

# **Metropolitan Inter-Faith Association**

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**Financial Statements and  
Supplementary Information**

**June 30, 2019 and 2018**

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## **Independent Auditors' Report**

Board of Directors  
Metropolitan Inter-Faith Association  
Memphis, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Metropolitan Inter-Faith Association (the "Association"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association, as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters - Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards on page 22 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Association adopted the Financial Account Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2019. Our opinion is not modified with respect to this matter.

*Dixon Hughes Goodman LLP*

**Memphis, Tennessee  
November 8, 2019**

**Metropolitan Inter-Faith Association**  
**Statements of Financial Position**  
**June 30, 2019 and 2018**

	<b>2019</b>	<b>As adjusted 2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,408,103	\$ 3,772,126
Certificates of deposit	505,073	505,073
Accounts receivable	64,741	102,910
Grants receivable	611,318	592,901
Pledges receivable, net	1,028,111	2,060,477
Prepaid expenses and other	20,772	21,732
Investments	14,027,046	12,597,069
Land, buildings, and equipment, net	610,567	675,471
	<u>21,275,731</u>	<u>20,327,759</u>
Total assets	<u>\$ 21,275,731</u>	<u>\$ 20,327,759</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 304,636	\$ 297,890
Accrued expenses	280,097	297,639
Unearned revenue	1,907,374	1,203,610
	<u>2,492,107</u>	<u>1,799,139</u>
Total liabilities	<u>2,492,107</u>	<u>1,799,139</u>
Net assets:		
Without donor restrictions	8,079,955	7,791,955
With donor restrictions	10,703,669	10,736,665
	<u>18,783,624</u>	<u>18,528,620</u>
Total liabilities and net assets	<u>\$ 21,275,731</u>	<u>\$ 20,327,759</u>

**Metropolitan Inter-Faith Association**  
**Statement of Activities**  
**Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Support:			
Government grants	\$ 3,773,905	\$ -	\$ 3,773,905
Contributions	4,815,376	17,004	4,832,380
In-kind	22,551	-	22,551
Total support	<u>8,611,832</u>	<u>17,004</u>	<u>8,628,836</u>
Other revenue:			
Program income	738,513	-	738,513
Investment income	494,036	-	494,036
Rental and other income	87,314	-	87,314
Total revenue	<u>1,319,863</u>	<u>-</u>	<u>1,319,863</u>
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Total support and revenue	<u>9,981,695</u>	<u>(32,996)</u>	<u>9,948,699</u>
Expenses:			
Program services:			
Seniors	4,002,168	-	4,002,168
Families in Crisis	3,582,740	-	3,582,740
Community	7,876	-	7,876
Total program services	<u>7,592,784</u>	<u>-</u>	<u>7,592,784</u>
Supporting services:			
Management and general	896,183	-	896,183
Fundraising and public affairs	1,204,728	-	1,204,728
Total supporting services	<u>2,100,911</u>	<u>-</u>	<u>2,100,911</u>
Total expenses	<u>9,693,695</u>	<u>-</u>	<u>9,693,695</u>
Change in net assets	288,000	(32,996)	255,004
Net assets, beginning of year	<u>7,791,955</u>	<u>10,736,665</u>	<u>18,528,620</u>
Net assets, end of year	<u>\$ 8,079,955</u>	<u>\$ 10,703,669</u>	<u>\$ 18,783,624</u>

See accompanying notes.

**Metropolitan Inter-Faith Association**  
**Statement of Activities**  
**Year Ended June 30, 2018**

	<u>As adjusted Without Donor Restrictions</u>	<u>As adjusted With Donor Restrictions</u>	<u>As adjusted Total</u>
Support and revenue:			
Support:			
Government grants	\$ 3,857,888	\$ -	\$ 3,857,888
Contributions	4,292,696	62,101	4,354,797
In-kind	10,539	-	10,539
Total support	<u>8,161,123</u>	<u>62,101</u>	<u>8,223,224</u>
Other revenue:			
Program income	770,976	-	770,976
Investment income	887,240	-	887,240
Rental and other income	77,178	-	77,178
Total revenue	<u>1,735,394</u>	<u>-</u>	<u>1,735,394</u>
Net assets released from restrictions	<u>40,377</u>	<u>(40,377)</u>	<u>-</u>
Total support and revenue	<u>9,936,894</u>	<u>21,724</u>	<u>9,958,618</u>
Expenses:			
Program services:			
Seniors	4,435,013	-	4,435,013
Families in Crisis	2,638,676	-	2,638,676
Community	4,908	-	4,908
Total program services	<u>7,078,597</u>	<u>-</u>	<u>7,078,597</u>
Supporting services:			
Management and general	860,452	-	860,452
Fundraising and public affairs	1,085,983	-	1,085,983
Total supporting services	<u>1,946,435</u>	<u>-</u>	<u>1,946,435</u>
Total expenses	<u>9,025,032</u>	<u>-</u>	<u>9,025,032</u>
Change in net assets	911,862	21,724	933,586
Net assets, beginning of year	<u>6,880,093</u>	<u>10,714,941</u>	<u>17,595,034</u>
Net assets, end of year	<u>\$ 7,791,955</u>	<u>\$ 10,736,665</u>	<u>\$ 18,528,620</u>

