

**CATHOLIC COMMUNITY SERVICES OF
WESTERN WASHINGTON**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	6
STATEMENT OF FUNCTIONAL EXPENSES	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
SCHEDULE OF FINANCIAL POSITION BY DIVISION	36
SCHEDULE OF ACTIVITIES BY DIVISION	38
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	40
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	42
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	27
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information


We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 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 June 5, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
June 5, 2023

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE AMOUNTS AS OF JUNE 30, 2021)

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 38,913,810	\$ 45,744,564
Accounts receivable, net of allowance for doubtful accounts of \$505,605 and \$539,903 in 2022 and 2021, respectively	36,605,499	34,208,213
Interest and accounts receivable, related parties	3,881,779	1,669,177
Pledges receivable, current portion	75,000	75,000
Notes receivable, related parties, current portion, net of allowance of \$202,808 in 2022 and 2021	53,520	53,520
Notes receivable, current portion	40,529	43,520
Prepaid expenses	560,516	769,303
Inventory, food	15,187	17,168
Funds held in trust	11,009	11,318
Total current assets	80,156,849	82,591,783
PROPERTY AND EQUIPMENT		
Land	8,311,165	7,326,397
Construction in progress	666,224	531,990
Building and equipment, net of accumulated depreciation of \$16,540,032 and \$17,315,237 in 2022 and 2021, respectively	39,403,940	37,489,380
Total property and equipment	48,381,329	45,347,767
OTHER ASSETS		
Pledges receivable, net of current portion	85,000	150,000
Notes receivable, related parties, net of current portion and allowance for doubtful accounts of \$2,013,000 at June 30, 2022 and 2021	3,865,882	2,908,930
Lease receivable	1,526,856	1,373,520
Prepaid ground lease	564,000	576,000
Cash, maintenance reserve account	341,347	245,232
Investments	1,434,032	1,434,032
Accounts receivable, endowment funds held by related party	282,014	267,999
Total other assets	8,099,131	6,955,713
Total assets	\$ 136,637,309	\$ 134,895,263

See accompanying Notes to Financial Statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE AMOUNTS AS OF JUNE 30, 2021)

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,040,181	\$ 4,618,813
Accounts payable, related parties	409,998	979,394
Accrued payroll and related expenses	16,458,832	18,333,571
Notes payable, installment, current portion, including related party payable of \$69,466 and \$66,086, respectively	69,466	477,720
Refundable deposits	477,292	496,213
Accrued liabilities	1,115,403	693,072
Deferred revenue	5,176,872	3,952,870
Funds held in trust	23,476	24,718
Total current liabilities	27,771,520	29,576,371
LONG-TERM LIABILITIES		
Notes payable, installment, net of current portion, including related party payable of \$2,414,724 and \$2,486,761, respectively	2,414,724	2,486,761
Notes payable, forgivable	18,833,090	18,820,590
Notes payable, deferred	350,000	350,000
Line of credit, related party	913,870	946,280
Insurance claims payable	3,240,663	1,531,825
Deferred lease revenue, long term	1,253,936	1,278,057
Total long-term liabilities	27,006,283	25,413,513
Total liabilities	54,777,803	54,989,884
NET ASSETS		
Without donor restrictions	71,452,195	69,194,521
With donor restrictions:		
Perpetual in nature	197,739	197,739
Purpose and time restrictions	10,209,572	10,513,119
Total with donor restrictions	10,407,311	10,710,858
Total net assets	81,859,506	79,905,379
Total liabilities and net assets	\$ 136,637,309	\$ 134,895,263

See accompanying Notes to Financial Statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
SUPPORT AND REVENUE				
Fees and grants from governmental agencies	\$ 232,752,640	\$ -	\$ 232,752,640	\$ 228,690,666
Contributions	13,352,895	2,302,538	15,655,433	16,077,617
Contributions, United Way:				
Allocations	17,716	-	17,716	421,607
Donor-designated	46,399	-	46,399	56,306
Contributions in-kind	2,040,335	-	2,040,335	2,400,742
Legacies and bequests	413,500	-	413,500	889,788
Fees and other income:				
Private program service fees	10,715,078	-	10,715,078	10,691,283
Training fees	3,697,518	-	3,697,518	2,885,413
Investment income	423,172	14,015	437,187	400,207
Development and management fees	203,946	-	203,946	232,820
Rental income and fees	201,056	-	201,056	528,778
Miscellaneous revenue	108,650	-	108,650	83,158
Net assets released from restrictions	2,620,100	(2,620,100)	-	-
Total support and revenue	266,593,005	(303,547)	266,289,458	263,358,385
EXPENSES				
Program services	249,138,904	-	249,138,904	235,225,739
Management and general	14,000,688	-	14,000,688	14,525,688
Fundraising	1,195,739	-	1,195,739	1,194,317
Total expenses	264,335,331	-	264,335,331	250,945,744
Total expenses	264,335,331	-	264,335,331	250,945,744
CHANGE IN NET ASSETS	2,257,674	(303,547)	1,954,127	12,412,641
Net assets - beginning of year	69,194,521	10,710,858	79,905,379	67,492,738
NET ASSETS - END OF YEAR	<u>\$ 71,452,195</u>	<u>\$ 10,407,311</u>	<u>\$ 81,859,506</u>	<u>\$ 79,905,379</u>

