 Organization's compliance with the compliance requirements referred to above.



**HARDING, SHYMANSKI
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE (CONTINUED)**



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to on the previous page 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 Organization'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 on the previous page occurred, whether due to fraud or error, and express an opinion on the Organization'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 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 on the previous page 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 Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 Organization'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 Organization'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 Organization's internal control over compliance. Accordingly, no such opinion is expressed.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE (CONTINUED)**



Auditor's Responsibilities for the Audit of Compliance (Continued)

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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 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 on the previous page 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, as defined above. 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.

Harding, Shymanski & Company, P.C.

Louisville, Kentucky
January 10, 2025

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended April 30, 2024

Section 1 - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) No

Identification of major federal program:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program</u>
21.027	COVID-19: 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? No

Section II - Financial Statement Findings

Material Weakness

2024-001 Recording of Revenue and Pledge Receivables for Certain Donors

Criteria and Condition: Subsequent to the issuance of the audited financial statements for the year ended April 30, 2023, it was discovered that the Organization recorded certain pledges receivable and revenue based on estimates calculated by the Organization, rather than formal commitments which is not in accordance with the requirements of U.S. GAAP.

METRO UNITED WAY, INC.
A Not-for-Profit Corporation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended April 30, 2024

Section II - Financial Statement Findings (Continued)

2024-001 Recording of Revenue and Pledge Receivables for Certain Donors (Continued)

Cause: Metro United Way, Inc. was not clear on the authoritative guidance to follow in regard to recording revenue and pledges receivable for certain campaigns that supporting documentation was not provided.

Effect: Management restated the financial statements for the year ended April 30, 2023, to correct the overstatement. The adjustments reduced pledges receivable, revenue, and change in net assets by approximately \$2,260,000, as compared to the balances previously reported as of April 30, 2023.

Recommendation: Ensure that all revenue and pledges receivable are recorded in accordance with U.S. GAAP by recording pledges based on a formal commitment provided to the Organization.

Views of Responsible Officials and Planned Corrective Actions: Metro United Way, Inc. agrees with the finding and the recommended procedures have been implemented for fiscal year ended April 30, 2024.

Section III – Federal Award Findings and Questioned Costs

None reported.

Thriving Kids | Strong Households | Equitable Community

Summary Schedule of Prior Audit Findings

The prior year single audit disclosed no findings in the Schedule of Finding and Questioned costs and no uncorrected or unresolved findings exist from the prior audit's Summary Schedule of Prior Findings.

Thriving Kids | Strong Households | Equitable Community

CORRECTIVE ACTION PLAN YEAR ENDED April 30, 2024

Identifying number: 2024-001

Finding: Subsequent to the issuance of the audited financial statements for the year ended April 30, 2024, it was discovered that the Organization recorded pledges, receivables, and revenue for certain donors based on estimates calculated by the Organization, rather than formal commitments, which is not in accordance with the requirements of U.S. GAAP.

Corrective Actions Taken or Planned: Metro United Way will record donor pledges receivable and their related revenue only if there is sufficient evidence in the form of verifiable documentation that a promise to give has been made and received.

Client Responsible Party(s): Sandra Watson, Director, Revenue Processing, Phillip Bond, Chief Financial Officer.

Completion Date: Corrective action plan was implemented during the fiscal year ending April 30, 2024.