See accompanying notes.

**Metropolitan Inter-Faith Association**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	Program Services				Supporting Services		
	Seniors	Families in Crisis	Community	Total	Management and General	Fundraising and Public Affairs	Total
Salaries	\$ 1,374,214	\$ 887,522	\$ 1,006	\$ 2,262,742	\$ 501,327	\$ 725,393	\$ 3,489,462
Fringe benefits	201,804	155,159	127	357,090	80,514	127,326	564,930
Temporary agency services	12,355	31,711	26	44,092	62,985	2,156	109,233
Food cost	1,399,333	791	3,449	1,403,573	1,594	8,191	1,413,358
Travel and training	63,469	5,884	26	69,379	6,529	1,461	77,369
Utilities	50,504	28,166	-	78,670	5,827	12,626	97,123
Building and office maintenance	16,325	-	35	16,360	1,176	-	17,536
Vehicle maintenance	64,020	5,684	216	69,920	145	2,548	72,613
Vehicle fuel	49,511	-	202	49,713	-	-	49,713
Taxes and licenses	4,245	-	5	4,250	384	-	4,634
Interest	295	264	-	559	2,681	-	3,240
Contract services	215,534	71,848	1,484	288,866	57,634	155,596	502,096
Professional services	47,572	21,672	141	69,385	108,341	5,644	183,370
Stipend	158,647	-	-	158,647	-	-	158,647
Insurance	93,268	16,930	-	110,198	6,351	1,983	118,532
Dues and membership	2,862	136	1	2,999	1,386	3,261	7,646
Telephone	62,155	28,477	924	91,556	4,854	6,936	103,346
Postage	1,704	1,273	-	2,977	3,620	12,940	19,537
Advertising	464	-	-	464	-	806	1,270
Printing and duplication	10,412	5,874	12	16,298	11,161	69,477	96,936
Supplies	27,988	8,606	66	36,660	7,855	15,422	59,937
Direct client support	-	2,257,801	-	2,257,801	-	-	2,257,801
Equipment	3,820	-	4	3,824	-	517	4,341
Recognition	17,868	-	10	17,878	3,258	2,951	24,087
Bad debts	16,584	-	-	16,584	-	7,500	24,084
Miscellaneous	1,700	967	1	2,668	3,368	13,756	19,792
Total before depreciation, in-kind goods and services, and contribution	3,896,653	3,528,765	7,735	7,433,153	870,990	1,176,490	9,480,633
Depreciation	96,564	51,219	141	147,924	19,734	22,852	190,510
In-kind goods and services	8,951	2,756	-	11,707	5,459	5,386	22,552
	<u>\$ 4,002,168</u>	<u>\$ 3,582,740</u>	<u>\$ 7,876</u>	<u>\$ 7,592,784</u>	<u>\$ 896,183</u>	<u>\$ 1,204,728</u>	<u>\$ 9,693,695</u>

See accompanying notes.