See accompanying Notes to Financial Statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	Program Services		Total Program Services	Management and General	Fundraising	Totals	
	Social Services	Long-Term Care				2022	2021
Salaries and related payroll expenses	\$ 103,954,654	\$ 78,251,749	\$ 182,206,403	\$ 9,685,840	\$ 841,215	\$ 192,733,458	\$ 181,463,286
Contributions, grants, and specific assistance/foster care payments	40,226,800	37,735	40,264,535	1,325,444	-	41,589,979	40,097,663
Occupancy	6,070,616	780,369	6,850,985	488,288	18,387	7,357,660	6,430,624
Professional fees and contract service payments	3,447,850	1,758,095	5,205,945	699,600	65,818	5,971,363	6,885,329
Supplies	1,702,316	2,335,282	4,037,598	176,374	13,820	4,227,792	4,814,973
In-kind expenses	2,042,315	-	2,042,315	-	-	2,042,315	2,402,977
Telephone	1,503,930	177,460	1,681,390	50,691	4,438	1,736,519	1,542,750
Depreciation	1,382,291	103,934	1,486,225	108,140	1,431	1,595,796	1,641,657
Equipment rental and maintenance	1,132,282	142,367	1,274,649	266,954	26,196	1,567,799	1,370,530
Travel	849,530	219,854	1,069,384	9,296	706	1,079,386	646,862
Taxes and insurance	268,470	7	268,477	782,698	-	1,051,175	926,840
Printing and advertisement	775,542	42,320	817,862	81,655	132,090	1,031,607	555,260
Interest and bank charges	374,470	83,324	457,794	86,495	20,967	565,256	436,009
Miscellaneous	439,082	-	439,082	90,721	29,849	559,652	274,991
Bad debts	162,664	256,070	418,734	-	-	418,734	278,945
Conferences	265,821	66,751	332,572	7,383	619	340,574	188,420
Dues and fees	147,804	7,520	155,324	121,567	1,139	278,030	272,111
Postage	58,768	70,862	129,630	19,542	29,297	178,469	183,172
Venue and catering	-	-	-	-	9,767	9,767	8,345
Settlement Expense	-	-	-	-	-	-	525,000
Total	\$ 164,805,205	\$ 84,333,699	\$ 249,138,904	\$ 14,000,688	\$ 1,195,739	\$ 264,335,331	\$ 250,945,744

See accompanying Notes to Financial Statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,954,127	\$ 12,412,641
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,595,796	1,641,657
Donation of vehicle and equipment	(90,952)	-
(Increase) decrease in operating assets:		
Accounts receivable	(2,397,286)	(4,030,225)
Accounts receivable, related parties	(2,226,617)	839,545
Pledges receivable	65,000	850,517
Prepaid expenses	208,787	33,713
Inventory, food	1,981	2,232
Funds held in trust	309	11,823
Lease receivable	(153,337)	(134,967)
Prepaid ground lease	12,000	12,000
Increase (decrease) in operating liabilities:		
Accounts payable	(578,632)	(738,083)
Accounts payable, related parties	(569,396)	(517,692)
Accrued payroll and related expenses	(1,874,739)	5,572,461
Refundable deposits	(18,921)	76,067
Accrued liabilities	422,331	268,659
Deferred revenue	1,199,881	841,504
Funds held in trust	(1,242)	(11,515)
Insurance claims payable	1,708,838	1,531,825
Net cash provided (used) by operating activities	(742,072)	18,662,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,538,405)	(4,014,590)
Increase in notes receivable, related parties, net	(953,961)	(195,103)
Funding of notes receivable	-	(598,014)
Payments received on notes receivable	-	489,217
Net cash used by investing activities	(5,492,366)	(4,318,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(480,291)	(110,630)
Payments on line of credit, net	(32,410)	(30,856)
Proceeds from notes payable	12,500	968,871
Net cash provided (used) by financing activities	(500,201)	827,385
NET INCREASE (DECREASE) IN CASH	(6,734,639)	15,171,057
Cash - beginning of year	45,989,796	30,818,739
CASH - END OF YEAR	\$ 39,255,157	\$ 45,989,796

