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

Financial Report

April 30, 2019 and 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT

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Finance Committee
Metro United Way, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Metro United Way, Inc., a Not-for-Profit Corporation, which comprise the statement of financial position as of April 30, 2019, the related statements of activities, cash flows, and functional expenses for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 the purpose of 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Metro United Way, Inc., a Not-for-Profit Corporation, as of April 30, 2019, and the changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Metro United Way, Inc.'s, a Not-for-Profit Corporation, April 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Louisville, Kentucky
August 22, 2019

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

STATEMENTS OF FINANCIAL POSITION
April 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	**$ 2,360,081**	$ 4,109,127
Certificates of Deposit	**759,237**	745,970
Investments	**10,486,835**	7,326,379
Pledges Receivable, Less Allowance for Uncollectible Pledges 2019 $1,461,505; 2018 $1,449,561	**14,936,963**	15,989,108
Other Receivables and Prepaid Expenses	**207,962**	228,207
Property and Equipment, Net	**2,434,410**	2,459,610
Assets Held for Custodian Funds	**72,534**	55,199
Investments Held by Others	**1,489,474**	1,443,371
Total assets	**$ 32,747,496**	$ 32,356,971
LIABILITIES AND NET ASSETS		
Allocations Payable	**$ 1,104,570**	$ 1,931,736
Accounts Payable and Accrued Expenses	**811,676**	463,754
Pension Liability	**2,799,428**	2,419,829
Amounts Due Custodian Funds	**72,534**	55,199
Total liabilities	**4,788,208**	4,870,518
Net Assets		
Without donor restrictions		
Invested in land, building, and equipment	**2,434,410**	2,459,610
Board designated for Southern Indiana	**384,468**	385,308
Board designated for future allocations	**6,026,466**	9,103,904
Board designated for donor advised fund	**4,049,050**	3,335,425
Board designated for endowment fund	**810,516**	245,008
	13,704,910	15,529,255
With donor restrictions		
Purpose restricted	**6,005,385**	2,244,859
Time restricted for future periods	**3,100,293**	4,764,627
Beneficial interest in trusts held by others	**239,662**	237,239
Endowment	**4,909,038**	4,710,473
	14,254,378	11,957,198
Total net assets	**27,959,288**	27,486,453
Total liabilities and net assets	**$ 32,747,496**	$ 32,356,971

See notes to financial statements.

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

STATEMENTS OF ACTIVITIES
Years Ended April 30, 2019 and 2018

	April 30, 2019			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	April 30, 2018
Total 2018/2017 campaign results	**$ 21,008,021**	**$ 5,646,522**	**$ 26,654,543**	$ 26,446,901
Donor designations	**(5,489,671)**	**0**	**(5,489,671)**	(4,816,556)
Total 2018/2017 campaign contributions	**$ 15,518,350**	**$ 5,646,522**	**$ 21,164,872**	$ 21,630,345
Revenues, gains, and other support:				
Current campaign				
Contributions received in the current year	**$ 13,851,771**	**$ 4,665,944**	**$ 18,517,715**	$ 21,400,218
Contributions received in prior years released from restrictions	**1,666,579**	**(1,666,579)**	**0**	0
Total contributions from current campaign	**15,518,350**	**2,999,365**	**18,517,715**	21,400,218
Provision for uncollectible pledges	**(586,982)**	**0**	**(586,982)**	(624,843)
Future campaigns:				
Contributions received for future allocation periods	**0**	**2,305,349**	**2,305,349**	6,347,157
Provision for uncollectible pledges	**0**	**(76,586)**	**(76,586)**	(147,499)
Prior campaigns:				
Additional contributions, net	**1,610,367**	**49,299**	**1,659,666**	754,325
Total campaigns	**16,541,735**	**5,277,427**	**21,819,162**	27,729,358
Grants and other income (loss)	**129,179**	**(4,140)**	**125,039**	505,656
Investment income, net	**185,624**	**71,315**	**256,939**	182,883
Rental income	**13,613**	**0**	**13,613**	15,040
Realized and unrealized gains on investments, net	**423,362**	**32,994**	**456,356**	351,418
Appreciation (depreciation) of investments held by others	**(4,603)**	**43,470**	**38,867**	54,514
Administrative fees for fundraising on behalf of others	**23,731**	**0**	**23,731**	17,563
Other fees and miscellaneous sales	**104,977**	**1,947**	**106,924**	77,815
Other net assets released from restrictions	**3,125,833**	**(3,125,833)**	**0**	0
Total revenues, gains, and other support	**20,543,451**	**2,297,180**	**22,840,631**	28,934,247

See notes to financial statements.

