




Metropolitan Inter-Faith Association

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

June 30, 2024 and 2023



Metropolitan Inter-Faith Association
Contents
June 30, 2024 and 2023

Contents

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Statements of Financial Position..... | 3 |
| Statements of Activities..... | 4 |
| Statements of Functional Expenses..... | 6 |
| Statements of Cash Flows..... | 8 |
| Notes to Financial Statements..... | 9 |
| Supplementary Information | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report..... | 19 |
| Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance – Independent Auditor’s Report..... | 21 |
| Schedule of Expenditures of Federal Awards..... | 24 |
| Notes to Schedule of Expenditures of Federal Awards..... | 25 |
| Schedule of Findings and Questioned Costs..... | 26 |
| Summary Schedule of Prior Audit Findings..... | 27 |

Independent Auditor's Report

Board of Directors
Metropolitan Inter-Faith Association
Memphis, Tennessee

Report of the Audit of the Financial Statements

Opinion

We have audited the financial statements of Metropolitan Inter-Faith Association (the "Association") which comprise the statements of financial position as of June 30, 2024, and 2023, and related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2024, and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits 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. 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 Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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 Association's ability to continue as a going concern within one year after the date that these financial statements are 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 Association'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 Association's ability to continue as a going concern for a reasonable period of time.

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

Other 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 is presented for the 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 GAAS. 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 December 2, 2024 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 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 Association'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 Association's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Nashville, Tennessee
December 2, 2024

Metropolitan Inter-Faith Association
Statements of Financial Position
June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 11,037,898 | \$ 11,704,192 |
| Certificates of deposit | 523,527 | 506,948 |
| Accounts receivable | 961,939 | 547,083 |
| Grants receivable | 1,288,105 | 1,055,039 |
| Pledges receivable, net | 190,295 | 198,382 |
| Prepaid expenses and other | 1,509 | 1,275 |
| Investments | 18,242,295 | 17,388,307 |
| Land, buildings, and equipment, net | <u>1,512,664</u> | <u>1,061,572</u> |
| Total assets | <u>\$ 33,758,232</u> | <u>\$ 32,462,798</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 293,096 | \$ 229,349 |
| Accrued expenses | 490,378 | 472,827 |
| Unearned revenue | <u>1,558,856</u> | <u>2,814,532</u> |
| Total liabilities | <u>2,342,330</u> | <u>3,516,708</u> |
| Net Assets | | |
| Without donor restrictions | 19,653,783 | 17,184,942 |
| With donor restrictions | <u>11,762,119</u> | <u>11,761,148</u> |
| Total net assets | <u>31,415,902</u> | <u>28,946,090</u> |
| Total liabilities and net assets | <u>\$ 33,758,232</u> | <u>\$ 32,462,798</u> |

Metropolitan Inter-Faith Association
Statement of Activities
Year Ended June 30, 2024

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|----------------------------------------------|-------------------------------------------|----------------------------------------|----------------------|
| Support and Revenue | | | |
| Support | | | |
| Government grants | \$ 4,130,872 | \$ - | \$ 4,130,872 |
| Contributions | 9,185,780 | 971 | 9,186,751 |
| Total support | <u>13,316,652</u> | <u>971</u> | <u>13,317,623</u> |
| Other Revenue | | | |
| Program income | 3,163,778 | - | 3,163,778 |
| Investment income | 1,683,305 | - | 1,683,305 |
| Rental and other income | 500 | - | 500 |
| Total revenue | <u>4,847,583</u> | <u>-</u> | <u>4,847,583</u> |
| Net Assets Released from Restrictions | <u>-</u> | <u>-</u> | <u>-</u> |
| Total support and revenue | <u>18,164,235</u> | <u>971</u> | <u>18,165,206</u> |
| Expenses | | | |
| Program Services | | | |
| Seniors | 6,759,331 | - | 6,759,331 |
| Families in crisis | 6,174,923 | - | 6,174,923 |
| Community | 239 | - | 239 |
| Total program services | <u>12,934,493</u> | <u>-</u> | <u>12,934,493</u> |
| Supporting Services | | | |
| Management and general | 1,158,350 | - | 1,158,350 |
| Fundraising and public affairs | 1,602,551 | - | 1,602,551 |
| Total supporting services | <u>2,760,901</u> | <u>-</u> | <u>2,760,901</u> |
| Total expenses | <u>15,695,394</u> | <u>-</u> | <u>15,695,394</u> |
| Change in Net Assets | 2,468,841 | 971 | 2,469,812 |
| Net Assets, Beginning of Year | <u>17,184,942</u> | <u>11,761,148</u> | <u>28,946,090</u> |
| Net Assets, End of Year | <u>\$ 19,653,783</u> | <u>\$ 11,762,119</u> | <u>\$ 31,415,902</u> |