**Metropolitan Inter-Faith Association**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2018**

	Program Services				Supporting Services		
	Seniors	Families in Crisis	Community	Total	Management and General	Fundraising and Public Affairs	Total
Salaries	\$ 1,482,681	\$ 789,089	\$ 862	\$ 2,272,632	\$ 501,409	\$ 730,595	\$ 3,504,636
Fringe benefits	238,958	146,026	126	385,110	86,901	128,694	600,705
Temporary agency services	15,466	18,144	-	33,610	13,230	440	47,280
Food cost	1,546,194	511	1,045	1,547,750	1,433	10,999	1,560,182
Travel and training	39,448	8,707	-	48,155	5,211	2,947	56,313
Utilities	54,367	30,320	-	84,687	6,273	13,592	104,552
Building and office maintenance	7,049	356	9	7,414	(29)	160	7,545
Vehicle maintenance	89,519	5,442	32	94,993	1,229	2,439	98,661
Vehicle fuel	79,740	-	54	79,794	-	-	79,794
Taxes and licenses	5,939	-	-	5,939	330	-	6,269
Interest	441	262	-	703	3,244	108	4,055
Contract services	344,054	63,430	1,121	408,605	56,327	52,687	517,619
Professional services	56,614	8,621	52	65,287	106,716	9,041	181,044
Stipend	159,144	-	-	159,144	-	-	159,144
Insurance	101,260	18,377	-	119,637	1,169	2,532	123,338
Dues and membership	539	30	-	569	977	2,766	4,312
Telephone	41,053	19,440	916	61,409	4,814	7,218	73,441
Postage	1,612	1,162	-	2,774	3,483	15,141	21,398
Advertising	-	-	-	-	9,661	3,601	13,262
Printing and duplication	12,007	5,352	511	17,870	3,330	53,200	74,400
Supplies	28,851	5,870	34	34,755	16,579	7,910	59,244
Direct client support	2,950	1,459,012	-	1,461,962	-	-	1,461,962
Equipment	3,309	-	1	3,310	-	393	3,703
Recognition	11,412	-	2	11,414	4,522	5,685	21,621
Bad debts	7,631	-	-	7,631	-	(1,000)	6,631
Miscellaneous	1,101	822	-	1,923	5,937	13,014	20,874
Total before depreciation, in-kind goods and services, and contribution	4,331,339	2,580,973	4,765	6,917,077	832,746	1,062,162	8,811,985
Depreciation	99,711	52,102	143	151,956	27,246	23,306	202,508
In-kind goods and services	3,963	5,601	-	9,564	460	515	10,539
	<u>\$ 4,435,013</u>	<u>\$ 2,638,676</u>	<u>\$ 4,908</u>	<u>\$ 7,078,597</u>	<u>\$ 860,452</u>	<u>\$ 1,085,983</u>	<u>\$ 9,025,032</u>

See accompanying notes.

**Metropolitan Inter-Faith Association**  
**Statements of Cash Flows**  
**Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 255,004	\$ 933,586
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for endowments	(17,004)	(12,101)
Depreciation	190,510	202,508
Net realized and unrealized gain on investments	(876,508)	(876,508)
Increase in discount and allowance on pledges receivable	(46,434)	(12,805)
Change in assets and liabilities:		
Accounts receivable	38,169	(11,537)
Grants receivable	(18,417)	(55,193)
Pledges receivable	1,078,800	427,499
Prepaid expenses and other	961	173,711
Accounts payable	6,746	145,305
Accrued expenses	(17,542)	(13,818)
Unearned revenue	703,764	661,192
Net cash provided by operating activities	<u>1,298,049</u>	<u>1,561,839</u>
Cash flows from investing activities:		
Purchase of investments and certificates of deposit	(12,128,538)	(12,046,038)
Sale of investments and certificates of deposit	11,575,067	11,575,068
Capital expenditures	(125,605)	(66,757)
Net cash used in investing activities	<u>(679,076)</u>	<u>(537,727)</u>
Cash flows from financing activities:		
Contributions restricted for endowments	17,004	12,101
Net cash provided by financing activities	<u>17,004</u>	<u>12,101</u>
Net increase in cash and cash equivalents	635,977	1,036,213
Cash and cash equivalents, beginning of year	<u>3,772,126</u>	<u>2,735,913</u>
Cash and cash equivalents, end of year	<u>\$ 4,408,103</u>	<u>\$ 3,772,126</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 9,369</u>

See accompanying notes.

## Metropolitan Inter-Faith Association Notes to Financial Statements

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### 1. Organization

Metropolitan Inter-Faith Association ("MIFA" or the "Association") is an interfaith nonprofit social service agency operating in Memphis, Tennessee, and surrounding areas. MIFA's programs support the independence of vulnerable seniors and families in crisis through high impact programs. Operations are funded through a broad base of individuals, corporations, foundations, congregations, and civic organizations. Federal, state, and local government grants are also an important source of support.

### 2. Summary of Significant Accounting Policies

#### ***Basis of presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which requires the Association to report information about its financial position and operations according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by the Association or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Association's net assets with donor restrictions consist primarily of endowment contributions.

