

CATHOLIC COMMUNITY SERVICES  
OF WESTERN WASHINGTON

Financial Statements  
for the Year Ended June 30, 2017  
(With Comparative Totals for 2016)  
and Independent Auditor's Reports

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
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**WATSON & McDONELL, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Catholic Community Services of Western Washington  
Seattle, Washington

**Report on the Financial Statements**

We have audited the accompanying financial statements of Catholic Community Services of Western Washington (the Organization), a Washington nonprofit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows 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 the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of 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.

***Auditor's Responsibility, Continued***

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Community Services of Western Washington as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedules of financial position by division and activities by division are presented for purposes of additional analysis and are 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Watson & McDermott, PLLC

January 4, 2018

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Statement of Financial Position  
June 30, 2017  
(With Comparative Totals for 2016)

	2017	2016
<b>CURRENT ASSETS</b>		
Cash	\$ 21,269,231	\$ 17,112,638
Accounts receivable, net of allowance for doubtful accounts of \$61,989 and \$144,293 in 2017 and 2016, respectively	16,943,604	14,942,356
Accounts receivable, related parties	1,528,356	1,320,143
Pledges receivable, current portion		1,000,000
Notes receivable, related parties, current portion	379,720	46,404
Prepaid expenses	376,592	389,745
Other current assets	69,226	46,169
<b>TOTAL CURRENT ASSETS</b>	<b>40,566,729</b>	<b>34,857,455</b>
 <b>PROPERTY AND EQUIPMENT</b>		
Land	6,368,192	6,115,592
Building and equipment, net of accumulated depreciation of \$11,983,366 and \$11,573,293 in 2017 and 2016, respectively	23,622,280	24,202,365
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>29,990,472</b>	<b>30,317,957</b>
 <b>OTHER ASSETS</b>		
Pledges receivable, net of current portion	328,287	625,404
Notes receivable, related parties, net of current portion and allowance for doubtful accounts of \$2,755,808 and \$2,553,000, respectively	2,641,221	2,616,109
Lease receivable	900,633	795,615
Cash, maintenance reserve account	372,994	310,688
Investments	1,434,246	1,434,324
Cash, endowment funds	234,579	277,370
<b>TOTAL OTHER ASSETS</b>	<b>5,911,960</b>	<b>6,059,510</b>
<b>TOTAL ASSETS</b>	<b>\$ 76,469,161</b>	<b>\$ 71,234,922</b>

The accompanying notes should be read with these financial statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Statement of Financial Position, Continued  
June 30, 2017  
(With Comparative Totals for 2016)

	2017	2016
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,966,552	\$ 2,545,391
Accounts payable, related parties	811,642	895,124
Accrued payroll and related expenses	7,345,847	6,464,526
Notes payable, current portion	386,429	203,741
Refundable deposits	523,234	487,319
Accrued liabilities	335,072	363,548
Deferred revenue	2,583,541	1,251,460
Funds held in trust	67,322	36,702
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,019,639</b>	<b>12,247,811</b>
 <b>LONG-TERM LIABILITIES</b>		
Notes payable, net of current portion	14,243,443	13,736,915
Line of credit, related party	198,875	224,145
Deferred lease revenue, long-term	1,371,612	1,395,000
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>15,813,930</b>	<b>15,356,060</b>
<b>TOTAL LIABILITIES</b>	<b>29,833,569</b>	<b>27,603,871</b>
 <b>NET ASSETS</b>		
Unrestricted net assets	41,544,578	38,049,955
Temporarily restricted net assets	4,893,275	5,383,357
Permanently restricted net assets	197,739	197,739
<b>TOTAL NET ASSETS</b>	<b>46,635,592</b>	<b>43,631,051</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 76,469,161</b>	<b>\$ 71,234,922</b>

The accompanying notes should be read with these financial statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Statement of Activities  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017	2016
Support and revenue:					
Contributions	\$ 5,422,087	\$ 9,056,893		\$ 14,478,980	\$ 13,176,321
Contributions, United Way:					
Allocations	771,087			771,087	961,425
Donor-designated	205,686			205,686	223,246
Legacies and bequests	375,828			375,828	978,433
Special events, net of expenses of \$224,276 and \$187,739 in 2017 and 2016, respectively	40,717			40,717	81,534
Fees and grants from governmental agencies	125,132,647			125,132,647	113,523,405
Fees and other income:					
Development and management fees	582,816			582,816	227,457
Training fees	3,264,125			3,264,125	2,891,094
Private program service fees	9,319,334			9,319,334	8,794,110
Interest income	370,758	10,133		380,891	352,555
Rental income and fees	814,430			814,430	620,281
Gain (loss) on sale of assets	321,827			321,827	(245,358)
Miscellaneous revenue	151,042			151,042	181,407
Net assets released from restrictions	9,557,108	(9,557,108)			
	<u>156,329,492</u>	<u>(490,082)</u>		<u>155,839,410</u>	<u>141,765,910</u>
Expenses and losses:					
Program services	140,567,166			140,567,166	128,471,216
Management and general	10,978,047			10,978,047	10,052,506
Fundraising	1,289,656			1,289,656	1,241,649
Total expenses	152,834,869			152,834,869	139,765,371
Provision for allowance on notes receivable					2,553,000
Total expenses and losses	<u>152,834,869</u>			<u>152,834,869</u>	<u>142,318,371</u>
Change in net assets	3,494,623	(490,082)		3,004,541	(552,461)
Net assets, beginning of year	<u>38,049,955</u>	<u>5,383,357</u>	<u>\$ 197,739</u>	<u>43,631,051</u>	<u>44,183,512</u>
Net assets, end of year	<u>\$ 41,544,578</u>	<u>\$ 4,893,275</u>	<u>\$ 197,739</u>	<u>\$ 46,635,592</u>	<u>\$ 43,631,051</u>

The accompanying notes should be read with these financial statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Statement of Functional Expenses  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	Program Services	Management and General	Fundraising	Total 2017	Total 2016
Salaries and related payroll expenses	\$ 104,051,423	\$ 8,091,508	\$ 672,833	\$ 112,815,764	\$ 101,273,026
Professional fees and contract service payments	3,310,349	847,185	177,762	4,335,296	3,947,467
Supplies	2,602,087	113,686	17,155	2,732,928	2,668,550
Telephone	922,129	63,745	6,716	992,590	912,230
Postage	106,710	41,685	57,750	206,145	205,047
Occupancy	3,744,236	315,944	41,838	4,102,018	3,817,387
Equipment rental and maintenance	651,037	223,511	1,291	875,839	879,343
Printing and advertisement	342,486	51,759	236,333	630,578	609,672
Travel	771,625	55,018	1,512	828,155	886,857
Conferences	405,430	18,153	20	423,603	368,784
Contributions, grants and specific assistance/foster care payments	18,933,489	574		18,934,063	19,021,478
Dues and fees	116,510	152,576	95	269,181	203,798
Taxes and insurance	274,259	416,052	766	691,077	830,731
Interest and bank charges	151,353	30,244	2,653	184,250	194,266
Bad debts	36,935	202,808		239,743	60,559
In-kind expenses	2,893,672			2,893,672	2,261,697
Miscellaneous	138,789	213,462	71,924	424,175	470,131
Total expenses before depreciation	139,452,519	10,837,910	1,288,648	151,579,077	138,611,023
Depreciation	1,114,647	140,137	1,008	1,255,792	1,154,348
	<u>\$ 140,567,166</u>	<u>\$ 10,978,047</u>	<u>\$ 1,289,656</u>	<u>\$ 152,834,869</u>	<u>\$ 139,765,371</u>

The accompanying notes should be read with these financial statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON

Statement of Cash Flows

For the Year Ended June 30, 2017

(With Comparative Totals for 2016)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2017</u>	<u>2016</u>
Increase (decrease) in net assets	\$ 3,004,541	\$ (552,461)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Unrealized loss on notes receivable	202,808	2,553,000
Depreciation	1,255,792	1,154,348
(Gain) loss on sale of assets	(321,827)	245,358
(Increase) decrease in accounts receivable	(2,001,248)	(234,166)
(Increase) decrease in accounts receivable, related parties	(208,213)	823,012
(Increase) decrease in pledges receivable	1,297,117	1,504,563
(Increase) decrease in prepaid expenses	13,153	(42,892)
(Increase) decrease in other current assets	(23,057)	18,804
(Increase) decrease in lease receivable	(105,018)	(97,011)
Increase (decrease) in accounts payable	(578,839)	354,556
Increase (decrease) in accounts payable, related parties	(83,482)	48,086
Increase (decrease) in accrued payroll and related expenses	881,321	590,807
Increase (decrease) in other accrued liabilities	38,059	(273,244)
Increase (decrease) in deferred revenue	<u>1,308,693</u>	<u>1,003,446</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,679,800</u>	<u>7,096,206</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,718,322)	(4,671,556)
Sale of property and equipment	901,842	960,000
(Increase) decrease in notes receivable, related parties, net	(217,340)	(212,713)
Funding of notes receivable, net	(423,939)	(190,000)
Payments received on notes receivable, net	80,043	233,048
(Deposits to) appropriations from cash, endowment fund	42,791	(63,091)
(Deposits to) withdrawals from cash, maintenance reserve account	(62,306)	(18,326)
(Deposits to) withdrawal from investments	<u>78</u>	<u>(199,957)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,397,153)</u>	<u>(4,162,595)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(327,554)	(899,984)
Proceeds from (payments on) line of credit (net)	(25,270)	(209,855)
Proceeds from notes payable	<u>1,226,770</u>	<u>3,272,145</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>873,946</u>	<u>2,162,306</u>
INCREASE (DECREASE) IN CASH	4,156,593	5,095,917
CASH AT BEGINNING OF YEAR	<u>17,112,638</u>	<u>12,016,721</u>
CASH AT END OF YEAR	<u>\$ 21,269,231</u>	<u>\$ 17,112,638</u>
 SUPPLEMENTAL DISCLOSURES		
Forgiveness of notes payable	<u>\$ 210,000</u>	
Interest paid	<u>\$ 114,029</u>	<u>\$ 191,730</u>

The accompanying notes should be read with these financial statements.

# CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON

Notes to Financial Statements  
For the Year Ended June 30, 2017

## NOTE 1 - PURPOSE AND ORGANIZATION OF THE AGENCY

Catholic Community Services of Western Washington (CCS or the Organization) was incorporated as a Washington nonprofit corporation during 1988. The purpose of CCS is to minister to the needs of individuals, families, and groups in western Washington who are poor, troubled or otherwise in need, with a broad range of interrelated services. Through CCS, the Roman Catholic Church in Western Washington seeks to demonstrate its caring and compassion by serving those in need. Such needs are met by professionals, trained volunteers, and lay helpers working in partnership to provide direct social services, advocacy on behalf of individuals, and empowerment of local community groups. To accomplish this objective, special purpose programs have been designed to meet the physical, emotional, and spiritual needs of the community. Service and Area Divisions operate social service programs at a number of locations under various names.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the activity of the Governance Office (Western Washington) and the following Service and Area Divisions of CCS: Catholic Community Services King County (King County), Catholic Community Services Southwest (Southwest), the Long-Term Care System (Long-Term Care) and Catholic Community Services Northwest (Northwest). All material interdivision transactions have been eliminated.

### Basis of financial presentation

In accordance with accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

### Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

### Cash and cash equivalents

CCS considers all highly liquid investments with a maturity date of three months or less at date of purchase to be cash equivalents. There were no cash equivalents at year end.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and cash equivalents, continued

At times, cash deposits, including amounts held in reserves, exceed the federally insured limits of the financial institution and expose the Organization to credit risk. At June 30, 2017, the Organization's deposits exceeded the federally insured limits by approximately \$22 million. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash - endowment funds

CCS has received donations to establish permanent endowment funds to primarily provide program services. Terms of the donations require the funds to be segregated from other organization funds. CCS has transferred the endowment funds to The Catholic Charities Foundation (CCF) to hold as restricted funds in trust for CCS.

Accounts receivable

Accounts receivable consists primarily of fees to be collected from third party payors and private-pay payors under various sliding fee schedules. Accounts receivable from third-party payors are adjusted to the amount expected to be collected from the third-party payor. Any subsequent adjustment to the actual amount collected is recorded as a direct reduction of revenue. Other accounts receivable and contributions receivable are valued based on management's estimate of expected losses due to uncollectibility of account balances by recording an allowance for doubtful accounts.

Property and equipment

Land, building and equipment are recorded at cost for items purchased and at estimated fair market value for items donated. Depreciation is computed based on this cost less salvage value. Salvage value for buildings and improvements is evaluated individually by management based on prior experience and in total is approximately 18 percent of historical cost. In accordance with the capitalization policy, acquisitions of individual items costing \$2,500 or less are expensed in the year of acquisition.

Property, equipment and accumulated depreciation at June 30, 2017, are as follows:

Buildings and improvements	\$ 30,102,440
Furniture and equipment	3,887,400
Leasehold improvements	1,477,185
Construction in progress	<u>138,621</u>
	35,605,646
Less accumulated depreciation	<u>( 11,983,366)</u>
	<u>\$ 23,622,280</u>

CCS reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. No impairment losses were recognized in 2017.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and equipment, continued

Depreciation is calculated on the straight-line basis over the following estimated useful lives:

Buildings	30 - 40 years
Building improvements	5 - 31 years
Furniture and equipment	3 - 10 years
Leasehold improvements	3 - 15 years

Deferred revenue

Amounts received in advance for services to be provided in the future are recorded as deferred revenue. Amounts deferred are recognized as earned revenue as services are provided.

Restricted and unrestricted revenue and support

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the restriction. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated services, materials and facilities

Donations of property, materials and services are recorded as support at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated use of facilities is recognized at the fair value of rents (Note 13).

Cost reimbursement grants

Revenues under cost-reimbursement type contracts are recognized at the time the related costs are recognized.

Estimates and assumptions

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 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.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reclassifications

Certain prior year amounts have been reclassified for consistency with current year presentation.

NOTE 3 - FEDERAL INCOME TAX

CCS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CCS is not a private foundation as defined in Internal Revenue Code Section 509(a). The Organization's tax filings are subject to examination by various taxing authorities.

CCS has evaluated its tax positions and concluded that it has taken no uncertain tax positions that would require material adjustment to the financial statements. In addition, management is not aware of any matters that would cause the loss of its tax-exempt status.

NOTE 4 - INVESTMENTS

CCS has investments that are accounted for under the equity method and are as follows:

<u>Division</u>	<u>Related Entity</u>	<u>Investment</u>	<u>Interest</u>
Southwest	Devoe Housing LLC	\$ 99,939	.01%
Southwest	Devoe II Housing LLC	200,000	.01%
Southwest	Nativity House Apartments, LLC	837	.01%
Southwest	Tacoma G Street Family Housing, LLC	(65)	.01%
Governance	Monica Village Place I Housing LLC	783,535	.01%
Governance	Catholic Charities Foundation	<u>350,000</u>	0%
	Total investments	<u>\$ 1,434,246</u>	

As of December 31, 2016, the total assets and total liabilities of the limited liability companies that CCS has an investment in were \$33,325,717 and \$15,841,203, respectively. Total net loss was \$975,040 for the year ended December 31, 2016.

CCS transferred \$350,000 to CCF and specified itself as the beneficiary. CCF holds and invests the funds and has no variance power over the funds.

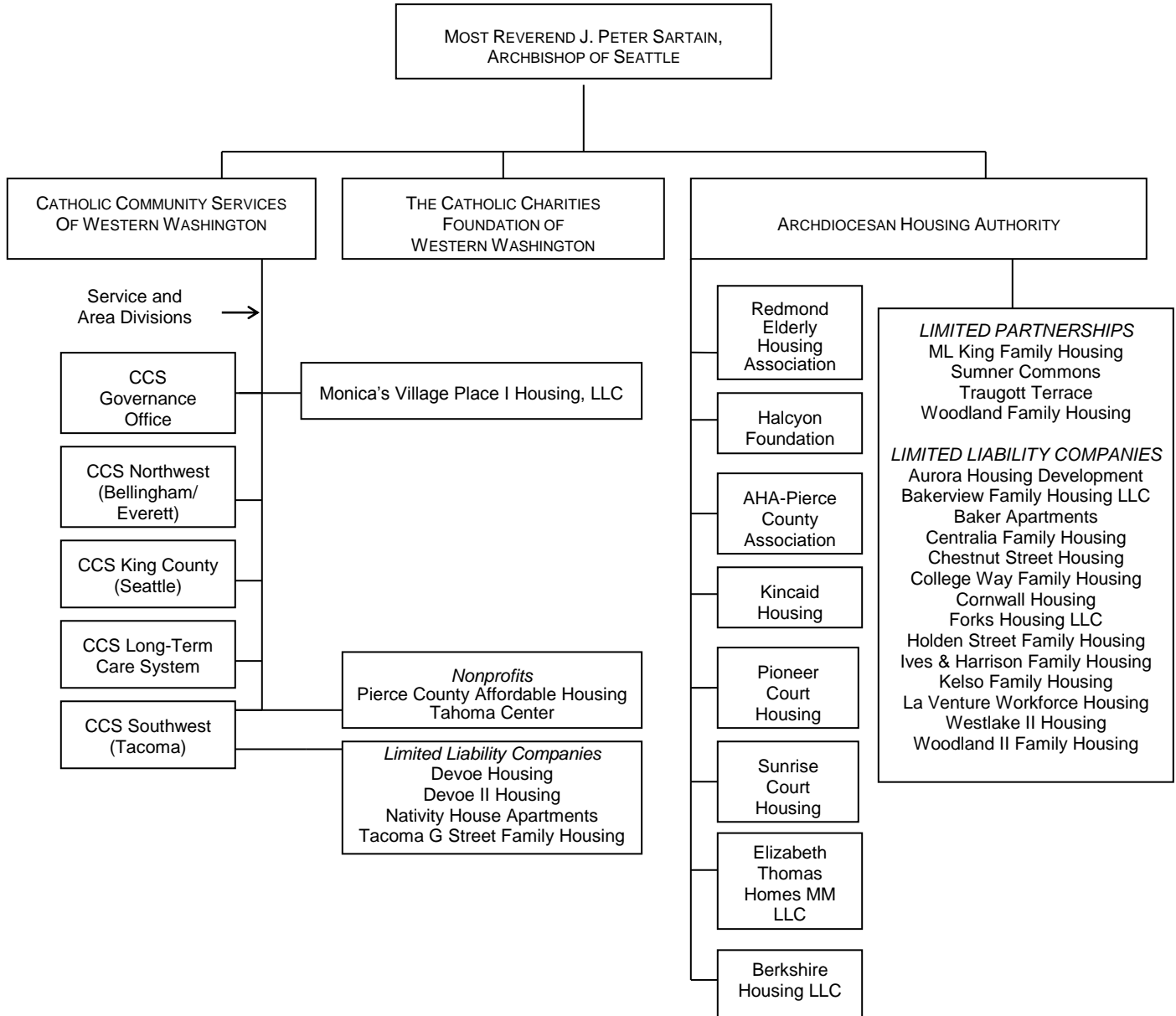
CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON

Notes to Financial Statements

For the Year Ended June 30, 2017

NOTE 5 - RELATED PARTY TRANSACTIONS

The following diagram sets forth the relationship of the various divisions of CCS and other organizations:



CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON

Notes to Financial Statements

For the Year Ended June 30, 2017

NOTE 5 - RELATED PARTY TRANSACTIONS, CONTINUED

CCS, The Catholic Charities Foundation of Western Washington (CCF), the Corporation of the Catholic Archbishop of Seattle (CCAS) and Archdiocesan Housing Authority (AHA) are related organizations, as the Archbishop of Seattle is the corporation sole of CCAS and the only member of CCS, CCF and AHA. As the only member, the Archbishop of Seattle has the power to appoint or remove any member of the Board of Trustees. In addition, certain transactions require the approval of the Archbishop of Seattle. Other entities identified in the diagram are related parties through an interest owned by CCS or AHA, or the Archbishop of Seattle has a fixed number of seats on these boards.

Transactions with related parties included in revenue are as follows:

CCAS	Contributions	\$ 912,028
CCF	Contributions	525,000
AHA	Management fees	221,132
AHA	Rental income and fees	493,324
AHA	Fees and grants	<u>20,870</u>
		<u>\$ 2,172,354</u>

In addition, CCS earned fees as managing member of the following entities:

Monica Village Place I Housing LLC	\$ 10,000
Devoe Housing LLC	24,824
Devoe II Housing LLC management fee	7,200
Devoe II Housing LLC developer fee	377,575
Nativity House Apartments, LLC	50,276
Tacoma G Street Family Housing, LLC	<u>56,057</u>
	<u>\$ 525,932</u>

Included in occupancy expense are the following transactions with related parties:

AHA	\$ 289,825
Tahoma Center Association	<u>223,921</u>
	<u>\$ 513,746</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 5 - RELATED PARTY TRANSACTIONS, CONTINUED

CCS passed through grant revenue and made a grant to AHA for \$305,666 and \$569,301, respectively during the year ended June 30, 2017.

At June 30, 2017, non-interest bearing accounts receivable from related parties were as follows:

Catholic Charities Foundation	\$ 1,006,092
AHA	207,010
Nativity House Apartments, LLC	142,149
Tahoma Center	9,547
Devoe Housing LLC	96,312
Devoe II	9,972
Tacoma G Street Family Housing LLC	33,504
Pierce County Affordable Housing Association	23,023
Other	<u>747</u>
	<u>\$ 1,528,356</u>

Notes and lease receivable are described in Notes 6 and 7 respectively below.

At June 30, 2017, non-interest bearing accounts payable to related parties were as follows:

AHA	\$ 52,979
CCAS	744,238
Other	<u>14,425</u>
	<u>\$ 811,642</u>

Notes and loans payable to related parties are described in Note 8.

NOTE 6 - NOTES RECEIVABLE

CCS provided financing to the following related parties. All such financing is collateralized by a deed of trust on the property owned by the related party.

AHA

AHA owes CCS \$221,892 on a note receivable, dated September 1, 1998. Annual payments of principal plus interest at 6 percent are payable subject to available net cash flow through April 30, 2040. Accrued interest at June 30, 2017, was \$347,613. The note is collateralized by Dorothy Day House.

\$ 569,505

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 6 - NOTES RECEIVABLE, CONTINUED

AHA, continued

AHA owes CCS \$440,849 on a note receivable, dated April 2, 1998. Annual payments of principal plus interest at 6 percent are payable subject to available net cash flow through April 30, 2023. Accrued interest at June 30, 2017, was \$510,306. The note is collateralized by the Highland and Tucker Apartments. \$ 951,155

AHA owes CCS \$171,143 on a note, dated July 1, 1998. Annual payments of principal plus interest at 6 percent are payable subject to available net cash flow through April 30, 2023. Accrued interest at June 30, 2017, was \$177,045. The note is collateralized by La Casa del Padre Miguel. 348,188

AHA owes CCS \$296,643 on a note receivable, dated October 15, 1998. Annual payments of principal plus interest at 6 percent are due from the lesser of available net cash flow or \$24,072 through April 30, 2019. Accrued interest at June 30, 2017, was \$506,287. The note is collateralized by the Mount Baker Apartments. 802,930

AHA owes CCS \$180,686 on a note dated March 10, 1998. Annual payments of principal plus interest at 6 percent are payable subject to available net cash flow through March 31, 2018. Accrued interest at June 30, 2017, was \$148,381. The note is collateralized by the Washington Grocery Building. 329,067

Sumner Commons Housing Limited Partnership

Sumner Commons Housing Limited Partnership owes CCS \$51,000 on a note receivable, dated August 20, 2004. Annual payments of \$2,550 for interest only at 5 percent are due through August 20, 2034. Accrued interest at June 30, 2017, was \$3,825. 54,825

Tacoma G Street LLC

Tacoma G Street LLC owes the Southwest division of CCS on a note receivable dated December 29, 2008. Payments are subject to available cash flow. The note is non-interest bearing and is due December 31, 2050. 202,000

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 6 - NOTES RECEIVABLE, CONTINUED

Tacoma G Street LLC, continued

Tacoma G Street LLC owes the Southwest division of CCS \$760,000 on a note receivable dated December 29, 2008. Annual payments of principal and interest at the rate of 7 percent are payable subject to available cash flow through December 31, 2050. Accrued interest at June 30, 2017, was \$592,043.

\$ 1,352,043

Tahoma Center Association

Tahoma Center Association owes the Southwest division of CCS on a note receivable, revised January 27, 2006. Monthly principal payments of \$3,511 for principal plus interest at the 6-month LIBOR plus 2 percent are required through December 31, 2019. The interest rate at June 30, 2017, was 3.45 percent.

189,729

Total collateralized notes receivable from related parties

4,799,442

CCS has unsecured notes receivable from the following related parties:

AHA

The note is non-interest bearing and due on demand.

202,808

Monica Village Place I, LLC

Monica Village Place I, LLC owes CCS for development services on a note dated October 15, 2007. Payments are from investor member's capital contributions and available cash flow. The note is non-interest bearing.

204,779

Devoe II Housing LLC

Devoe II Housing LLC owes CCS for development services on a note dated April 5, 2016. Payments are from investor member's capital contributions and available cash flow. The note is non-interest bearing.

559,720

Washington Housing Equity Alliance

Washington Housing Equity Alliance owes CCS on a note receivable dated May 23, 2013. The note is due on demand and bears interest at 4.5 percent.

10,000

Total unsecured notes receivable from related parties

977,307

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 6 - NOTES RECEIVABLE, CONTINUED

Total notes receivable	\$ 5,776,749
Less current portion	(379,720)
Less allowance for unrealized losses	<u>(2,755,808)</u>
Long-term portion	<u>\$ 2,641,221</u>

Notes receivable are evaluated individually for impairment and collectability. A note is considered impaired when, based on currently available information, it is probable that CCS will not collect all of the principal and interest contractually required by the terms of the note receivable. The beginning balance, provision and ending balance of the allowance for unrealized losses was \$2,553,000, \$202,808, \$2,755,808 as of and for the year ended June 30, 2017. The provision relates to the secured notes from AHA for Dorothy Day House, Highland and Tucker Apartments, La Casa del Padre Miguel, Mount Baker Apartments and the unsecured note from AHA. When a note is impaired, interest continues to accrue until management determines the note is uncollectable. Management considers the credit quality of all impaired notes to be doubtful. Management considers all unimpaired notes receivable to have an acceptable credit quality at June 30, 2017. Each unimpaired note is performing in accordance to its terms.

NOTE 7 - LEASE RECEIVABLE

The Western Washington division of CCS leases the land on which the Josephinum Apartments are located to AHA under a 40-year ground lease effective December 29, 1989. The lease has a 10-year renewal option. Rent is payable by AHA to the extent of 10 percent of its surplus cash on December 31 of each year. Unpaid rents accrue interest at 8.09 percent. Accrued rents are due in full not later than the 10th anniversary of the date it was accrued. The lease provides that at termination, the title to the improvements on the land will transfer to Western Washington. The annual rent is \$15,000. At June 30, 2017, rent and interest receivable totaled \$900,633.