Metropolitan Inter-Faith Association
Statement of Activities
Year Ended June 30, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|----------------------------------------------|-------------------------------------------|----------------------------------------|----------------------|
| Support and Revenue | | | |
| Support | | | |
| Government grants | \$ 6,370,701 | \$ - | \$ 6,370,701 |
| Contributions | 6,922,297 | (25) | 6,922,272 |
| Total support | <u>13,292,998</u> | <u>(25)</u> | <u>13,292,973</u> |
| Other Revenue | | | |
| Program income | 1,519,767 | - | 1,519,767 |
| Investment income | 1,640,752 | - | 1,640,752 |
| Rental and other income | 44,443 | - | 44,443 |
| Total revenue | <u>3,204,962</u> | <u>-</u> | <u>3,204,962</u> |
| Net Assets Released from Restrictions | <u>-</u> | <u>-</u> | <u>-</u> |
| Total support and revenue | <u>16,497,960</u> | <u>(25)</u> | <u>16,497,935</u> |
| Expenses | | | |
| Program Services | | | |
| Seniors | 5,993,541 | - | 5,993,541 |
| Families in crisis | 6,201,475 | - | 6,201,475 |
| Community | 5,047 | - | 5,047 |
| Total program services | <u>12,200,063</u> | <u>-</u> | <u>12,200,063</u> |
| Supporting Services | | | |
| Management and general | 1,086,307 | - | 1,086,307 |
| Fundraising and public affairs | 1,504,071 | - | 1,504,071 |
| Total supporting services | <u>2,590,378</u> | <u>-</u> | <u>2,590,378</u> |
| Total expenses | <u>14,790,441</u> | <u>-</u> | <u>14,790,441</u> |
| Change in Net Assets | 1,707,519 | (25) | 1,707,494 |
| Net Assets, Beginning of Year | <u>15,477,423</u> | <u>11,761,173</u> | <u>27,238,596</u> |
| Net Assets, End of Year | <u>\$ 17,184,942</u> | <u>\$ 11,761,148</u> | <u>\$ 28,946,090</u> |

Metropolitan Inter-Faith Association
Statement of Functional Expenses
Year Ended June 30, 2024