#### ***Revenue recognition***

The Association records contributions received as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. Contributed materials, space and food (presented as in-kind support) are recorded at their estimated fair values on the date of receipt, consumption, or performance. In accordance with GAAP, contributed services of volunteers are not reflected in the financial statements of the Association which approximated \$2,940,000 and \$2,595,000 for the years ended June 30, 2019 and 2018, respectively.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is met in the same reporting period. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

#### ***Functional expenses***

Expenses are charged to each program based upon direct expenditures incurred. Any expenditures not specifically identifiable by program are allocated based upon the relative direct cost method.

## **Metropolitan Inter-Faith Association Notes to Financial Statements**

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### ***Cash equivalents***

Cash equivalents consist of highly liquid investments, generally with original maturity dates less than three months. Investments represent financial instruments with longer maturity dates and instruments that the Association intends to hold in excess of three months. Investments are reported at fair value with gains and losses included in the statements of activities.

Included in cash and cash equivalents at June 30, 2019 and 2018, are reserve funds of \$31,163 and \$49,355, respectively. Use of these funds is restricted by the U.S. Department of Housing and Urban Development ("HUD").

At times cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limit.

### ***Investment valuation and income recognition***

Investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Other interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Association's gains and losses on investments bought and sold as well as held at year end.

Changes in the net unrealized market appreciation or depreciation during the year pertaining to investments owned on the last day of the year are included in investment income in the statements of activities. Realized gains or losses on the sale of investments represent the difference between the proceeds received and the cost of the investments sold and are calculated based on the first-in, first-out method.

The Association's investments include various types of securities in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Association's financial statements.

### ***Pledges receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The estimated discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. At June 30, 2019 and 2018, the Association had an allowance for uncollectible pledges of \$3,000 and \$9,000 respectively. At June 30, 2019 and 2018, the Association had an allowance for the present value discount of pledges of \$23,970 and \$64,404, respectively.

### ***Land, buildings, and equipment***

Purchased fixed assets are stated at cost and assets donated are recorded at estimated fair values. Depreciation is computed over the estimated useful lives of the assets ranging from 3 to 20 years using the straight-line method.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

## **Metropolitan Inter-Faith Association Notes to Financial Statements**

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### ***Use of estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Income taxes***

The Internal Revenue Service has determined that the Association is not a private foundation and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code ("IRC"). The Association is required to operate in conformity with the IRC in order to maintain its tax-exempt status. The Association has determined that it does not have any material unrecognized positions as of June 30, 2019, and there is no interest or penalties related to income tax assessments.

### ***Fair value measurements***

Fair value as defined under GAAP is an exit price, representing 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. The Association utilizes market data or assumptions that market participants would use in pricing the asset or liability under a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

### ***Subsequent events***

The Association evaluated the effect subsequent events would have on the financial statements through November 8, 2019, which is the date the financial statements were available to be issued.

### ***Reclassifications***

Certain prior year amounts have been reclassified to conform to the current year presentation, without any effect on net assets or changes in net assets.

### ***Change in accounting principle***

Effective July 1, 2018, the Association adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, ("ASU 2016-14"). The provisions of ASU 2016-14 are intended to simplify and improve the presentation of net assets, as well as information regarding liquidity, financial performance, and cash flows. ASU 2016-14 revises the net asset classification structure to two classes (net assets with donor restrictions and net assets without donor restrictions) instead of the previous three. ASU 2016-14 also enhances disclosures for self-imposed limits on the use of resources both with and without donor-imposed restrictions, requires qualitative disclosures on liquidity and the availability of resources, and address the lack of consistency in the type of information provided about expenses and investment returns. The financial information for the year ending June 30, 2018 has been retroactively restate for the effects of the adoption of ASU 2016-14. Previously reported permanently restricted net assets of \$10,686,665 and temporarily restricted net assets of \$50,000 as of June 30, 2018, are now classified as net assets with donor restrictions, and \$1,468,806 of net assets previously reported as temporarily restricted are now classified as net assets without donor restrictions. There was no change in total net assets or effect on the change in net assets accompanying the statement of activities for the year ended June 30, 2018.

## **Metropolitan Inter-Faith Association Notes to Financial Statements**

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### ***Recent accounting pronouncements***

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards. ASU 2014-09 will supersede industry-specific GAAP guidance and provides a principles-based framework for revenue recognition using a 5 step process. Management is evaluating the impact of adopting this new accounting standard on the financial statements. The effective date of the amendment is for annual reporting periods beginning after December 15, 2018.