NOTE 8 - NOTES PAYABLE

The following notes and loans payable are nonrecourse and collateralized by the property owned by the identified entity.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON

Notes to Financial Statements

For the Year Ended June 30, 2017

NOTE 8 - NOTES PAYABLE, CONTINUED

Installment notes payable

Randolph Carter Center and Kent Family Center

On October 29, 2001, Bank of America loaned \$1,118,436 to the King County Division of CCS. On May 31, 2012, the King County Division of CCS refinanced the loan with Bank of America. The new loan of \$1,070,238 requires monthly fixed principal payments of \$4,459 plus interest at the BBA LIBOR Daily Floating Rate plus 2.25 percent through June 1, 2019. The interest rate at June 30, 2017, was 3.42 percent. The loan is collateralized by land and building with a carrying value of \$324,822 and \$732,614, respectively.

\$ 802,678

Oak View Place

On July 28, 2004, Bank of America loaned the Southwest Division of CCS \$1,350,000. On May 31, 2012, the Southwest Division of CCS refinanced the loan with Bank of America. The new loan of \$1,080,834 requires monthly fixed principal payments of \$4,503 plus interest at the BBA LIBOR Daily Floating Rate plus 2.25 percent through June 1, 2019. The interest rate at June 30, 2017, was 3.42 percent. The loan is collateralized by land and building with a carrying value of \$395,000 and \$1,008,663, respectively.

810,625

Bellingham Office

The Bank of America loaned \$932,000 to the Northwest Division of CCS. The loan, dated March 29, 2010 and amended March 25, 2015, requires monthly fixed principal payments of \$3,883 plus interest at 3.98 percent through April 1, 2022. The loan is collateralized by property with a carrying value of \$419,400 and \$608,907, respectively.

601,917

Phoenix Housing Network Building

The Bank of America loaned \$668,000 to the Southwest Division of CCS. The loan, dated November 15, 2013, requires monthly principal payments of \$2,783 plus interest at 12 months LIBOR plus 1.75 percent through December 1, 2018. The interest rate at June 30, 2017, was 2.92 percent. The loan is collateralized by property with a carrying value of \$172,439 and \$1,068,421, respectively.

551,100

Total installment notes payable

2,766,320

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 8 - NOTES PAYABLE, CONTINUED

Forgivable notes and loans

The following notes and loans are non-interest bearing and will be forgiven on the maturity date if compliance with the conditions of the respective loan agreement has been maintained:

Katherine House

The State of Washington loaned \$285,000 to the King County Division of CCS for the construction of the property. The loan, dated January 1, 2001, matures on December 31, 2051. \$ 285,000

The Department of Housing and Community Development loaned \$334,215 to the King County Division of CCS for the construction the property. The loan, dated October 27, 2000, matures on June 1, 2036. 334,215

The loans are collateralized by land and building with a carrying value of \$73,464 and \$340,400, respectively.

Benedict House

The State of Washington, Department of Commerce loaned \$835,000 to the Southwest Division of CCS for the construction of the property. The loan, dated February 16, 2005, matures on December 31, 2045. The loan is collateralized by land and building with a carrying value of \$45,000 and \$1,008,663, respectively. 835,000

Drexel House

The State of Washington, Department of Commerce loaned \$530,000 to the Southwest Division of CCS for the construction of the property. The loan, dated April 20, 2006, matures on December 31, 2046. The loan is collateralized by land and building with a carrying value of \$351,350 and \$1,425,191 respectively. 530,000

Tacoma G Street

The Pierce County Department of Community Services loaned \$202,000 to the Southwest Division of CCS for the construction of the property. The loan, dated December 12, 2008, matures on December 31, 2038. The loan is collateralized by the land and building of Tacoma G Street Family Housing LLC with a carrying value of \$633,179 and \$7,706,768, respectively. 202,000

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 8 - NOTES PAYABLE, CONTINUED

Forgivable notes and loans, continued

Rita House

King County Department of Community and Human Services loaned \$100,000 to the King County Division of CCS for the rehabilitation of the property. The loan dated December 31, 2008, matures on December 31, 2028. The loan is collateralized by land and building with a carrying value of \$58,371 and \$33,689, respectively.

\$ 100,000

Bridges Village

On February 27, 2014, the Southwest Division of CCS assumed responsibility for a loan from the Washington State Department of Commerce. The loan, dated October 23, 2007, matures on February 29, 2048.

185,101

Pierce County Department of Community Connections loaned the Southwest Division of CCS \$393,196. The loan matures on February 1, 2044.

393,196

On March 26, 2014, Pierce County Department of Community Connections loaned \$73,662 to the Southwest Division of CCS. The loan matures on November 6, 2043.

73,662

On March 26, 2014, Pierce County Department of Community Connections loaned \$18,416 to the Southwest Division of CCS. The loan matures on October 27, 2043.

18,416

Tacoma Community Redevelopment Authority loaned the Southwest Division of CCS funds beginning March 18, 2014. The loan matures on March 18, 2034.

411,535

The loans are collateralized by land and building with a carrying value of \$226,607 and \$608,907, respectively.

Filbert Road

Snohomish County loaned the Northwest Division of CCS funds beginning July 22, 2015. The loan matures on June 30, 2057.

2,568,915

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 8 - NOTES PAYABLE, CONTINUED

Forgivable notes and loans, continued

Filbert Road, continued

Washington State Department of Commerce loaned the Northwest Division of CCS funds beginning June 18, 2015. The loan matures on August 31, 2057. \$ 1,500,000

The loans are collateralized by land and building with a carrying value of \$286,333 and \$3,864,016, respectively.

New Nativity House

Washington State Department of Commerce loaned the Southwest Division of CCS funds beginning March 18, 2014. The loan matures on November 30, 2054. 2,500,000

Pierce County Department of Community Connections loaned the Southwest Division of CCS \$606,612 for the development of the New Nativity House shelter. The loan matures December 13, 2043. 606,612

Tacoma Community Redevelopment Authority loaned the Southwest Division of CCS \$789,900 for the acquisition and development of the New Nativity House shelter. The loan, dated April 29, 2013, matures on April 29, 2053. 789,900

These loans are collateralized by land and a building with a carrying value of \$244,609 and \$5,824,764, respectively.

Devoe II Housing

Thurston County has agreed to provide funding of \$200,000 to the Southwest Division of CCS for the construction of this property. The loan matures 20 years after the property is placed in service. The loan is collateralized by construction in progress with a carrying value of \$2,597,959. 180,000

Total forgivable notes and loans 11,513,552

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 8 - NOTES PAYABLE, CONTINUED

Deferred payment loans

Drexel

The City of Olympia loaned \$350,000 to the Southwest Division of CCS for the acquisition of land. The loan, dated July 30, 2004, is non-interest bearing and is due on sale or a change in use of the property. The loan is collateralized by the land and building with a carrying value of \$351,350 and \$1,425,191 respectively.

	<u>\$ 350,000</u>
Total deferred payment loans	<u>350,000</u>
Total notes payable	14,629,872
Less current portion	<u>(386,429)</u>
Long-term portion	<u>\$ 14,243,443</u>

Summary of notes payable

Principal payments on notes payable for the next five years and thereafter are as follows:

	Payable	Deferred/ Forgivable	Total
2018	\$ 386,429		\$ 386,429
2019	2,070,049		2,070,049
2020	46,600		46,600
2021	46,600		46,600
2022	46,600		46,600
Thereafter	<u>170,042</u>	<u>\$ 11,863,552</u>	<u>12,033,594</u>
Total	<u>\$ 2,766,320</u>	<u>\$ 11,863,552</u>	<u>\$ 14,629,872</u>

NOTE 9 - DEFERRED LEASE REVENUE

CCS has leased land to Monica's Village Place I Housing, LLC. The lease is accounted for as an operating lease. The initial lease term is through December 31, 2085, with an option to extend the term for 25 years to December 31, 2110. The rent for the first 61 years and nine months was prepaid and is presented in the financial statements as deferred revenue. The annual rent revenue was \$20,389 with current and long-term deferred lease revenue of \$20,389 and \$1,087,704, respectively, at June 30, 2017.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 9 - DEFERRED LEASE REVENUE, CONTINUED

CCS has leased land to Cornwall Housing LLC (Cornwall). The lease is accounted for as a direct-financing capital lease. Cornwall has prepaid the entire lease. CCS has recorded deferred lease revenue equal to the present value of future minimum lease payments. The annual rent revenue was \$3,957 with current and long-term deferred lease revenue of \$3,957 and \$283,908, respectively at June 30, 2017.

NOTE 10 - LINES OF CREDIT

CCS has a \$2,500,000 line of credit agreement with a bank. The credit line is available until April 1, 2018. The interest rate varies with the LIBOR daily floating rate plus 1.5 percent. The line of credit is shared by all divisions of CCS. Receivables and bank accounts are pledged as collateral. The agreement requires financial reporting, the maintenance of current assets in excess of current liabilities of at least \$2,000,000, a debt service coverage ratio of 1.25:1.00 and at least \$14,000,000 of net assets. At June 30, 2017, the debt service coverage ratio was 6.64: 1.00. There was no outstanding balance at June 30, 2017.