| | 2024 | | | | Supporting Services | | |
|-------------------------------------------------------------|---------------------|-----------------------|---------------|----------------------|---------------------------|--------------------------------------|----------------------|
| | Seniors | Families in Crisis | Community | Total | Management and General | Fundraising and Public Affairs | Total |
| Salaries | \$ 1,755,452 | \$ 1,106,264 | \$ 86 | \$ 2,861,802 | \$ 640,881 | \$ 955,161 | \$ 4,457,844 |
| Fringe benefits | 354,086 | 235,852 | 18 | 589,956 | 113,766 | 206,258 | 909,980 |
| Temporary agency services | 125,691 | 55,327 | - | 181,018 | 27,771 | 752 | 209,541 |
| Food cost | 3,267,476 | 1,804 | - | 3,269,280 | 4,438 | 29,994 | 3,303,712 |
| Travel and training | 17,830 | 3,424 | - | 21,254 | 6,240 | 14,191 | 41,685 |
| Utilities | 45,026 | 26,640 | - | 71,666 | 8,964 | 7,121 | 87,751 |
| Building and office maintenance | 43,060 | 14,010 | - | 57,070 | 4,575 | 3,745 | 65,390 |
| Vehicle maintenance | 67,674 | - | - | 67,674 | 200 | - | 67,874 |
| Vehicle fuel | 49,518 | - | - | 49,518 | - | - | 49,518 |
| Taxes and licenses | 7,981 | - | - | 7,981 | 37,077 | - | 45,058 |
| Interest | 277 | 285 | - | 562 | 1,407 | 68 | 2,037 |
| Contract services | 409,461 | 219,426 | 135 | 629,022 | 86,091 | 194,882 | 909,995 |
| Professional services | 53,759 | 18,067 | - | 71,826 | 157,375 | 7,142 | 236,343 |
| Insurance | 101,393 | 24,685 | - | 126,078 | 4,230 | 3,360 | 133,668 |
| Dues and membership | 4,564 | 80 | - | 4,644 | 3,336 | 4,844 | 12,824 |
| Telephone | 59,179 | 14,619 | - | 73,798 | 10,119 | 13,053 | 96,970 |
| Postage | 206 | 11 | - | 217 | 103 | 18,375 | 18,695 |
| Advertising | 500 | - | - | 500 | - | 5,680 | 6,180 |
| Printing and duplication | 10,118 | 359 | - | 10,477 | 748 | 96,038 | 107,263 |
| Supplies | 91,652 | 8,960 | - | 100,612 | 11,541 | 8,592 | 120,745 |
| Direct client support | 970 | 4,415,290 | - | 4,416,260 | - | - | 4,416,260 |
| Equipment | 35,949 | - | - | 35,949 | - | - | 35,949 |
| Recognition | 10,915 | - | - | 10,915 | 12,282 | 3,690 | 26,887 |
| Bad debts | 5,193 | - | - | 5,193 | - | 1,250 | 6,443 |
| Miscellaneous | 2,013 | 1,993 | - | 4,006 | 4,587 | 20,961 | 29,554 |
| Total before depreciation and in-kind goods and services | 6,519,943 | 6,147,096 | 239 | 12,667,278 | 1,135,731 | 1,595,157 | 15,398,166 |
| Depreciation | 239,388 | 27,827 | - | 267,215 | 22,619 | 7,394 | 297,228 |
| | <u>\$ 6,759,331</u> | <u>\$ 6,174,923</u> | <u>\$ 239</u> | <u>\$ 12,934,493</u> | <u>\$ 1,158,350</u> | <u>\$ 1,602,551</u> | <u>\$ 15,695,394</u> |