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

STATEMENTS OF ACTIVITIES (CONTINUED)
Years Ended April 30, 2019 and 2018

	April 30, 2019			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	April 30, 2018
Allocations and other functional expenses:				
Gross allocations to agencies and partners	**$ 15,468,171**	**$ 0**	**$ 15,468,171**	$ 14,513,738
Less donor designations	**(5,489,671)**	**0**	**(5,489,671)**	(4,816,556)
Net allocations expense to agencies and partners	**9,978,500**	**0**	**9,978,500**	9,697,182
Program/community service expenses	**6,759,312**	**0**	**6,759,312**	5,580,184
Supporting services				
Fundraising	**3,317,679**	**0**	**3,317,679**	2,919,661
Management and general	**1,856,943**	**0**	**1,856,943**	1,743,892
Total allocations and other functional expenses	**21,912,434**	**0**	**21,912,434**	19,940,919
Changes in net assets before pension related changes	**(1,368,983)**	**2,297,180**	**928,197**	8,993,328
Pension related changes other than net periodic pension costs	**(455,362)**	**0**	**(455,362)**	426,192
Change in net assets	**(1,824,345)**	**2,297,180**	**472,835**	9,419,520
Net assets at beginning of year	**15,529,255**	**11,957,198**	**27,486,453**	18,066,933
Net assets at end of year	**$ 13,704,910**	**$ 14,254,378**	**$ 27,959,288**	$ 27,486,453

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS
Years Ended April 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	**$ 472,835**	$ 9,419,520
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**248,662**	208,053
Provision for uncollectible pledges, total	**663,568**	772,342
Appreciation of investments held by others	**(38,867)**	(54,514)
Investment income for long-term investments, net	**(166,386)**	(135,343)
Realized and unrealized gains on investments, net	**(456,356)**	(351,418)
Changes in		
Pledges receivable	**388,577**	(5,837,024)
Other receivables and prepaid expenses	**20,245**	39,273
Allocations payable	**(827,166)**	(182,004)
Accounts payable and accrued expenses	**347,922**	(48,861)
Pension liability	**379,599**	(408,412)
Net cash provided by operating activities	**1,032,633**	3,421,612
Cash Flows from Investing Activities		
Purchases of fixed assets	**(223,462)**	(205,639)
Purchases of investments	**(2,588,999)**	(1,695,182)
Proceeds from sale of investments, certificates of deposit, and assets held by others	**30,782**	694,520
Net cash used in investing activities	**(2,781,679)**	(1,206,301)
Net increase (decrease) in cash and cash equivalents	**(1,749,046)**	2,215,311
Cash and cash equivalents at beginning of year	**4,109,127**	1,893,816
Cash and cash equivalents at end of year	**$ 2,360,081**	$ 4,109,127

See notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended April 30, 2019 and 2018

	2019				
	Program Services	Supporting Services			
	Total Program/Community Services	Fundraising Services	Management and General Services	2019 Total	2018 Total
Gross allocations	**$ 15,468,171**	**$ 0**	**$ 0**	**$ 15,468,171**	$ 14,513,738
Less donor designations	**(5,489,671)**	**0**	**0**	**(5,489,671)**	(4,816,556)
Net allocations	**9,978,500**	**0**	**0**	**9,978,500**	9,697,182
Salaries	**1,994,749**	**1,763,535**	**975,963**	**4,734,247**	4,311,226
Fringe benefits	**280,732**	**243,741**	**164,052**	**688,525**	764,737
Payroll taxes	**154,714**	**128,261**	**68,578**	**351,553**	330,943
Professional fees and contract services	**3,176,482**	**422,783**	**345,592**	**3,944,857**	2,685,059
Supplies	**95,142**	**7,383**	**4,125**	**106,650**	26,536
Telephone	**47,326**	**33,663**	**14,210**	**95,199**	91,665
Postage and shipping	**9,910**	**18,094**	**5,360**	**33,364**	29,450
Occupancy	**148,965**	**135,718**	**58,681**	**343,364**	272,307
Equipment repairs and rentals	**61,624**	**51,946**	**19,801**	**133,371**	138,623
Printing and duplicating	**86,395**	**70,731**	**21,641**	**178,767**	175,350
Travel	**106,785**	**47,445**	**16,888**	**171,118**	100,638
Conferences, conventions, and meetings	**290,439**	**129,038**	**35,017**	**454,494**	686,421
Membership dues	**11,733**	**11,306**	**6,170**	**29,209**	12,732
Dues to state United Ways	**33,603**	**29,784**	**12,983**	**76,370**	75,828
Insurance	**15,661**	**11,972**	**7,527**	**35,160**	28,388
Banking and processing fees	**14,343**	**12,714**	**7,636**	**34,693**	37,370
Miscellaneous	**6,009**	**397**	**5,901**	**12,307**	8,457
Depreciation	**109,411**	**96,978**	**42,273**	**248,662**	208,053
	6,644,023	**3,215,489**	**1,812,398**	**11,671,910**	9,983,783
United Way Worldwide dues	**115,289**	**102,190**	**44,545**	**262,024**	259,954
Total functional expenses	**$ 16,737,812**	**$ 3,317,679**	**$ 1,856,943**	**$ 21,912,434**	$ 19,940,919