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize on their balance sheet all lease contracts with lease terms greater than 12 months, including operating leases. Specifically, lessees are required to recognize on the balance sheet at lease commencement both a right-of-use (ROU), representing the lessee's right to use the leased asset over the term of the lease, and a lease liability, representing the lessee's contractual obligation to make lease payments over the term of the lease. The new lease standard requires lessees to classify leases as operating or finance leases, which are similar to the current operating and capital lease classifications. However, the distinction between these two classifications under the new standard does not relate to balance sheet treatment, but relates to treatment and recognition in the statements of income and cash flows. Management is evaluating the impact of adopting this new accounting standard on the financial statements. The effective date of the amendment is for annual reporting periods beginning after December 15, 2020.

On June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which applies to all entities that receive or make contributions, including business entities. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier or hurdle" that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. No new disclosures are required.

For grants/contributions made, donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements.

For federal and other government grants, the ASU clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today.

For transactions in which a non-public entity serves as a resource recipient, the entity should apply the amendments in this ASU on contributions received to annual periods beginning after December 15, 2018. For transactions in which a non-public entity serves as a resource provider, the entity should apply the amendments in this ASU on contributions made to annual periods beginning after December 15, 2019. Early adoption of the amendment is permitted.

The Organization is required to apply the amendments of the ASU on contributions and grants received during the fiscal year ending June 30, 2020.

**Metropolitan Inter-Faith Association**  
**Notes to Financial Statements**

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**3. Availability and Liquidity**

The following represents the Association's financial assets at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 4,408,103	\$ 3,772,126
Certificates of deposit	505,073	505,073
Grants receivable, net	611,318	592,901
Pledges receivable, net	1,028,111	2,060,477
Investments	<u>14,027,046</u>	<u>12,597,069</u>
Total financial assets	20,579,651	19,527,646
Less amounts not available to be used within one year:		
Net assets – board designated	1,669,078	1,733,982
Net assets with donor restrictions	<u>10,703,669</u>	<u>10,736,665</u>
Financial assets available to be used within one year	<u>\$ 8,206,904</u>	<u>\$ 7,056,999</u>

Management's goal is to maintain cash and cash equivalents sufficient to meet 29% of annual operating expenses with amounts above that level transferred to investments quarterly. Cash in excess of quarterly requirements is invested in short-term investments such as money market funds and certificates of deposit.

The Association also has a line of credit (Note 9) to assist with liquidity needs.

**4. Fair Value Measurements**

Prices for money market mutual funds are determined based on transacted amounts, and the resulting fair values are categorized as Level 1. Prices for common stocks are determined based on listed prices for identical securities in actively traded markets and are categorized as level 1.

There is limited or no observable market data for the prices of the pooled fund investments that are held by the Association at CFGM, and the resulting fair values of these securities are categorized as Level 3, pooled fund investments as of June 30, 2019 and 2018, of \$13,810 and \$13,549, are invested in publicly traded equity and fixed income securities based on the fair value of the underlying investments.

The fair value of the limited partnership investments held by the Association are categorized as Level 2 or Level 3 depending on the underlying investments and level of transparency of the underlying investments provided by the fund managers.

There were no changes during the years ended June 30, 2019 and 2018, to the Association's valuation techniques used to measure fair values on a recurring basis.

The following table sets forth by level within the fair value hierarchy the Association's financial assets accounted for at fair value on a recurring basis as of June 30, 2019 and 2018. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

**Metropolitan Inter-Faith Association**  
**Notes to Financial Statements**

	<b>Assets at Fair Value as of June 30, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 356,747	\$ -	\$ -	\$ 356,747
CFGM Balanced Pool	-	-	13,768	13,768
Limited Partnerships	-	7,023,792	6,632,739	13,656,531
	<u>\$ 356,747</u>	<u>\$ 7,023,792</u>	<u>\$ 6,646,507</u>	<u>\$ 14,027,046</u>

	<b>Assets at Fair Value as of June 30, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 350,619	\$ -	\$ -	\$ 350,619
CFGM Balanced Pool	-	-	13,549	13,549
Limited Partnerships	-	6,125,469	6,107,432	12,232,901
	<u>\$ 350,619</u>	<u>\$ 6,125,469</u>	<u>\$ 6,120,981</u>	<u>\$ 12,597,069</u>

Money market mutual funds are included in cash and cash equivalents on the statements of financial position.