CCS has a \$1,000,000 line of credit agreement with CCF. The line of credit is available until July 1, 2018. Interest accrues at five percent beginning on the day funds are advanced. The outstanding balance at June 30, 2017, was \$198,875.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent unexpended distributions of income from permanently restricted net assets, and donations and grants subject to donor-imposed stipulations. The Organization’s temporarily restricted net assets at June 30, 2017, were restricted to the following purposes:

Program services	\$ 3,199,072
Nativity House	1,223,438
Hope House	321,000
Unappropriated endowment earnings	89,764
Other	<u>60,000</u>
	<u>\$ 4,893,275</u>

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS (ENDOWMENTS)

The Organization classifies as permanently restricted net assets the original value of contributions to the permanent endowment and the original value of subsequent contributions to the permanent endowment. Investment income earned on permanent endowment funds is classified as temporarily restricted until those funds are expended.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS (ENDOWMENTS), CONTINUED

The Organization follows a set of prudent investing and spending standards for endowment funds in accordance with the Prudent Management of Institutional Funds Act.

The following describes the net asset composition of the endowment funds at June 30, 2017:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Program services	\$ 89,764	\$ 141,739	\$ 231,503
General endowment		<u>56,000</u>	<u>56,000</u>
Total	<u>\$ 89,764</u>	<u>\$ 197,739</u>	<u>\$ 287,503</u>

Changes in endowment net assets for the year ended June 30, 2017, were as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning of fiscal year	\$ 79,631	\$ 197,739	\$ 277,370
Investment income	<u>10,133</u>		<u>10,133</u>
End of fiscal year	<u>\$ 89,764</u>	<u>\$ 197,739</u>	<u>\$ 287,503</u>

NOTE 13 - CONTRIBUTIONS IN-KIND

CCS received contributions in-kind for the following:

Food for feeding programs	\$ 1,939,007
Use of facilities	<u>954,162</u>
	<u>\$ 2,893,169</u>

NOTE 14 - PENSION PLAN

CCS adopted a money purchase pension plan effective July 1, 1991. All divisions participate. All employees, except hourly home care and case aide employees, who have completed one year of service and 1,000 hours are eligible. Contributions to the plan are six percent of the employee's compensation. Pension expense for 2017 was \$2,123,640.

Transactions of the retirement plan are not included in the financial statements. Contributions are made directly to a bank that maintains the retirement plan invested funds.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 15 - LEASED AND RENTED FACILITIES AND EQUIPMENT

Some buildings and equipment used by CCS for its offices and community services programs are leased under operating leases. Under some of the operating leases, CCS pays a portion of property taxes, insurance, maintenance, and expenses related to the leased property. Total rent expense for leased facilities and equipment and those rented on a month-to-month basis was \$2,570,169.

Minimum future obligations on noncancellable operating leases in effect at June 30, 2017, are:

2018	\$ 1,400,259
2019	1,029,805
2020	628,859
2021	424,541
2022	<u>273,298</u>
Total	<u>\$ 3,756,762</u>

NOTE 16 - INSURANCE

CCS is part of the Corporation of the Catholic Archbishop of Seattle's (CCAS) insurance program for property, liability, and workers compensation. CCAS' insurance is provided through a self-insured program run by CCAS with excess limits brokered by an insurance and risk management firm. Workers compensation expense through CCAS was \$3,061,212 for 2017. Property and liability insurance expense through CCAS was \$299,957 for 2017.

NOTE 17 - CONCENTRATIONS

Sixty-three percent of the employees are covered under the following collective bargaining agreements:

- The Long-Term Care System's home care workers, expired June 30, 2019, and
- Non-management employees at Northwest, expiring June 30, 2018

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Financial Statements  
For the Year Ended June 30, 2017

NOTE 18 - CONTINGENCIES AND COMMITMENTS

CCS receives funds under numerous contracts, grants and agreements with federal, state and local governmental agencies. CCS may be subject to repayment of funds received under contracts, grants and agreements with governmental agencies that provide for payments to CCS based on cost or statistical data. Most contracts, grants and agreements are subject to audit by the funding sources.

CCS may be subject to legal proceedings and claims which arise in the normal course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material effect on the financial position.

CCS, as the managing member of Devoe Housing LLC (Devoe), Tacoma G Street Family Housing LLC (G Street), Monica's Village I, LLC (Monica's Village), Nativity House LLC (Nativity House) and Devoe II Housing LLC (Devoe II) has agreed to advance funds for operating deficits. CCS' obligation to advance funds is unlimited for Devoe. CCS' obligation to advance funds for operating deficits to G Street, Monica's Village, Nativity House and Devoe II is initially unlimited, then limited to \$150,000, \$300,000, \$369,000, and \$257,967, respectively, and finally terminated based on achievement of operating milestones as defined in the respective operating agreements. Operating deficit loans are repayable, without interest, subject to available cash flow in the priority established in the operating agreements. No payments have been required under the agreements through June 30, 2017.

Funding for the purchase and development of some land and buildings was provided under grants and contracts that include restrictive covenants. Sale, transfer or change in use may result in repayment of some or all of the restricted funding or reversion of the property to the funding source depending on the contract.

NOTE 19 - SUBSEQUENT EVENTS

CCS has evaluated subsequent events through January 4, 2018, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure or recognition.

SUPPLEMENTARY INFORMATION

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Child and Adult Care Food Program:</u>			
Passed through State of Washington, Office of Superintendent of Public Instruction Child Adult Care Food Program (USDA- Childcare Centers)	10.558	27-01-0498	\$ 15,088
Passed through State of Washington, Child Adult Care Food Program Youth Tutoring Program - CACFP	10.558	None	<u>10,120</u>
TOTAL CHILD AND ADULT CARE FOOD PROGRAM			<u>25,208</u>
<u>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:</u>			
Passed through Tacoma-Pierce County Health Department Hilltop Family Support	10.561	2016-0000048	3,000
Hilltop Family Support	10.561	2017-0000048	<u>6,000</u>
TOTAL STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM			<u>9,000</u>
<u>Emergency Food Assistance Program:</u>			
Passed through Food Lifeline Emergency Food Assistance Program	10.569	None	<u>57,347</u>
TOTAL EMERGENCY FOOD ASSISTANCE PROGRAM			<u>57,347</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>91,555</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>Community Development Block Grants/Entitlement Grants:</u>			
Passed through City of Seattle St. Martin de Porres Enhanced Shelter	14.218	DA16-1445	236,912
St. Martin de Porres Enhanced Shelter	14.218	DA17-1445	280,391
Passed through Solid Ground of Washington King County Housing Stability Project	14.218	5796344	856
King County Housing Stability Project	14.218	5724851	1,082
Passed through King County HOME and ARISE Men's Shelter	14.218	5723820	23,352
KC Eastside Winter Shelter	14.218	5897589	14,202
KC DCHS/CEA Seattle Diversion	14.218	5859140 Exh IV	21,129
KC DCHS/CEA East Diversion	14.218	5859140 Exh V	17,805
Katherine House - Note D	14.218	D26556D & F	106,435
Passed through City of Kent Katherine House	14.218	BG1509-1609	13,091
Passed through City of Everett CDBG/Volunteer Transportation	14.218	2017	2,700
Passed through Snohomish County - Human Services Department Housing for Pregnant & Parenting Women - CDBG	14.218	HCS-16-24-1601-007	35,027
Passed through City of Marysville Volunteer Chore Services - CDBG	14.218	CFDA 15.218 CDBG	5,000