See notes to financial statements.

METRO UNITED WAY, INC.
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STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
Years Ended April 30, 2019 and 2018

	Program/Community Services 2019											
	Early Childhood Success	**Equity, Diversity, and Inclusion**	**United Community**	**Healthy Lives**	**Community Engagement**	**Financial Independence**	**Youth Success**	**Community Building and Investments**	**Designations and County Services**	**Direct Organizational Support**	**2019 Total Program/ Community Services**	2018 Total Program/ Community Services
Gross allocations	**$ 1,039,873**	**$ 197,250**	**$ 0**	**$ 5,371,273**	**$ 68,621**	**$ 774,963**	**$ 1,971,448**	**$ 0**	**$ 6,044,743**	**$ 0**	**$ 15,468,171**	$ 14,513,738
Less donor designations	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(5,489,671)**	**0**	**(5,489,671)**	(4,816,556)
Net allocations	**1,039,873**	**197,250**	**0**	**5,371,273**	**68,621**	**774,963**	**1,971,448**	**0**	**555,072**	**0**	**9,978,500**	9,697,182
Salaries	**352,174**	**221,724**	**22,333**	**116,552**	**179,630**	**93,825**	**265,353**	**198,691**	**60,418**	**484,049**	**1,994,749**	1,863,064
Fringe benefits	**46,326**	**20,906**	**113**	**12,079**	**20,104**	**13,845**	**41,074**	**30,448**	**8,239**	**87,598**	**280,732**	327,700
Payroll taxes	**29,537**	**16,499**	**1,628**	**8,586**	**13,927**	**10,078**	**19,777**	**16,663**	**5,176**	**32,843**	**154,714**	144,827
Professional fees and contract services	**1,390,673**	**26,683**	**374,940**	**376,832**	**0**	**509,100**	**210,792**	**0**	**805**	**286,657**	**3,176,482**	2,146,998
Supplies	**80,507**	**7,536**	**0**	**28**	**22**	**188**	**1,320**	**179**	**193**	**5,169**	**95,142**	14,030
Telephone	**784**	**0**	**0**	**8,716**	**64**	**0**	**1,144**	**31**	**418**	**36,169**	**47,326**	47,402
Postage and shipping	**6,261**	**7**	**0**	**10**	**48**	**0**	**40**	**218**	**196**	**3,130**	**9,910**	11,983
Occupancy	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5,883**	**143,082**	**148,965**	116,885
Equipment repairs and rentals	**11,865**	**0**	**0**	**74**	**464**	**0**	**2,007**	**0**	**152**	**47,062**	**61,624**	60,116
Printing and duplicating	**25,363**	**21,874**	**0**	**2,915**	**(148)**	**0**	**14,545**	**2,348**	**1,146**	**18,352**	**86,395**	102,539
Travel	**37,366**	**12,112**	**2,069**	**3,876**	**4,882**	**1,106**	**14,612**	**7,363**	**6,413**	**16,986**	**106,785**	50,374
Conferences, conventions, and meetings	**41,632**	**72,479**	**0**	**1,107**	**97,071**	**5,834**	**39,881**	**4,091**	**3,783**	**24,561**	**290,439**	423,000
Membership dues	**0**	**350**	**0**	**180**	**1,155**	**0**	**0**	**150**	**299**	**9,599**	**11,733**	4,425
Dues to state United Ways	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**33,603**	**33,603**	33,364
Insurance	**0**	**0**	**0**	**0**	**3,869**	**0**	**0**	**0**	**219**	**11,573**	**15,661**	11,014
Banking and processing fees	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**14,343**	**14,343**	16,081
Miscellaneous	**5,024**	**14,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(13,015)**	**6,009**	458
Depreciation	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**109,411**	**109,411**	91,544
	2,027,512	**414,170**	**401,083**	**530,955**	**321,088**	**633,976**	**610,545**	**260,182**	**93,340**	**1,351,172**	**6,644,023**	5,465,804
United Way Worldwide dues	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**115,289**	**115,289**	114,380
Total functional expenses	**$ 3,067,385**	**$ 611,420**	**$ 401,083**	**$ 5,902,228**	**$ 389,709**	**$ 1,408,939**	**$ 2,581,993**	**$ 260,182**	**$ 648,412**	**$ 1,466,461**	**$ 16,737,812**	$ 15,277,366

See notes to financial statements.