The following table illustrates the activity of Level 3 assets from July 1, 2017 to June 30, 2019:

Fair value at July 1, 2017	\$ 11,249,591
Realized and unrealized gains	572,620
Sales	(11,575,068)
Purchases	<u>5,873,838</u>
Fair value at June 30, 2018	6,120,981
Realized and unrealized gains	(247)
Sales	-
Purchases	<u>525,773</u>
Fair value at June 30, 2019	<u>\$ 6,646,507</u>

The realized and unrealized gains and losses in the above table are included in investment income on the statement of activities.

## 5. Land, Buildings, and Equipment

Land, buildings, and equipment consisted of the following as of June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Land	\$ 75,850	\$ 75,850
Buildings and improvements	3,282,922	3,271,009
Office furniture and equipment	856,937	858,424
Motor vehicles	859,365	835,066
	<u>5,075,074</u>	<u>5,040,349</u>
Less accumulated depreciation	<u>(4,464,507)</u>	<u>(4,364,878)</u>
	<u>\$ 610,567</u>	<u>\$ 675,471</u>

**Metropolitan Inter-Faith Association**  
**Notes to Financial Statements**

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**6. Grants Receivable and Unearned Revenue**

Government grants are recognized as revenue when related expenses are incurred. Grants receivable represent program expenditures in excess of grant funds received under specific grants. Unearned grant funds represent funds received in excess of qualifying expenditures. Grants receivable and unearned revenue consisted of the following as of June 30, 2019 and 2018:

	<b>2019</b>		
	<u>Receivable</u>	<u>Unearned Revenue</u>	<u>Net</u>
City of Memphis	\$ 260,554	\$ -	\$ 260,554
Corporation of National and Community Service	62,608	-	62,608
Aging Commission of the MidSouth	221,401	-	221,401
Tennessee Commission on Aging and Disability	15,065	-	15,065
Housing and Urban Development	30,439	-	30,439
Community Alliance for the Homeless	21,251	-	21,251
Memphis Light Gas & Water	-	(1,387,718)	(1,387,718)
No Hungry Seniors	-	(421,136)	(421,136)
Other	-	(98,520)	(98,520)
	<u>\$ 611,318</u>	<u>\$ (1,907,374)</u>	<u>\$ (1,296,056)</u>

	<b>2018</b>		
	<u>Receivable</u>	<u>Unearned Revenue</u>	<u>Net</u>
City of Memphis	\$ 98,137	\$ -	\$ 98,137
Corporation of National and Community Service	28,090	-	28,090
Aging Commission of the MidSouth	255,930	-	255,930
Housing and Urban Development	74,132	-	74,132
Community Alliance for the Homeless	136,612	-	136,612
Memphis Light Gas & Water	-	(797,392)	(797,392)
No Hungry Seniors	-	(304,885)	(304,885)
Other	-	(101,333)	(101,333)
	<u>\$ 592,901</u>	<u>\$ (1,203,610)</u>	<u>\$ (610,709)</u>

**Metropolitan Inter-Faith Association**  
**Notes to Financial Statements**

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**7. Pledges Receivable**

Pledges receivable relate to ongoing fundraising efforts to fund current programs and endowment campaign pledges. Pledges receivable consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Due in:		
Less than one year	\$ 791,831	\$ 291,031
One to five years	<u>263,250</u>	<u>1,842,850</u>
	<u>1,055,081</u>	2,133,881
Less present value discount and allowance for uncollectible	<u>(26,970)</u>	<u>(73,404)</u>
	<u>\$ 1,028,111</u>	<u>\$ 2,060,477</u>

Approximately 54% of the Association's pledge receivable balances at June 30, 2019 and 2018 were due from three donors.

**8. Conditional Promises to Give**

The Association has received indications of gifts in the form of bequests which are revocable during the donor's lifetime. Due to the uncertain nature of these intentions, the Association has not recognized an asset or contribution revenue for these gifts. The total intentions to give are approximately \$1,340,000 as of June 30, 2019.

**9. Outstanding Borrowings Under Revolving Line of Credit Agreement**

The Association maintains a revolving line of credit agreement ("LOC") with a bank with a maturity date of March 31, 2021. Funds available under the LOC are \$500,000, there were no outstanding borrowings at June 30, 2019 and 2018.

Outstanding borrowings, if any, bear interest based on the lenders base commercial lending rate less .5% (5.00% at June 30, 2019). The debt is secured by a certificate of deposit for \$500,000. This agreement also requires the Association to maintain certain financial covenants. At June 30, 2019, the Association was in compliance with all financial debt covenants.