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, CONTINUED</u>			
<u>Community Development Block Grants/Entitlement Grants, continued:</u>			
Passed through Pierce County - Human Services Department Community Development Block Grant - CDBG	14.218	SC - 104230	\$ 20,000
Passed through Thurston County Public Health and Social Services Community Development Block Grant (CDBG)	14.218	1516-CDBG-CCS-DHES	4,764
Passed through City of Tacoma Community Development Block Grant - CDBG	14.218	None	76,304
Passed through Tacoma Community Redevelopment Authority Nativity House - Note D	14.218	None	789,900
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANTS/ ENTITLEMENT GRANTS			<u>1,648,950</u>
<u>Emergency Solutions Grant Program:</u>			
Passed through City of Tacoma - Emergency Shelter Grant City of Tacoma - Emergency Shelter Grant	14.231	None	40,000
Passed through Pierce County Community Connections Homeless and Housing Assistance Program (HHAP) - Emergency Shelter	14.231	SC-1034539	56,724
Homeless and Housing Assistance Program (HHAP) - Rapid Rehousing	14.231	SC-103829	3,486
Homeless and Housing Assistance Program (HHAP) - Emergency Shelter	14.231	SC-103829	107,128
Passed through Snohomish County Office of Housing, Homelessness & Community Development ESG-Emergency Solutions Grant	14.231	HCS-16-31-1601-007	108,494
EFH/ESG Commerce (Partial Fed Funding)	14.231	HCS-16-66-1602-007(1)	83,610
Passed through King County St. Martin de Porres Enhanced Shelter	14.231	5897589	7,500
Sacred Heart Shelter	14.231	5897589	6,250
South County Shelter Systems	14.231	5897589	52,500
South County Shelter Systems	14.231	5723820	26,649
Passed through King County - DCHS KC Family Housing Connection for Rapid Rehousing Pilot	14.231	5723820	113,148
KC Family Housing Connection for Rapid Rehousing Pilot	14.231	5897589	59,172
KC Single Adult Housing Connection for Rapid Rehousing Pilot	14.231	5897589	80,511
TOTAL EMERGENCY SOLUTIONS GRANT PROGRAM			<u>745,172</u>
<u>HOME Investment Partnerships Program:</u>			
Passed through State of Washington - Department of Commerce HOME Investment Partnership Program - Note D	14.239	None	530,000
Passed through Thurston County HOME Investment Partnership Program - Note D	14.239	PSH	180,000
TOTAL HOME INVESTMENT PARTNERSHIPS PROGRAM			<u>710,000</u>
<u>Housing Opportunities for Persons with AIDS Program:</u>			
Passed through City of Seattle HIV/AIDS Housing Assistance Program	14.241	DA16-1056	177,419
HIV/AIDS Housing Assistance Program	14.241	DA17-1056	79,410
TOTAL HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS PROGRAM			<u>256,829</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Identifying Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, CONTINUED</u></b>			
<b><u>Community Development Block Grants/Brownfields Economic Development Initiative:</u></b>			
Passed through Tacoma Community Redevelopment Authority			
Community Development Block Grant (CDBG)-Brownsfield - Note D	14.246	None	\$ 350,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANTS/BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE			<u>350,000</u>
<b><u>Continuum of Care Program:</u></b>			
Direct Funding			
WA-500 - Ren - Aloha Inn	14.267	WA003L0T001407	22,277
WA-500 - Ren - Aloha Inn	14.267	WA003L0T001508	189,781
Drexel - McKinney (HUD) SHP	14.267	WA0203L0T11507	114,988
Drexel - McKinney (HUD) SHP	14.267	WA0203L0T11608	11,717
TOTAL DIRECT FUNDING			<u>338,763</u>
Indirect Funding			
Passed through King County			
St. Martin de Porres Enhanced Shelter	14.267	5723820	63,035
KC DCHS/CEA Seattle RAP	14.267	5859140 Exh II	240,112
KC DCHS/CEA East RAP	14.267	5859140 Exh III	152,581
Passed through Pierce County Community Connections			
Bridges Village - Transitional Housing Project	14.267	SC-104322	17,963
Bridges Village - Transitional Housing Project	14.267	SC-103226	10,738
Manresa Apartments - Transitional Housing Project	14.267	SC-104295	26,945
Nativity House - CoC	14.267	SC-104300	88,661
Nativity House - CoC	14.267	SC-103227	51,102
Passed through Snohomish County Office of Housing, Homelessness & Community Development			
Rapid Rehousing	14.267	HCS-16-50-1556-007(1)	\$ 130,011
SHP - Road To Recovery	14.267	HCS-16-50-1563-007	25,390
SHP - Road To Recovery	14.267	HCS-15-50-1463-007	16,243
SHP - Home Connection	14.267	HCS-16-50-1525-007	290,377
SHP - Home Connection	14.267	HCS-15-50-1425-007	131,803
SHP - Homeless Families Home At Last	14.267	HCS-16-50-1551-007	149,842
SHP - Homeless Families Home At Last	14.267	HCS-15-50-1451-007	45,138
SHP - Meadowdale	14.267	HCS-16-50-1511-007	167,200
SHP - Permanent Housing for Veterans	14.267	HCS-16-50-1533-007	58,466
SHP - Permanent Housing for Veterans	14.267	HCS-15-50-1433-007	38,753
SHP - Journey Home	14.267	HCS-16-50-1571-007	136,683
SHP - Journey Home	14.267	HCS-15-50-1471-007	117,496
SHP - The Road Home	14.267	HCS-16-50-1592-007	158,401
SHP - The Road Home	14.267	HCS-15-50-1492-007	69,901
TOTAL INDIRECT FUNDING			<u>2,186,841</u>
TOTAL CONTINUUM OF CARE PROGRAM			<u>2,525,604</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, CONTINUED</u>			
<u>Public and Indian Housing:</u>			
Passed through Seattle Housing Authority Youth Tutoring Program	14.850	4646	289,760
TOTAL PUBLIC AND INDIAN HOUSING			289,760
<u>Moving to Work Demonstration Program</u>			
Passed through Pierce County Community Connections Homeless and Housing Assistance Program (HHAP) - Rapid Rehousing THA	14.881	Sc-104539	180,594
Homeless and Housing Assistance Program (HHAP) - Rapid Rehousing THA	14.881	SC-103829	188,809
TOTAL MOVING TO WORK DEMONSTRATION PROGRAM			369,403
<u>Choice Neighborhoods Implementation Grants:</u>			
Passed through Seattle University Youth Tutoring Program - Yesler Terrace	14.889	None	6,800
Youth Tutoring Program - Yesler Terrace	14.889	34-230533 SA-01	2,974
TOTAL CHOICE NEIGHBORHOODS IMPLEMENTATION GRANTS			9,774
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			6,905,492
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>Transit Services Programs Cluster</u>			
<u>Enhanced Mobility of Seniors and Individuals with Disabilities:</u>			
Passed through Clark County Public Transportation Benefit Area (dba-C-TRAN) for Volunteer Driver Program	20.513	None	37,808
Passed through Washington State Department of Transportation Consolidated Public Transportation Grant	20.513	UCB1292	54,913
Disabled Veteran's Transportation	20.513	UCB1330	47,722
Volunteer Public Transportation Grant	20.513	UCB1295; UCB1342	69,086
TOTAL ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES			209,529
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER			209,529
<u>Public Transportation Research:</u>			
Passed through Washington State Department of Transportation Volunteer Public Transportation Grant	20.514	UCB1342	15,358
TOTAL PUBLIC TRANSPORTATION RESEARCH			15,358
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			224,887
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>			
<u>VA Homeless Providers Grant and Per Diem Program:</u>			
Passed through Catholic Housing Services Department of Veteran Affairs	64.024	None	270,360
TOTAL VA HOMELESS PROVIDERS GRANT AND PER DIEM PROGRAM			270,360
<u>VA Supportive Services for Veteran Families Program:</u>			
Direct funding Supportive Services for Veteran Families (SSVF) - Priority 1	64.033	C15-WA-503A	492,514
Supportive Services for Veteran Families (SSVF)	64.033	13-WA-146	806,044
TOTAL VA SUPPORTIVE SERVICES FOR VETERAN FAMILIES PROGRAM			1,298,558
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			1,568,918

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Race to the Top - District Grants</u>			
Passed through Seattle School District Youth Tutoring Program - New Holly	84.416	75-14339	38,376
TOTAL U.S. DEPARTMENT OF EDUCATION			38,376
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Aging Cluster</u>			
<u>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and</u>			
<u>Senior Centers:</u>			
Passed through Lewis-Mason-Thurston Area Agency on Aging Transportation Services	93.044	14-1120-0041-01 (2); (3)	\$ 51,932
Passed through City of Seattle African American Elders Program	93.044	DA16-1387	43,509
Passed through Snohomish County Human Services Volunteer Transportation Program	93.044	A-17-50-04-007	17,984
Volunteer Transportation Program	93.044	A-16-50-04-007	18,030
Passed through Area Agency on Aging and Disabilities of Southwest Washington (AAADSW) Senior Transportation Services	93.044	None	10,796
Passed through Senior Services for South Sound LMT Volunteer Transportation	93.044	10-1120-0041-08-(5)	2,844
LMT Volunteer Transportation	93.044	10-1120-0041-08-(10)	2,170
Passed through Olympic Area Agency on Aging Clallam & Pacific Volunteer Chore Service	93.044	555-41-26-17	12,264
Clallam & Pacific Volunteer Chore Service	93.044	555-41-26-16	16,235
TOTAL SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART B - GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS			175,764
<u>Special Programs for the Aging - Title III, Part C - Nutrition Services:</u>			
Passed through City of Seattle Senior Congregate Nutrition Services	93.045	DA17-1700	228,883
Senior Congregate Nutrition Services	93.045	DA16-1700	199,421
Passed through Pierce County Community Connections Senior Nutrition Program - Congregate	93.045	SC-103062-02	393,650
Senior Nutrition Program - Home Delivered Meals	93.045	SC-103062-02	264,837
Passed through Lewis-Mason-Thurston Area Agency on Aging Senior Nutrition Program - Home Delivered Nutrition	93.045	14-1140-0064-01 (4)	35,621
Senior Nutrition Program - Home Delivered Nutrition	93.045	14-1140-0064-01 (5)	48,697
TOTAL SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART C - NUTRITIONAL SERVICES			1,171,109