Note 1 – Nature of Activities and Significant Accounting Policies

Legal Name and Governance

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

Nature of Activities

Metro United Way has served individuals and families in our community for more than 100 years, and today continues to tackle the most difficult challenges we face as a community. Together with a strong network of partners, the Organization brings together the people and resources needed to fight for the education, financial stability, and health of every person in the seven-county region they serve. These are the building blocks for a good quality of life so that every individual, child, and family can achieve their full potential and succeed in life.

Annual campaign resources currently support approximately 100 community human service agencies that collectively manage over 150 programs in Jefferson, Bullitt, Shelby, and Oldham counties in Kentucky, and Harrison, Floyd, and Clark counties in Southern Indiana to help improve lives. They are achieving results in:

- More kids being ready for kindergarten so they can be successful from the start;
- Ensuring that all youth in our community have access to high-quality out-of-school time programs that support them in graduating from high school prepared for college and life;
- Helping more individuals and families obtain assistance so that their basic needs for food, shelter, health, safety, and more are met.

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

Basis of Accounting

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

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

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Summarized Financial Information for Prior Year

The financial statements and notes include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Metro United Way's financial statements for the year ended April 30, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

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

Certificates of Deposit

The Organization's investments in certificates of deposit are classified separately on the statements of financial position and are carried at the principal plus accrued interest.

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

Pledges Receivable

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

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

Investments and Investments Held by Others

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

Concentration of Credit Risk

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

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

Fair Value Measurements

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

> Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
>
> Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
>
> Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

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

During the years ended April 30, 2019 and 2018, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

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

Fair Value Measurements (Continued)

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

Investment Securities

The fair value of investment securities, including corporate bonds, common stock, mutual funds, and money market funds, is the market value based on quoted market prices, if available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Beneficial Interest in Perpetual Trusts

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

Property, Equipment, and Depreciation

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

Long-Lived Assets

Long-lived assets are reviewed for impairment in accordance with guidance issued by FASB. The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. Impairment losses are measured by comparing the estimated fair value of the assets to their carrying amount. There were no impairment losses for the years ended April 30, 2019 and 2018.

Allocations Payable

At the conclusion of each campaign year, the Organization identifies undesignated funds for allocation to approximately 150 programs across the seven-county service area. Allocations are determined by the Community Impact Cabinet and approved by the Board. Allocations expense and the related allocations payable are recorded once the Board-approved allocations are communicated to the respective agencies. Allocations are typically communicated to the agencies by June, and payments begin in July.

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

Allocations Payable (Continued)

Allocations payable as of April 30, 2019 represent the remaining amounts due to agencies that were awarded in the current fiscal year and are scheduled to be paid by June 30, 2019.

Board Designated for Future Allocations

"Board designated for future allocations" on the Statement of Financial Position as of April 30, 2019, represent allocations awarded to agencies subsequent to the fiscal year-end. The associated allocation payable liability and allocation expense will be incurred and recorded at the time of the award.

Donor Advised Fund

The Organization has a donor advised fund that enables a donor to identify funding opportunities aligned with his values and charitable interests. The donor advised fund allows the donor to recommend grant recipients, subject to the Organization's due diligence and approval. Donor advised funds are not restricted and are recorded as Board Designated net assets on the Statement of Financial Position. The Organization has a donor advised fund of $4,049,050 and $3,335,425 as of the years ended April 30, 2019 and 2018, respectively.

Contributions

The Organization reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Pledges received for which the time restriction has been met in the current period are recorded in net assets without donor restrictions.

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

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

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

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

Donated Services, Goods, and Property

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

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

Functional Expenses

The Organization uses staff time allocation for the allocation of expenses between fundraising, management and general, and program services. Costs of items that can be specifically identified are charges directly to the respective category.

Income Taxes

Metro United Way is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Therefore, no provision for income taxes has been included in the financial statements.

Subsequent Events Evaluation

The Organization has evaluated subsequent events through August 22, 2019, the date on which the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain items in the April 30, 2018 financial statements have been reclassified to conform to the April 30, 2019 classifications.

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

Recently Adopted Accounting Standards

Financial Statement Presentation

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. In the current year, Metro United Way adopted ASU 2016-14, which did not have a material effect on the Metro United Way's financial statements other than presentation and disclosure changes.