**10. Net Assets**

***Net assets with donor restrictions***

Donor restricted net assets consist of the endowment fund, which are subject to appropriation and spending policy described in Note 11. Net assets released for restriction consist of appropriations from the endowment and expenses incurred for restricted purposes or timing.

***Net Assets without donor restriction – board designated***

At its discretion, the Board may designate funds for specific purposes. As of June 30, 2019 and 2018, the Board has designated unrestricted net assets as follows:

**Metropolitan Inter-Faith Association**  
**Notes to Financial Statements**

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	<u>2019</u>	<u>2018</u>
Invested in land, buildings and equipment	\$ 610,567	\$ 675,741
Endowment – board designated	<u>1,058,511</u>	<u>1,058,511</u>
	<u>\$ 1,669,078</u>	<u>\$ 1,734,252</u>

## **11. Endowment**

During fiscal 2014, the Association launched a permanent endowment campaign to raise funds in order to establish a permanent source of supplemental funding to enhance development and growth of Association programs. Donor contributions to the Permanent Endowment Fund are held by an investment manager in a segregated account and are reflected as Permanently Restricted net assets in the Association's financial statements. Permanently restricted net assets are restricted to investment in perpetuity, the income of which is expendable for operations of the Association and therefore, temporarily restricted.

### ***Interpretation of relevant law***

The Board of Directors of the Association has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA. The Association generally appropriates and spends the temporary restricted assets in the same year; therefore, there are limited temporarily restricted endowment funds at year end.

In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Association and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the investment policies of the Association.

The Association has adopted a total return concept for investing which can offer the advantage of designing long-term investment strategies as opposed to interest-sensitive short term policies and provide for the best balances between current income and long-term growth. The total return concept allows both the use of current income, and over time, a portion of capital appreciation as part of its payout rate. Allocations to operations may come from (1) dividends, (2) interest payments from debt securities, (3) growth in the value of the fund from capital appreciation of equity securities, (4) interest from cash or cash equivalents, and (5) sale of securities.

Expendable funds from board designated assets, temporarily restricted assets, and permanently restricted assets, will be determined on the basis of total return principle including interest, dividends, capital appreciation or prior year accumulations of any of those three sources.

The amount allocated for Association use (the "spending allocation") will be 4%-5% (the spending rate) of the market value of the Restricted Funds averaged over the most recent 12 quarters (3 years). The spending allocation is calculated by taking the average of the fair market value of the fund on the last day of each of the 12 prior quarters and multiplying that average by the spending rate. Notwithstanding the above, no distribution may be made from a fund, the gift instrument of which restricts the expenditure of its principal, which would result in a reduction of the fund below its historical dollar value.

**Metropolitan Inter-Faith Association**  
**Notes to Financial Statements**

Allocations for Association use will be distributed as needed unless the cash is not required, or is unavailable. In such cases, the funds may remain invested.

The Association has also established a Board Designated Endowment Fund that is included in the endowment. These Board designated net assets are reported as unrestricted in the Association's financial statements. The Association is authorized by the Board to use investment earnings equivalent to 5% of the five-year moving average ending fund balance to fund current operations. Investment earnings, not utilized to fund current operations, are added to the principal balance of the Board Designated Endowment Fund. Under the terms of the Board Designated Endowment Fund Agreement, the MIFA Board has the right to invade the principal amount of the Board Designated Endowment Fund upon ratification by a majority vote.

Changes in endowment net assets for the years ended June 30, 2019 and 2018, are as follows:

	<b>Without Donor Restriction- Board Designated</b>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Endowment net assets, July 1, 2017	\$ 1,058,511	\$ 905,339	\$ 10,714,941	\$ 12,678,791
Investment return:				
Investment income	669	7,691	-	8,360
Net unrealized gain	68,328	786,299	-	854,627
Total investment return	68,997	793,990	-	862,987
Contributions	-	-	12,101	12,101
Donor Modification	-	-	(40,377)	(40,377)
Appropriation of endowment assets for expenditures	(68,997)	(230,523)	-	(299,520)
Endowment net assets, June 30, 2018	1,058,511	1,468,806	10,686,665	13,213,982
Investment return:				
Investment income	23	267	-	290
Net unrealized gain	37,570	444,356	-	481,926
Total investment return	37,593	444,623	-	482,216
Contributions	-	-	17,004	17,004
Appropriation of endowment assets for expenditures	(37,593)	(168,516)	-	(206,109)
Endowment net assets, June 30, 2019	<b><u>\$ 1,058,511</u></b>	<b><u>\$ 1,744,913</u></b>	<b><u>\$ 10,703,669</u></b>	<b><u>\$ 13,507,093</u></b>

**12. Employee Retirement Plan**

The Association participates in a 401(k) deferred compensation plan (the "Plan"), which permits employees to elect to defer up to the maximum amount allowable by law until their retirement. The retirement benefit to be provided is based upon the amount of compensation deferred and a discretionary amount determined each year by the Association, based upon the employee's compensation and years of service with the Association. An individual generally vests immediately upon their entry date into the Plan. Deferred compensation expense was \$39,359 and \$40,008 for the years ended June 30, 2019 and 2018, respectively.