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, CONTINUED</u>			
<u>Aging Cluster, continued</u>			
<u>Nutrition Services Incentive Program:</u>			
Passed through City of Seattle			
Senior Congregate Nutrition Services	93.053	DA17-1700	\$ 29,184
Senior Congregate Nutrition Services	93.053	DA16-1700	39,068
Passed through Pierce County Community Connections			
Senior Nutrition Program - Congregate NSIP	93.053	SC-103062-02	46,498
Senior Nutrition Program - Home Delivered Meals NSIP	93.053	SC-103062-02	89,374
TOTAL NUTRITION SERVICES INCENTIVE PROGRAM			<u>204,124</u>
TOTAL AGING CLUSTER			<u>1,550,997</u>
<u>Alzheimer's Disease Supportive Services Program:</u>			
Passed through City of Seattle			
African American Elders Program AAEP	93.051	DA16-1387	5,500
TOTAL ALZHEIMER'S DISEASE SUPPORTIVE SERVICES PROGRAM			<u>5,500</u>
<u>National Family Caregiver Support, Title III, Part E:</u>			
Passed through City of Seattle			
African American Elders Program AAEP	93.052	DA16-1387	35,662
TOTAL NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E			<u>35,662</u>
<u>Substance Abuse and Mental Health Services - Projects of Regional and National Significance:</u>			
Passed through DSHS State of Washington			
Bridges	93.243	1312-94054 (7)	136,274
Passed through Skagit County			
Access to Recovery	93.243	C20170075/#A20170154	118,661
Access to Recovery	93.243	C20170223	31,805
TOTAL SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES - PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE			<u>286,740</u>
<u>Affordable Care Act Aging and Disability Resource Center:</u>			
Passed through City of Seattle			
African American Elders Program AAEP	93.517	DA16-1387	906
TOTAL AFFORDABLE CARE ACT AGING AND DISABILITY RESOURCE CENTER			<u>906</u>
<u>Unaccompanied Alien Children Program:</u>			
Passed through US Conference of Catholic Bishops			
Alien Unaccompanied Minors (Long Term FC)	93.676	90ZU0163	299,986
Alien Unaccompanied Minors (Long Term FC)	93.676	90ZU0090-1	430,384
Home Suitability Assessment (Safe Passages)	93.676	90-ZU0077	28,875
Transitional Foster Care	93.676	90ZU0090-1	97,031
TOTAL UNACCOMPANIED ALIEN CHILDREN PROGRAM			<u>856,276</u>
<u>HIV Emergency Relief Project Grants:</u>			
Passed through King County			
HIV/AIDS Housing Assistance Program - Ryan White Part A	93.914	1122310 & 1122311	27,499
TOTAL HIV EMERGENCY RELIEF PROJECT GRANTS			<u>27,499</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, CONTINUED</u>			
<u>Block Grants for Community Mental Health Services:</u>			
Passed through Whatcom County Health Department Housing Case Management	93.958	201311016 (4)	\$ 17,073
Passed through Clackamas County Behavioral Health Division Emergency Development Crisis Stabilization	93.958	7228-1	40,311
Emergency Development Crisis Stabilization	93.958	7878	120,933
Passed through Oregon Health Authority Family Search and Engagement FSE	93.958	148566	1,875
TOTAL BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES			<u>180,192</u>
<u>Block Grants for Prevention and Treatment of Substance Abuse:</u>			
Passed through King County Matt Talbot	93.959	5893187	27,308
Passed through Snohomish County Human Services Noth Sound BHO	93.959	North Sound BHO-CCSNW-SABG-16-17	73,491
TOTAL BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE			<u>100,799</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,044,571</u>
 <u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</u>			
<u>Retired and Senior Volunteer Program:</u>			
Direct Funding Retired Senior Volunteer Program (RSVP)	94.002	12SRPWA005	88,725
TOTAL RETIRED AND SENIOR VOLUNTEER PROGRAM			<u>88,725</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			<u>88,725</u>
 <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Emergency Food and Shelter National Board Program:</u>			
Passed through Emergency Food & Shelter National Board Program Emergency Food & Shelter Program	97.024	None	77,889
Passed through Associated Ministries Emergency Food and Shelter Program (EFSP) - Phase 33	97.024	LRO # 891400-019	31,443
Passed through United Way of Grays Harbor County Emergency Food and Shelter Program (EFSP) - Phase 33	97.024	LRO # 888400-009	4,700
Passed through United Way of Kitsap County Emergency Food and Shelter Program (EFSP) - Phase 33	97.024	LRO # 889600-019	56,445
Passed through United Way of Pierce County Emergency Food and Shelter Program (EFSP) - Phase 33	97.024	LRO # 891400-043	40,427
TOTAL EMERGENCY FOOD AND SHELTER NATIONAL BOARD PROGRAM			<u>210,904</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>210,904</u>
TOTAL FEDERAL AWARDS			<u>\$ 12,173,428</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of CCS, under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of CCS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CCS.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. CCS elected to use the 10 percent de minimis indirect cost rate for federal awards made on or after December 26, 2014, and for funding increments (additional funding on existing awards) with modified terms and conditions that are awarded on or after that date for divisions other than Northwest.

NOTE C - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, CCS provided none of the federal awards to subrecipients.

NOTE D - LOANS AND GRANTS WITH CONTINUING COMPLIANCE REQUIREMENTS

CCS received the following funding through loans. Loan documents require compliance with program regulations until the maturity date of the loan. The loans are forgivable on their maturity dates provided that CCS remains in compliance with the loan requirements. The balance of loans outstanding at the beginning of the year and loans received during the year are included in the accompanying schedule of expenditures of federal awards. The balance of loans outstanding at June 30, 2017, consists of:

	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Outstanding Loan Balance</u>
<u>U. S. DEPARTMENT OF HOUSING AND</u>			
<u>URBAN DEVELOPMENT</u>			
<u>Community Development Block</u>			
<u>Grants/Entitlement Grants:</u>			
Passed through King County			
Katherine House	14.218	D26556D & F	\$ 106,435
Passed through Tacoma Community			
Redevelopment Authority			
New Nativity House	14.218	None	789,900

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Notes to Schedule of Expenditures of Federal Awards, Continued  
For the Year Ended June 30, 2017

NOTE D - LOANS AND GRANTS WITH CONTINUING COMPLIANCE REQUIREMENTS,  
CONTINUED

	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Outstanding Loan Balance</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, Continued</u>			
<u>HOME Investment Partnership Program:</u>			
Passed through State of Washington, Department of Commerce Drexel House	14.239	None	\$ 530,000
Passed through Thurston County, Devoe II Housing	14.239	None	<u>180,000</u>
			<u>\$ 1,606,335</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Financial Position by Division  
June 30, 2017

	Governance	King County	Southwest	Long-Term Care	Northwest	Eliminations	Total
<b>CURRENT ASSETS</b>							
Cash	\$ 8,289,622	\$ 554,784	\$ 7,084,325	\$ 4,108,622	\$ 1,231,878		\$ 21,269,231
Accounts receivable, net of allowance for doubtful accounts of \$61,989		3,538,547	5,802,973	6,064,781	1,751,697	\$ (214,394)	16,943,604
Accounts receivable, related parties	6,152,333	226,662	387,945		1,201,046	\$(6,439,630)	1,528,356
Notes receivable, related parties, current portion			379,720				379,720
Prepaid expenses	45,300	104,746	117,217	37,348	71,981		376,592
Inventory, food			20,970				20,970
Funds held in trust		48,256					48,256
<b>TOTAL CURRENT ASSETS</b>	<u>14,487,255</u>	<u>4,472,995</u>	<u>13,793,150</u>	<u>10,210,751</u>	<u>4,256,602</u>	<u>(6,654,024)</u>	<u>40,566,729</u>
<b>PROPERTY AND EQUIPMENT</b>							
Land	2,236,028	857,072	1,885,630	179,523	1,209,939		6,368,192
Buildings and building improvements	1,124,590	9,404,342	12,560,630	1,457,279	5,555,599		30,102,440
Furniture and equipment	455,776	853,185	1,340,016	281,496	956,927		3,887,400
Leasehold improvements			1,160,280		316,905		1,477,185
Construction in progress	3,000	84,243	-		51,378		138,621
	<u>3,819,394</u>	<u>11,198,842</u>	<u>16,946,556</u>	<u>1,918,298</u>	<u>8,090,748</u>		<u>41,973,838</u>
Less: accumulated depreciation	<u>(444,757)</u>	<u>(5,622,409)</u>	<u>(3,383,385)</u>	<u>(667,653)</u>	<u>(1,865,162)</u>		<u>(11,983,366)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>3,374,637</u>	<u>5,576,433</u>	<u>13,563,171</u>	<u>1,250,645</u>	<u>6,225,586</u>		<u>29,990,472</u>
<b>OTHER ASSETS</b>							
Pledges receivable, net of current portion			328,287				328,287
Notes receivable, related parties, net	717,449		1,923,772				2,641,221
Lease receivable	900,633						900,633
Cash, maintenance reserve account		212,680			160,314		372,994
Investments	1,133,535		300,711				1,434,246
Cash, endowment funds	-	219,503			15,076		234,579
<b>TOTAL OTHER ASSETS</b>	<u>2,751,617</u>	<u>432,183</u>	<u>2,552,770</u>		<u>175,390</u>		<u>5,911,960</u>
<b>TOTAL ASSETS</b>	<u>\$ 20,613,509</u>	<u>\$10,481,611</u>	<u>\$ 29,909,091</u>	<u>\$11,461,396</u>	<u>\$10,657,578</u>	<u>\$(6,654,024)</u>	<u>\$ 76,469,161</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Financial Position by Division, Continued  
June 30, 2017