See Notes to Financial Statements

**Metropolitan Inter-Faith Association
Statement of Functional Expenses
Year Ended June 30, 2023**

| | 2023 | | | | Supporting Services | | |
|-------------------------------------------------------------|---------------------|-----------------------|-----------------|----------------------|---------------------------|--------------------------------------|----------------------|
| | Seniors | Families in Crisis | Community | Total | Management and General | Fundraising and Public Affairs | Total |
| | | | | | | | |
| Salaries | \$ 1,605,713 | \$ 1,280,477 | \$ 4,346 | \$ 2,890,536 | \$ 561,991 | \$ 910,878 | \$ 4,363,405 |
| Fringe benefits | 315,096 | 270,543 | 507 | 586,146 | 102,038 | 185,757 | 873,941 |
| Temporary agency services | 120,323 | 32,932 | - | 153,255 | 40,849 | 1,106 | 195,210 |
| Food cost | 2,812,995 | 2,314 | - | 2,815,309 | 2,123 | 1,365 | 2,818,797 |
| Travel and training | 15,615 | 3,440 | - | 19,055 | 2,434 | 8,921 | 30,410 |
| Utilities | 49,666 | 30,384 | - | 80,050 | 10,223 | 8,121 | 98,394 |
| Building and office maintenance | 46,445 | 12,583 | - | 59,028 | 4,301 | 3,364 | 66,693 |
| Vehicle maintenance | 100,695 | - | - | 100,695 | - | - | 100,695 |
| Vehicle fuel | 49,368 | - | - | 49,368 | - | - | 49,368 |
| Taxes and licenses | 4,597 | - | - | 4,597 | 2,617 | - | 7,214 |
| Interest | 235 | 243 | - | 478 | 2,145 | 59 | 2,682 |
| Contract services | 448,954 | 261,226 | 194 | 710,374 | 92,644 | 198,088 | 1,001,106 |
| Professional services | 55,181 | 18,275 | - | 73,456 | 161,183 | 8,078 | 242,717 |
| Insurance | 88,227 | 13,046 | - | 101,273 | 2,396 | 1,903 | 105,572 |
| Dues and membership | 2,679 | - | - | 2,679 | 3,260 | 2,295 | 8,234 |
| Telephone | 49,434 | 15,198 | - | 64,632 | 5,868 | 7,043 | 77,543 |
| Postage | 214 | 703 | - | 917 | 1,598 | 13,158 | 15,673 |
| Advertising | 5 | - | - | 5 | 231 | 13,849 | 14,085 |
| Printing and duplication | 10,040 | 895 | - | 10,935 | 1,085 | 81,700 | 93,720 |
| Supplies | 55,925 | 12,745 | - | 68,670 | 41,104 | 8,845 | 118,619 |
| Direct client support | - | 4,227,550 | - | 4,227,550 | - | - | 4,227,550 |
| Recognition | 10,209 | - | - | 10,209 | 12,906 | 6,148 | 29,263 |
| Bad debts | 160 | - | - | 160 | - | 21,275 | 21,435 |
| Miscellaneous | 2,599 | 2,010 | - | 4,609 | 2,879 | 17,687 | 25,175 |
| | | | | | | | |
| Total before depreciation and in-kind goods and services | 5,844,375 | 6,184,564 | 5,047 | 12,033,986 | 1,053,875 | 1,499,640 | 14,587,501 |
| Depreciation | 149,166 | 16,911 | - | 166,077 | 32,432 | 4,431 | 202,940 |
| | | | | | | | |
| | <u>\$ 5,993,541</u> | <u>\$ 6,201,475</u> | <u>\$ 5,047</u> | <u>\$ 12,200,063</u> | <u>\$ 1,086,307</u> | <u>\$ 1,504,071</u> | <u>\$ 14,790,441</u> |

See Notes to Financial Statements

Metropolitan Inter-Faith Association
Statements of Cash Flows
June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Operating Activities | | |
| Change in net assets | \$ 2,469,812 | \$ 1,707,494 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 297,228 | 202,940 |
| Net realized and unrealized gain on investments | (1,222,825) | (1,520,788) |
| Increase in discount and allowance on pledges receivable | 12,863 | 22,271 |
| Change in assets and liabilities | | |
| Accounts receivable | (414,856) | (483,845) |
| Grants receivable | (233,066) | 510,450 |
| Pledges receivable | (4,776) | (137,724) |
| Prepaid expenses and other | (234) | (1,275) |
| Accounts payable | 63,747 | (173,438) |
| Accrued expenses | 17,551 | 34,698 |
| Unearned revenue | (1,255,676) | 402,669 |
| Net cash provided by (used in) operating activities | <u>(270,232)</u> | <u>563,452</u> |
| Investing Activities | | |
| Purchase of investments and certificates of deposit | (1,046,896) | (1,248,246) |
| Sale of investments and certificates of deposit | 1,399,154 | 1,617,577 |
| Capital expenditures | <u>(748,320)</u> | <u>(430,137)</u> |
| Net cash used in investing activities | <u>(396,062)</u> | <u>(60,806)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (666,294) | 502,646 |
| Cash and Cash Equivalents, Beginning of Year | <u>11,704,192</u> | <u>11,201,546</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 11,037,898</u> | <u>\$ 11,704,192</u> |

Note 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.

Note 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 Association. 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, whereby 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 \$1,746,886 and \$1,327,187 for the years ended June 30, 2024 and 2023, respectively.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that has donor restrictions is reported as an increase in net assets without donor restrictions if they restrictions are met in the same reporting period the contribution is made or conditions are substantially met. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023

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.

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, 2024 and 2023, are reserve funds of \$46,549 and \$27,031, 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 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, 2024 and 2023, the Association did not have an allowance for uncollectible pledges.

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
June 30, 2024 and 2023

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 ("IRS") 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, 2024, 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.