Recent Accounting Pronouncements

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 requires that an entity report the service cost component of net periodic pension and postretirement cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The remaining components of net benefit costs are required to be presented in the statements of activities separately from the service component and outside a subtotal of income from operations, if one is presented. The amendment further allows only the service cost component of net periodic pension and postretirement costs to be eligible for capitalization. This standard will be effective for the April 30, 2020 reporting period.

Leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. This standard will be effective for the April 30, 2021 reporting period.

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

Recent Accounting Pronouncements (Continued)

Revenue Recognition from Contracts with Customers

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative-effect transition method. It also requires additional disclosures. In August 2015, FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for the April 30, 2020 reporting period.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard will be effective for contributions received for the April 30, 2020 reporting period, and for contributions made for the April 30, 2021 reporting period.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance updates certain aspects of recognition, measurement, presentation, and disclosure of financial instruments and applies to all entities that hold financial assets or owe financial liabilities. As part of this guidance, entities will have to measure equity investments and marketable securities (except those accounted for under the equity method, those that result in consolidation of the investee and certain other investments) at fair value and recognize any changes in fair value in net income. A practicability exception will be available for equity investments that do not have readily determinable fair values, however; the exception requires the Company to adjust the carrying amount for impairment and observable price changes in orderly transactions for the identical or a similar investment of the same issuer. This guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. This standard will be effective for the April 30, 2020 reporting period.

The Organization is currently assessing the impact of these new accounting pronouncements on its financial statements.

Note 2 – Liquidity and Availability

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

	2019	2018
Cash and Cash Equivalents	$ 2,360,081	$ 4,109,127
Certificates of Deposit	759,237	745,970
Investments and Investments held by others	11,976,309	8,769,750
Pledges Receivable, Net	14,936,963	15,989,108
Other Receivables	4,156	26,552
Subtotal of financial assets	30,036,746	29,640,507
Less Amounts Unavailable for General Expenditures Within One Year, Due To:		
Restricted by donors with purpose restrictions	(6,005,385)	(2,244,859)
Endowment earnings restricted until appropriated by Board	(1,526,633)	(1,366,509)
Restricted by donors in perpetuity	(3,622,067)	(3,581,203)
Long-term pledges receivable without donor restrictions, net	(1,760,114)	(3,108,923)
Long-term certificates of deposit and investments	(699,591)	(795,382)
Total amounts unavailable for general expenditures within one year	(13,613,790)	(11,096,876)
Less Amounts Unavailable to Management Without Board Approval:		
Board designated endowment fund	(810,516)	(245,008)
Board designated for future allocations	(6,347,950)	(9,367,211)
Board designated for donor advised fund	(4,049,050)	(3,335,425)
Board designated for Southern Indiana	(384,468)	(385,308)
Board designated for emergencies (Board Reserves)	(3,890,950)	(4,138,768)
Total amounts unavailable to management without Board approval:	(15,482,934)	(17,471,720)
Total financial assets available to management for general expenditures within one year	$ 940,022	$ 1,071,911

As part of the liquidity management plan, the Organization invests excess cash in short-term investments, certificates of deposit, and money market funds. As further discussed in Note 6, the Organization also has an operating line of credit with maximum borrowings available of $1 million. As further discussed in Note 7, earnings on endowments of $1,526,633 are considered restricted at April 30, 2019; however, the funds are available for general expenditure if appropriated by the Board of Directors.

Note 3 – Investments and Investments Held by Others

Metro United Way's investments are valued using quoted market prices and are considered Level 1 investments. Investments are summarized as follows at April 30, 2019 and 2018:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	$ 3,066,173	$ 2,839,476	$ 2,451,572	$ 2,182,194
Common stock and mutual funds	5,553,846	6,483,790	3,394,819	4,185,563
Money market funds	1,163,569	1,163,569	958,622	958,622
	$ 9,783,588	$ 10,486,835	$ 6,805,013	$ 7,326,379

Note 3 – Investments and Investments Held by Others (Continued)

At April 30, 2019 and 2018, the Organization's investments held by others are as follows:

	Fair Value	Level 1	Level 2	Level 3
April 30, 2019				
Money market funds	$ 45,165	$ 45,165	$ 0	$ 0
Common stock and mutual funds	987,432	987,432	0	0
Corporate bonds	217,215	217,215	0	0
Fair value of investment securities held by others	1,249,812	1,249,812	0	0
Beneficial interest in trusts held by others	239,662	0	0	239,662
Total investments held by others at fair value	$ 1,489,474	$ 1,249,812	$ 0	$ 239,662
April 30, 2018				
Money market funds	$ 4,530	$ 4,530	$ 0	$ 0
Common stock and mutual funds	1,028,845	1,028,845	0	0
Corporate bonds	172,757	172,757	0	0
Fair value of investment securities held by others	1,206,132	1,206,132	0	0
Beneficial interest in trusts held by others	237,239	0	0	237,239
Total investments held by others at fair value	$ 1,443,371	$ 1,206,132	$ 0	$ 237,239