	Governance	King County	Southwest	Long-Term Care	Northwest	Eliminations	Total
<b>CURRENT LIABILITIES</b>							
Accounts payable	\$ 136,543	\$ 764,180	\$ 579,901	\$ 194,162	\$ 291,766		\$ 1,966,552
Accounts payable, related parties	28,741	1,035,511	2,268,168	4,086,204	46,767	\$(6,653,749)	811,642
Accrued payroll and related expenses	236,631	724,109	2,061,888	3,769,563	553,656		7,345,847
Notes and mortgages payable, current portion		53,512	286,317		46,600		386,429
Refundable deposits				523,234			523,234
Accrued liabilities		(10,943)	234,922	108,618	2,750	(275)	335,072
Deferred revenue	24,346	78,272	1,927	39,399	2,439,597		2,583,541
Funds held in trust		52,041	15,281				67,322
<b>TOTAL CURRENT LIABILITIES</b>	<u>426,261</u>	<u>2,696,682</u>	<u>5,448,404</u>	<u>8,721,180</u>	<u>3,381,136</u>	<u>(6,654,024)</u>	<u>14,019,639</u>
<b>LONG-TERM LIABILITIES</b>							
Notes and mortgages payable, net of current portion		1,468,381	8,150,830		4,624,232		14,243,443
Line of credit			198,875				198,875
Deferred lease revenue, long-term	1,371,612						1,371,612
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,371,612</u>	<u>1,468,381</u>	<u>8,349,705</u>	<u>-</u>	<u>4,624,232</u>		<u>15,813,930</u>
<b>TOTAL LIABILITIES</b>	<u>1,797,873</u>	<u>4,165,063</u>	<u>13,798,109</u>	<u>8,721,180</u>	<u>8,005,368</u>	<u>(6,654,024)</u>	<u>29,833,569</u>
<b>NET ASSETS</b>							
Unrestricted net assets	17,404,061	4,563,556	14,862,544	2,567,836	2,146,581		41,544,578
Temporarily restricted net assets	1,355,575	1,623,253	1,248,438	172,380	493,629		4,893,275
Permanently restricted net assets	56,000	129,739			12,000		197,739
<b>TOTAL NET ASSETS</b>	<u>18,815,636</u>	<u>6,316,548</u>	<u>16,110,982</u>	<u>2,740,216</u>	<u>2,652,210</u>		<u>46,635,592</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 20,613,509</u>	<u>\$10,481,611</u>	<u>\$ 29,909,091</u>	<u>\$11,461,396</u>	<u>\$10,657,578</u>	<u>\$(6,654,024)</u>	<u>\$ 76,469,161</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Activities by Division  
For the Year Ended June 30, 2017

	Governance	King County	Southwest	Long-Term Care	Northwest	Eliminations	Total
Support and revenue:							
Contributions - received directly	\$ 2,861,642	\$ 4,686,216	\$ 1,979,733	\$ 474,415	\$ 767,419		\$ 10,769,425
Contributions - received indirectly	7,101						7,101
Contributions - United Way allocations		573,568	126,255	11	71,253		771,087
Contributions - United Way donor designated		130,286	72,524	11	2,865		205,686
Contributions - associated organizations	1,674,630	1,562,918	367,573		339,859	\$ (3,135,695)	809,285
Contributions - in-kind (Note 14)		1,319,724	1,573,445				2,893,169
Legacies and bequests	372,876	2,952					375,828
Special events	75,131	2,375	170,494		16,993		264,993
Special events expenses	(30,609)	(151,814)	(41,853)				(224,276)
Fees and grants from governmental agencies		20,000,029	40,704,313	47,680,986	17,349,680	(602,361)	125,132,647
Fees and other income:							
Management fees	4,593,960		509,794			(4,520,938)	582,816
Training fees			(140)	3,264,265			3,264,125
Private program service fees		580,893	1,019,008	6,767,882	951,551		9,319,334
Interest income	268,386		112,251		254		380,891
Rental income and fees	38,388	928,438	143,692			(296,088)	814,430
Gain (loss) on sale of assets	-		321,827				321,827
Miscellaneous revenue	1,003	107,387	28,257	1,748	12,647		151,042
	<u>9,862,508</u>	<u>29,742,972</u>	<u>47,087,173</u>	<u>58,189,318</u>	<u>19,512,521</u>	<u>(8,555,082)</u>	<u>155,839,410</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Activities by Division, Continued  
For the Year Ended June 30, 2017

	Governance	King County	Southwest	Long-Term Care	Northwest	Eliminations	Total
Expenses and losses:							
Salaries and related payroll expenses	\$ 3,444,654	\$ 11,905,353	\$ 33,425,435	\$ 52,989,069	\$ 12,340,264	\$ (1,289,011)	\$ 112,815,764
Professional fees and contract service payments	576,302	767,861	2,013,810	2,798,905	1,625,997	(3,447,579)	4,335,296
Supplies	43,000	504,488	961,153	1,043,672	181,972	(1,357)	2,732,928
Telephone	18,030	224,302	490,832	92,105	171,555	(4,234)	992,590
Postage	66,797	39,067	27,587	56,940	15,754		206,145
Occupancy	85,161	1,283,374	1,438,298	539,136	890,257	(134,208)	4,102,018
Equipment rental and maintenance	138,415	210,499	231,685	126,845	177,789	(9,394)	875,839
Printing and advertisement	285,907	98,743	78,400	149,859	17,840	(171)	630,578
Travel	7,397	87,887	292,319	153,110	294,267	(6,825)	828,155
Conferences	3,626	83,876	204,808	132,138		(845)	423,603
Contributions, grants and specific assistance/foster care payments	3,478,336	11,976,912	4,450,370	190,510	2,498,470	(3,660,535)	18,934,063
Dues and fees	126,805	41,824	70,928	200	29,424		269,181
Taxes and insurance	490,027	107,198	3,090		90,762		691,077
Interest and bank charges	33,417	50,026	58,983	16,826	24,998		184,250
Bad debts			810	5,603	233,330		239,743
In-kind expenses		1,319,724	1,573,948				2,893,672
Miscellaneous	186,587	141,568	18,394	4,840	72,996	(210)	424,175
Depreciation	67,599	450,310	490,902	67,003	180,691	(713)	1,255,792
Total expenses	<u>9,052,060</u>	<u>29,293,012</u>	<u>45,831,752</u>	<u>58,366,761</u>	<u>18,846,366</u>	<u>(8,555,082)</u>	<u>152,834,869</u>
Change in net assets	810,448	449,960	1,255,421	(177,443)	666,155		3,004,541
Net assets, beginning of year	18,005,188	5,866,588	14,855,561	2,917,659	1,986,055		43,631,051
Net assets, end of year	<u>\$ 18,815,636</u>	<u>\$ 6,316,548</u>	<u>\$ 16,110,982</u>	<u>\$ 2,740,216</u>	<u>\$ 2,652,210</u>	<u>\$ -</u>	<u>\$ 46,635,592</u>

**WATSON & McDONELL, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Catholic Community Services of Western Washington  
Seattle, Washington

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 Catholic Community Services of Western Washington (the Organization), which comprise the statement of financial position as of June 30, 2017, 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 January 4, 2018.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Watson = McDowell, PLLC

January 4, 2018

**WATSON & McDONELL, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Catholic Community Services of Western Washington  
Seattle, Washington

**Report on Compliance for Each Major Federal Program**

We have audited Catholic Community Services of Western Washington's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**Report on Internal Control Over Compliance**

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

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

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

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance, Page 3

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.

*Watson & McDermott, PLLC*

January 4, 2018

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

A. SUMMARY OF AUDITOR’S RESULTS

1. *Financial Statements*

The auditor’s report expresses an unmodified opinion on the financial statements of Catholic Community Services of Western Washington.

Internal control over financial reporting:

Material weaknesses identified: \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses: \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted: \_\_\_\_\_ Yes   X   No

2. *Federal Awards*

Internal control over major programs:

Material weaknesses identified: \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses: \_\_\_\_\_ Yes   X   None reported

3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? \_\_\_\_\_ Yes   X   No

4. The programs tested as major programs were:

<u>CFDA</u>	<u>Name of Federal program</u>	<u>Compliance Opinion</u>
#14.218	Community Development Block Grants/ Entitlement Grant	Unmodified
#14.267	Continuum of Care Program	Unmodified
#64.033	VA Supportive Services for Veteran Family Program	Unmodified

5. The threshold for distinguishing type A and B programs was \$750,000.

6. Catholic Community Services of Western Washington was determined to not be a low-risk auditee.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON  
Schedule of Findings and Questioned Costs, Continued  
For the Year Ended June 30, 2017

B. FINDINGS - FINANCIAL STATEMENTS AUDIT – None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT – None

**Most Rev. J. Peter Sartain, DD**  
*Archbishop of Seattle*

**Very Rev. Bradley R. Hagelin**  
*Vicar for Catholic Charities*  
*Chair of the Board of Trustees*

**Michael L. Reichert**  
*President*

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**CATHOLIC COMMUNITY SERVICES**  
OF WESTERN WASHINGTON

**Catholic Community Services of Western Washington**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2017**

<b>Finding Identification Number:</b>	2016-001
<b>Name of Program:</b>	VA Supportive Services for Veteran Families Program
<b>CFDA Number:</b>	64.033
<b>Federal Agency:</b>	Veterans Administration
<b>Condition:</b>	One out of the 40 eligibility files included a participant that did not qualify as very-low income, and another 3 files lacked required documentation.
<b>Status:</b>	Corrective action was taken. No similar findings were noted in the current year audit.

Strengthening children and families,  
sheltering the most vulnerable,  
preventing homelessness,  
providing permanent supportive  
housing and ensuring dignity  
and security for our seniors.

*Please remember CCS in your will.*