Recently Adopted Accounting Principles

On January 1, 2023, the Association adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326)* ("ASC 326"). This guidance, commonly referred to as Current Expected Credit Losses ("CECL"), significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Association that are subject to the guidance in ASC 326 are accounts receivable. The impact of the adoption was not considered material to the financial statements.

Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023

Note 3. Availability and Liquidity

The following represents the Association's financial assets at June 30:

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | \$ 11,037,898 | \$ 11,704,192 |
| Certificates of deposit | 523,527 | 506,948 |
| Grants receivable, net | 1,288,105 | 1,055,039 |
| Pledges due within one year and accounts receivable, net | 1,067,489 | 591,583 |
| Investments | <u>18,242,295</u> | <u>17,388,307</u> |
| Total financial assets | 32,159,314 | 31,246,069 |
| Less amounts not available to be used within one year | | |
| Net assets – board designated | 1,179,089 | 1,150,003 |
| Net assets with donor restrictions | <u>11,761,148</u> | <u>11,761,173</u> |
| Financial assets available to be used within one year | <u>\$ 19,219,077</u> | <u>\$ 18,334,918</u> |

Management's goal is to maintain cash and cash equivalents sufficient to meet approximately 30% 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.

Note 4. Fair Value Measurements

Prices for mutual funds 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 Community Foundation of Greater Memphis, and the resulting fair values of these securities are categorized as Level 3, pooled fund investments as of June 30, 2024 and 2023, of \$18,399 and \$16,439, 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, 2024 and 2023, to the Association's valuation techniques used to measure fair values on a recurring basis.

Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023. 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.

| | June 30, 2024 | | | |
|---------------------------|--------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------|
| | Fair Value Measurements Using | | | |
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Mutual funds | \$ 1,651,028 | \$ 1,651,028 | \$ - | \$ - |
| CFGM balanced pool | 18,399 | - | - | 18,399 |
| Limited partnerships | <u>16,572,868</u> | - | <u>8,548,632</u> | <u>8,024,236</u> |
| Investments at fair value | <u>\$ 18,242,295</u> | <u>\$ 1,651,028</u> | <u>\$ 8,548,632</u> | <u>\$ 8,042,635</u> |
| | June 30, 2023 | | | |
| | Fair Value Measurements Using | | | |
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Mutual funds | \$ 1,600,990 | \$ 1,600,990 | \$ - | \$ - |
| CFGM balanced pool | 16,439 | - | - | 16,439 |
| Limited partnerships | <u>15,770,878</u> | - | <u>7,618,466</u> | <u>8,152,412</u> |
| Investments at fair value | <u>\$ 17,388,307</u> | <u>\$ 1,600,990</u> | <u>\$ 7,618,466</u> | <u>\$ 8,168,851</u> |

The limited partnership category includes investments in limited partnerships that invest in privately negotiated equity and equity-related investments, principally in venture capital, private equity partnerships, buy-out, mezzanine financing, and operating companies. These investments do not allow for investor requested redemptions. The investor can offer their interest to another buyer; however, the partnership has no obligation to find a buyer. The partnerships make distributions at various times. The limited partnerships have redemption requirements that range from frequency from quarterly to annually with 60 to 90 day notice required. The Association has unfunded commitments of \$1,403,000 at June 30, 2024.

Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023

Note 5. Land, Buildings, and Equipment

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

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 77,450 | \$ 77,450 |
| Buildings and improvements | 4,191,310 | 3,585,257 |
| Office furniture and equipment | 993,110 | 946,099 |
| Motor vehicles | <u>791,178</u> | <u>729,369</u> |
| | 6,053,048 | 5,338,175 |
| Accumulated depreciation | <u>(4,540,384)</u> | <u>(4,276,603)</u> |
| | <u>\$ 1,512,664</u> | <u>\$ 1,061,572</u> |