Note 3 – Investments and Investments Held by Others (Continued)

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

Beginning balance at April 30, 2017	$ 236,987
Total realized and unrealized net gains included in change in net assets	15,182
Distributions to the Organization	(14,930)
Balance at April 30, 2018	237,239
Total realized and unrealized net gains included in change in net assets	11,414
Distributions to the Organization	(8,991)
Balance at April 30, 2019	$ 239,662

Net investment income for the years ended April 30, 2019 and 2018, consists of the following:

	2019	2018
Dividend and interest income	$ 304,294	$ 221,894
Realized gain	370,349	217,663
Unrealized gain	124,874	188,269
Investment expenses	(47,355)	(39,011)
Total investment return, net	$ 752,162	$ 588,815

Note 4 – Pledges Receivable

At April 30, 2019 and 2018, the Organization's pledges receivable are as follows:

	2019	2018
Amounts due in:		
Less than one year	$ 13,534,657	$ 13,741,794
One to five years	3,256,811	4,019,875
Total pledges receivable	16,791,468	17,761,669
Less discount	(393,000)	(323,000)
Less allowance for uncollectible pledges	(1,461,505)	(1,449,561)
	$ 14,936,963	$ 15,989,108

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

The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in campaign revenue. The interest rate used in computing the discount of the estimated future cash flows was 2.5 percent for pledges received during the current fiscal year. The discount will be recognized as income in future fiscal years as the discount is amortized over the duration of the pledges. An allowance for uncollectible pledges receivable is provided based on management's judgement, including such factors as prior collection history and type of pledge.

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

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

Note 5 – Property and Equipment

Property and equipment at April 30, 2019 and 2018 consisted of the following:

	2019	2018
Land	$ 403,218	$ 403,218
Building and improvements	4,919,077	4,819,666
Equipment, furniture, and fixtures	1,633,102	1,513,371
Automobiles	67,608	67,608
	7,023,005	6,803,863
Accumulated depreciation	(4,588,595)	(4,344,253)
	$ 2,434,410	$ 2,459,610

Depreciation expense for the years ended April 30, 2019 and 2018 was $248,662 and $208,053, respectively.

Note 6 – Line of Credit

The Organization has an operating line of credit with maximum borrowings of $1,000,000. Metro United Way has pledged not to, without prior written consent of the bank, voluntarily or involuntarily, sell, transfer, or convey any of its assets (except in the ordinary course of business) or pledge or grant a security interest in any assets, except for those permitted liens on specific equipment which have been granted to the bank. Interest is at 1.15 percent in excess of LIBOR rate. The line of credit matures in December 2019. There were no borrowings on the line of credit at April 30, 2019 and 2018.

Note 7 – Net Assets with Donor Restrictions and Net Assets Released From Restrictions and Commitments

Net assets with donor restrictions at April 30, 2019 and 2018 represent contributions restricted by donors for specific programs of Metro United Way, subsequent year allocations to Metro United Way agencies, restricted grants, and certain land, building, and equipment which are restricted for a specific program.

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

	2019	2018
Purpose-based restrictions:		
Kindergarten Readiness	$ 266,318	$ 238,797
Early Childhood Excellence Academy	618,157	541,752
Other Early Care and Education Initiatives	160,355	117,801
Family Stability Initiatives	3,703,525	396,723
United Community	349,575	0
Black Male Achievement Gifts	552,734	521,159
Other High School Graduation Initiative	152,695	74,728
Other Restricted Gifts	202,026	353,899
Total purpose-based restrictions	6,005,385	2,244,859
Time restricted for future periods:		
Future Campaigns without purpose restrictions	3,100,293	4,764,627
Endowment earnings not yet appropriated by Board	1,526,633	1,366,509
Perpetual in nature:		
Beneficial interest in trusts held by others	239,662	237,239
Endowment	3,382,405	3,343,964
	$ 14,254,378	$ 11,957,198

Net assets of $1,666,579 for the year ended April 30, 2019 have been released from donor restrictions due to the expiration of time restrictions on campaign pledges. Purpose-based restrictions of $3,125,833 have also been released from net assets with donor restrictions for the year ended April 30, 2019.