***Supplementary Information***

## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Metropolitan Inter-Faith Association  
Memphis, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metropolitan Inter-Faith Association (the "Association") (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2019.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting ("internal control") to determine the 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 Association's internal control. Accordingly, we do not express and opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Association's financial statements are free of 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 determination of financial statement amounts. 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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Memphis, Tennessee  
November 8, 2019**

## **Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by Uniform Guidance**

Board of Directors  
Metropolitan Inter-Faith Association  
Memphis, Tennessee

### **Report on Compliance for the Major Federal Program**

We have audited Metropolitan Inter-Faith Association's (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended June 30, 2019. The Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the compliance for the Association's major federal program based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the type of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

#### ***Opinion of the Major Federal Program***

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for a major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's 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 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 charge with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

**Memphis, Tennessee**  
**November 8, 2019**

**Metropolitan Inter-Faith Association and Related Companies**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

<u>Program Name</u>	<u>CFDA#</u>	<u>Grantor Agency</u>	<u>Grant Number</u>	<u>Total Expenditures</u>
Homelessness Prevention and Rapid Re-Housing:				
Estival Place- Satellite Housing	14.235	Housing and Urban Development	TN 0224L4J011603	\$ 217,010
Estival Place- Satellite Housing	14.235	Housing and Urban Development	TN 0226L4J011701	265,945
Estival Place- Satellite Housing	14.235	Housing and Urban Development	TN 0226L4J011704	30,439
Subtotal (14.235)				<u>513,394</u>
Housing Opportunity	14.225	City of Memphis	35762	135,000
Housing Opportunity	14.225	City of Memphis	35763	168,131
Housing Opportunity	14.225	City of Memphis	Subaward	62,415
Subtotal (14.225)				<u>365,546</u>
Housing Opportunity	14.262	City of Memphis	35181	120,399
Housing Opportunity	14.262	City of Memphis	35761	259,621
Subtotal (14.262)				<u>380,020</u>
Aging Program Cluster:				
Congregate Meals	93.045	Aging Commission of the Mid-South	2015-ACMS9-215	698,011
Home Delivered Meals	93.045	Aging Commission of the Mid-South	2015-ACMS9-215	599,793
Ombudsman Program	93.044	Aging Commission of the Mid-South	2015-ACMS9-104	103,840
Subtotal (93.044 and 93.045)				<u>1,401,644</u>
Senior Companion	94.016	Corporation for National and Community Service	12SCSTN001	320,453
Subtotal (94.016)				<u>320,453</u>
Total Federal Assistance				<u>\$ 2,981,057</u>

**Metropolitan Inter-Faith Association**  
**Notes to Schedule of Expenditures of Federal Awards**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Metropolitan Inter-Faith Association and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. 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. The Association has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

**Metropolitan Inter-Faith Association  
Schedule of Findings and Questioned Costs**

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**Part I – Summary of Audit Results**

1. The independent auditors' report on the financial statements of Metropolitan Inter-Faith Association (the "Association") expressed an unmodified opinion on whether the schedule of expenditures of federal awards audited were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. No material weaknesses relating to the audit of major federal award programs is reported in the Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by Uniform Guidance.
5. The Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by Uniform Guidance expressed an unmodified opinion.
6. There were no audit findings relative to the major federal awards program.
7. The Association's major program was the Aging Program Cluster (CFDA 93.044 and 93.045).
8. A threshold of \$750,000 was used to distinguish between Type A and Type B programs as those terms are defined in Uniform Guidance.
9. The Association qualified as a low-risk auditee as that term is defined in Uniform Guidance.

**Part II – Findings – Financial Statements Audit**

None

**Part III – Finds and Questioned Costs – Major Federal Awards**

None

**Metropolitan Inter-Faith Association  
Summary Schedule of Prior Audit Findings**

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**Financial Statement Findings**

None noted.

**Federal Award Findings and Questioned Costs**

None noted.