Note 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:

| | <u>2024</u> | | |
|----------------------------------|---------------------|-------------------------|-----------------------|
| | <u>Receivable</u> | <u>Unearned Revenue</u> | <u>Net</u> |
| City of Memphis | \$ 341,685 | \$ - | \$ 341,685 |
| Aging Commission of the MidSouth | 895,375 | - | 895,375 |
| Housing and Urban Development | 31,939 | - | 31,939 |
| Memphis Light Gas & Water | - | (1,553,270) | (1,553,270) |
| Other | <u>19,106</u> | <u>(5,586)</u> | <u>13,520</u> |
| | <u>\$ 1,288,105</u> | <u>\$ (1,558,856)</u> | <u>\$ (270,751)</u> |
| | <u>2023</u> | | |
| | <u>Receivable</u> | <u>Unearned Revenue</u> | <u>Net</u> |
| City of Memphis | \$ 406,739 | \$ - | \$ 406,739 |
| Aging Commission of the MidSouth | 575,188 | - | 575,188 |
| Housing and Urban Development | 49,014 | - | 49,014 |
| Memphis Light Gas & Water | - | (2,814,532) | (2,814,532) |
| Other | <u>24,098</u> | <u>-</u> | <u>24,098</u> |
| | <u>\$ 1,055,039</u> | <u>\$ (2,814,532)</u> | <u>\$ (1,759,493)</u> |

Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023

Note 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, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------------------------|-------------------|-------------------|
| Due in | | |
| Less than one year | \$ 105,550 | \$ 44,500 |
| One to five years | <u>99,000</u> | <u>181,000</u> |
| | 204,550 | 225,500 |
| Present value discount and allowance for uncollectible | <u>(14,255)</u> | <u>(27,118)</u> |
| | <u>\$ 190,295</u> | <u>\$ 198,382</u> |

Note 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 gifts, the Association has not recognized an asset or contribution revenue for these gifts. The total conditional promises to give are approximately \$310,000 as of June 30, 2024.

Note 9. Line of Credit Agreement

The Association maintains a revolving line of credit agreement ("LOC") with a bank with a maturity date of August 30, 2025. Funds available under the LOC are \$500,000. There were no outstanding borrowings at June 30, 2024 and 2023. Outstanding borrowings, if any, bear interest based on the lender's base commercial lending rate (7.64% at June 30, 2024). 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, 2024, the Association was in compliance with all financial debt covenants.

**Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023**

Note 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, 2024 and 2023, the Board has designated unrestricted net assets as follows:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------------|---------------------|---------------------|
| Invested in land, buildings and equipment | \$ 1,512,665 | \$ 708,895 |
| Endowment – board designated | <u>1,179,089</u> | <u>1,150,003</u> |
| | <u>\$ 2,691,754</u> | <u>\$ 1,858,898</u> |

Note 11. Endowment

The Association maintains a permanent endowment 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 net assets with donor restrictions in the Association’s financial statements. The donor restricted net assets are restricted to investment in perpetuity, the income of which is expendable for operations of the Association and therefore, accounted for as without donor restrictions.

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.

Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023

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.

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.

Metropolitan Inter-Faith Association
Notes to Financial Statements
June 30, 2024 and 2023

Changes in endowment net assets are as follows for the years ended June 30:

| | Without Donor Restriction Board Designated | Without Donor Restriction | With Donor Restriction | Total |
|-------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------|---------------------------------------|----------------------|
| Endowment net assets, July 1, 2022 | \$ 1,096,477 | \$ 2,077,545 | \$ 11,761,173 | \$ 14,935,195 |
| Investment return | | | | |
| Investment income | 23 | 295 | - | 318 |
| Net unrealized loss | <u>97,919</u> | <u>1,235,846</u> | <u>-</u> | <u>1,333,765</u> |
| Total investment return | 97,942 | 1,236,141 | - | 1,334,083 |
| Contributions | - | - | (25) | (25) |
| Appropriation of endowment assets for expenditures | <u>(44,416)</u> | <u>(560,584)</u> | <u>-</u> | <u>(605,000)</u> |
| Endowment net assets, June 30, 2023 | 1,150,003 | 2,753,102 | 11,761,148 | 15,664,253 |
| Investment return | | | | |
| Investment income | 25 | 322 | - | 347 |
| Net unrealized gain | <u>84,123</u> | <u>1,061,716</u> | <u>-</u> | <u>1,145,839</u> |
| Total investment return | 84,148 | 1,062,038 | - | 1,146,186 |
| Contributions | - | - | 971 | 971 |
| Appropriation of endowment assets for expenditures | <u>(55,062)</u> | <u>(694,938)</u> | <u>-</u> | <u>(750,000)</u> |
| Endowment net assets, June 30, 2024 | <u>\$ 1,179,089</u> | <u>\$ 3,120,202</u> | <u>\$ 11,762,119</u> | <u>\$ 16,061,410</u> |