Note 8 – Endowment Funds

Endowment Funds

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Metro United way has both Board designated endowment funds and donor-restricted endowment funds.

Interpretation of Relevant Law

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

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

Note 8 – Endowment Funds (Continued)

Investment Objectives and Spending Policy

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

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

The net income from the endowments is used to support the annual campaign or is used for other Board-approved purposes, in accordance with the donor's intentions. This spending policy is consistent with Metro United Way's objective to preserve capital and the purchasing power of the assets while also providing a predictable funding stream to support programs and the annual campaign. The Board has set a plan to reinvest board designated endowment dollars and related earnings until the Organization reaches a total endowment level of $10 million (includes both board designated endowment and donor-restricted endowment funds). Once the Organization reaches the $10 million level, the plan is to have an annual spending amount between 3 and 4 percent of the total endowment fund.

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of April 30, 2019 and 2018.

Note 8 – Endowment Funds (Continued)

Changes in endowment net assets for the year ended April 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of the year	$ 245,008	$ 4,710,473	$ 4,955,481
Investment return			
Investment income	130,332	148,542	278,874
Net change in value (realized and unrealized)	0	92,654	92,654
Total investment return	130,332	241,196	371,528
Appropriation of endowment assets for expenditure	(83,977)	(80,977)	(164,954)
Contributions	519,153	38,346	557,499
Endowment, net assets, end of year	$ 810,516	$ 4,909,038	$ 5,719,554

Changes in endowment net assets for the year ended April 30, 2018 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of the year	$ 230,268	$ 2,718,006	$ 2,948,274
Investment return			
Investment income	70,658	79,009	149,667
Net change in value (realized and unrealized)	0	146,131	146,131
Total investment return	70,658	225,140	295,798
Appropriation of endowment assets for expenditure	(55,918)	(58,428)	(114,346)
Contributions	0	1,825,755	1,825,755
Endowment net assets, end of year	$ 245,008	$ 4,710,473	$ 4,955,481

Note 9 – Employee Benefit Plans

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

403(b) Plan

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

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

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

The Organization's contributions for the years ended April 30, 2019 and 2018 were $109,326 and $97,765, respectively.

Pension Plan

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

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

Note 9 – Employee Benefit Plans (Continued)

The changes in projected benefit obligation as of the years ended April 30, 2019 and 2018 are as follows:

	2019	2018
Projected benefit obligation at the beginning of the year	$ 13,739,431	$ 13,376,601
Service cost	294,106	332,170
Interest cost	561,464	541,215
Change due to plan amendments	0	(161,097)
Change due to assumption changes	288,002	(91,683)
Actuarial loss	273,807	41,962
Expense charges	(29,156)	(30,130)
Benefits disbursed	(339,323)	(269,607)
Projected benefit obligation at the end of the year	$ 14,788,331	$ 13,739,431

The following table sets forth the defined benefit plan's funded status and amounts recognized in the Organization's balance sheet at April 30, 2019 and 2018:

	2019	2018
Projected benefit obligation	$ 14,788,331	$ 13,739,431
Fair value of plan assets	11,988,903	11,319,602
Funded status	$ (2,799,428)	$ (2,419,829)
Accumulated benefit obligation	$ 14,204,603	$ 12,980,220
Accrued cost recognized in the statement of financial position	$ 2,799,428	$ 2,419,829

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

Note 9 – Employee Benefit Plans (Continued)

Net periodic pension cost including the following components for the years ended April 30, 2019 and 2018 is as follows:

	2019	2018
Service cost	$ 294,106	$ 332,170
Interest cost	561,464	541,215
Actual return on plan assets	(882,397)	(899,871)
Amortization of unrecognized prior service cost	(30,396)	(10,132)
Amortization of unrecognized net loss	1,573	25,260
Asset gain deferred	135,270	200,246
Net periodic pension cost	$ 79,620	$ 188,888

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

	2019	2018
Net loss	$ (1,561,278)	$ (1,136,312)

Net assets without donor restrictions have been accordingly reduced or increased by net actuarial changes other than net periodic pension costs that are reported separately on the statements of activities. These amounts were a loss of $455,362 and a gain of $426,192 for the years ended April 30, 2019 and 2018, respectively.