Note 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 \$59,998 and \$60,853 for the years ended June 30, 2024 and 2023, respectively.

Note 13. Subsequent Events

The Association evaluated the effect subsequent events would have on the financial statements through December 2, 2024.

Supplementary Information

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
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, 2024, 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 December 2, 2024.

Report on 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") as a basis for designing 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 an 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.

Report on 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 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 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.

Forvis Mazars, LLP

**Nashville, Tennessee
December 2, 2024**

Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
Metropolitan Inter-Faith Association
Memphis, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited the Metropolitan Inter-Faith Association's (the "Association") 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 Association's major federal programs for the year ended June 30, 2024. The Association's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 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; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association 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 Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *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 Association'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 Association'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 Association's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Forvis Mazars, LLP

**Nashville, Tennessee
December 2, 2024**

**Metropolitan Inter-Faith Association
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

| Program Name | ALN | Grantor Agency | Grant Number | Total Expenditures |
|-----------------------------------------------------|------------|-----------------------------------|---------------------|---------------------------|
| Homelessness Prevention and Rapid Re-Housing | | | | |
| HUD Continuum of Care | 14.267 | Housing and Urban Development | TN 0420T4J012200 | \$ 156,767 |
| HUD Continuum of Care | 14.267 | Housing and Urban Development | TN 0262L4J012105 | 190,285 |
| Community Alliance for Homeless | 14.267 | City of Memphis | TN 0259LAJ012004 | <u>14,336</u> |
| Subtotal (14.267) | | | | <u>361,388</u> |
| HPRP - CDBG Shelter Placement | 14.218 | City of Memphis | 40494 | 155,000 |
| HPRP - CDBG Hotline | 14.218 | City of Memphis | 40493 | <u>150,000</u> |
| Subtotal (14.218) | | | | <u>305,000</u> |
| HPRP ESG 23/24 | 14.231 | City of Memphis | 40179 | <u>183,843</u> |
| Subtotal (14.231) | | | | <u>183,843</u> |
| Aging Program Cluster | | | | |
| Congregate Meals | 93.045 | Aging Commission of the Mid-South | 2301TN0ACM-01 | 791,351 |
| Home Delivered Meals | 93.045 | Aging Commission of the Mid-South | 2301TN0AHD-04 | 1,529,718 |
| Ombudsman Program | 93.044 | Aging Commission of the Mid-South | 2301TNOASS-01 | <u>131,000</u> |
| Subtotal (93.044 and 93.045) | | | | <u>2,452,069</u> |
| Ombudsman Program - ARPA | 93.042 | Aging Commission of the Mid-South | 2301TN0A0M-04 | <u>108,696</u> |
| Subtotal (93.042) | | | | <u>108,696</u> |
| Total Federal Assistance | | | | <u>\$ 3,410,996</u> |

Metropolitan Inter-Faith Association
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note 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
 June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

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

- Unmodified** **Qualified** **Adverse** **Disclaimer**

2. Internal control over financial reporting:

Significant deficiency(ies) identified? **Yes** **None Reported**

Material weakness(es) identified? **Yes** **No**

3. Noncompliance material to the financial statements noted? **Yes** **No**

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? **Yes** **None Reported**

Material weakness(es) identified? **Yes** **No**

5. Type of auditor’s report issued on compliance for major federal award program(s):

- Unmodified** **Qualified** **Adverse** **Disclaimer**

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

7. Identification of major federal programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|-------------------------------------|-------------------------------------------|
| 93.044, 93.045 | Aging Program Cluster |

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? **Yes** **No**

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.