Estimated amounts that will be amortized from additional pension liability and reclassified as net periodic benefit cost over the next fiscal year are as follows:

	2019	2018
Net prior service cost	$ 30,396	$ 0
Net loss	(17,962)	0
	$ 12,434	$ 0

Note 9 – Employee Benefit Plans (Continued)

Other information related to the plan for the years ended April 30, 2019 and 2018 is as follows:

	2019	2018
Benefit cost	$ 79,620	$ 188,888
Employer contribution	155,383	171,107
Benefits paid	339,323	269,607
Expense charges	29,156	30,130
Weighted-average assumptions used:		
Discount rate	3.80%	4.00%
Expected return on plan assets	6.75%	6.75%
Rate of compensation increase	3.50%	4.50%

The expected long-term rate of return on plan assets assumption of 6.75 percent was selected in accordance with Actuarial Standards Board in Actuarial Standards of Practice No. 27 - Selection of Economic Assumptions for Measuring Pension Obligations. Based on Metro United Way's investment allocation for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on long-term historical return on the applicable asset classes. An average inflation rate within the range equal to three percent was selected and added to the real rate of return range to arrive at a best estimate range of 6.44 percent to 9.12 percent. A rate of 6.75 percent which is near the low end of the best estimate range was selected. Metro United Way's investment objective is to invest plan assets in a manner that will assure sufficient resources to pay current and projected plan obligations over the life of the plan.

The following table sets forth by level, within the fair value hierarchy, Metro United Way's investment assets at fair value as of April 30, 2019 and 2018, which are considered Level 1 investments.

	2019	2018
Short-term investments	$ 4,413	$ 639,166
Common stock and mutual funds	7,380,858	6,945,546
Bond funds	4,603,632	3,734,890
	$ 11,988,903	$ 11,319,602

Note 9 – Employee Benefit Plans (Continued)

The weighted average asset allocation of the investment portfolio for Metro United Way at April 30, 2019 and 2018, and target allocations, is as follows:

	Allowable Allocation Range	Plan Assets 2019	Plan Assets 2018
Equity	30%-70%	61.6%	61.4%
Bonds		38.4%	33.0%
Cash and general		0.0%	5.6%
Total fixed income	30%-70%	38.4%	38.6%
	100.0%	100.0%	100.0%

The target asset allocation was determined based on the risk tolerance characteristics of the plan and, at times, may be adjusted to achieve the Organization's overall investment objective.

Estimated pension benefit payments, which reflect future service, for the years ending April 30, 2020 through 2029 are as follows:

Years Ending April 30,	
2020	$ 565,000
2021	587,000
2022	614,000
2023	672,000
2024	677,000
2025-2029	3,786,000
	$ 6,901,000

Note 9 – Employee Benefit Plans (Continued)

Metro United Way contributed approximately 1.1 percent of plan compensation for eligible employees for the year ended April 30, 2019. For the fiscal year ended April 30, 2019, the Organization expects to continue to base its contribution percentage on the recommendation of the actuary after the actuarial valuation is completed. Based on this, the Organization estimates contributions of approximately $36,000 for the next fiscal year.

Note 10 – Leasing Arrangements as Lessee

The Organization leases office facilities under noncancelable operating leases, which expire at various dates through 2021. Generally, the Organization is required to pay executory costs such as property taxes, maintenance, and insurance. At April 30, 2019, aggregate future minimum rental payments required under the noncancelable operating leases are as follows:

Years Ending April 30,	
2020	$ 25,200
2021	17,100
	$ 42,300

Note 11 – Leasing Arrangements as Lessor

The Organization leases office facilities under noncancelable operating leases, which expire at various dates through 2022. The lessee pays executory costs such as property taxes, maintenance, and insurance. At April 30, 2019, aggregate future minimum rental payments to be received under the noncancelable operating leases are as follows:

Years Ending April 30,	
2020	$ 11,927
2021	8,000
2022	5,333
	$ 25,260

Note 12 – Unemployment Services Trust

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

Contributions to the Trust are recommended by the Trust's actuary, based on analyses of historical claims experience and current economic conditions in order to approximate future unemployment obligations of the Organization. Contributions totaled $10,099 and $10,400 for the fiscal years ended April 30, 2019 and 2018, respectively. Claims are paid by the Trust on behalf of Metro United Way to the Commonwealth of Kentucky for unemployment claims paid to former Metro United Way employees. The obligation for the estimated future claim liabilities of each participating member is ultimately the responsibility of that member. Since contributions are based on actuarial estimates, the amounts held in the Trust at a given time may be less than the potential future unemployment obligations of the Organization. The Organization estimates that the amounts held in the Trust as of April 30, 2019 and 2018 approximate the potential future unemployment obligations incurred as of April 30, 2019 and 2018.

Note 13 – Tax Status

The Internal Revenue Service has ruled that the Organization is exempt from the payment of federal income tax (except on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954. There were no taxes due for the years ended April 30, 2019 and 2018, as there was no unrelated business income for these years.

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