See accompanying Notes to Financial Statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
RECONCILIATION OF CASH AND RESTRICTED CASH - END OF YEAR PER THE CASH FLOW STATEMENT TO CASH AND RESTRICTED CASH PER THE BALANCE SHEET		
Cash and cash equivalents, net of checks written in excess	\$ 38,913,810	\$ 45,744,564
Maintenance reserve account	341,347	245,232
Cash - end of year per cash flow statement	\$ 39,255,157	\$ 45,989,796
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 139,242	\$ 195,359
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES		
Noncash Donation of Vehicle and Equipment	\$ 90,952	\$ -

See accompanying Notes to Financial Statements.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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.

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.

Financial Statement Presentation

CCS's financial statements are presented on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

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.

At times, cash balances, including amounts held in reserves, exceed the federally insured limits of the financial institution and expose the Organization to credit risk. At June 30, 2022, the Organization's balances exceeded the federally insured limits by approximately \$48 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.

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.

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable – Endowment Funds Held by Related Party

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.

Pledges Receivable

Pledges are recorded as receivables and revenue when received. CCS distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Long-term pledges are not discounted as the impact is not material. There is no allowance for uncollectible pledges as management believes the amounts to be fully realizable. At June 30, 2022, pledges receivable consisted of pledges from one donor. At June 30, 2022, pledges to be collected within the year are \$75,000 and \$85,000 is expected to be collected the following year.

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% of historical cost. In accordance with the capitalization policy that CCS increased on July 1, 2021, from \$2,500 to \$5,000, acquisitions of individual items costing \$5,000 or less are expensed in the year of acquisition.

Property, equipment, and accumulated depreciation at June 30, 2022 are as follows:

Buildings and building improvements	\$ 43,761,900
Leasehold improvements	7,303,577
Furniture and equipment	4,878,495
Total	55,943,972
Less: Accumulated depreciation	16,540,032
Property and equipment, net	\$ 39,403,940

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 2022.

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

Buildings	30 to 40 Years
Building improvements	5 to 31 Years
Furniture and equipment	3 to 10 Years
Leasehold improvements	3 to 15 Years

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

A portion of the CCS's revenue is derived from cost-reimbursable state and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization was awarded, but did not receive an advance for, cost-reimbursable grants of \$32,574,908, for which qualifying expenditures have not yet been incurred and accordingly has not been recognized as revenue at June 30, 2022.

A significant portion of CCS's government fees and grants revenue and private program service fee revenue is derived from services rendered to clients for in home, long-term care, managed care, and behavioral health and chemical dependency services. The services provided by CCS have no fixed duration and can be terminated by the client at any time, and therefore, each service is its own stand-alone contract.

These revenue amounts are reported at the amount that reflects the consideration to which CCS expects to be entitled in exchange for the care services. These amounts are due from clients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the CCS bills the clients and third-party payors several days after the services are performed. In addition, some managed care organizations have advanced funds to CCS. These funds are included in deferred revenue until the criteria for recognition have been met. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by CCS. Revenue for performance obligations satisfied over time is recognized based on rates negotiated with the clients and third-party payors. CCS believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving care through the long-term care, managed care, behavioral health, or chemical dependency programs. CCS measures the performance obligation from commencement of the service to the point when it is no longer required to provide services to that client, which is generally at the time the client visit.

CCS determines the transaction price based on prospectively determined rates for goods and services provided. CCS determines its estimates of allowances and discounts based on its discount policies and historical experience.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

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

CCS reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions In-Kind

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 14).

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributable to the program and supporting functions. All expenses are allocated based on direct usage utilizing the methodology of direct allocation with the exception of occupancy, which is based on square footage, and computer support cost in professional fees is based on the number of computers used by the program or supporting function. Expenses that directly benefit program participants are classified as program services of social services or long-term care services. Expenses that support the program services are assigned to management and general and fundraising as supporting services.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021, from which the summarized information was derived.

Change in Accounting Principle

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The new guidance requires lessees to recognize lease assets and lease liabilities in their balance sheets for operating leases, recognize a single lease cost and the cost is allocated over the lease term on a generally straight-line basis, and classify all cash payments within operating activities in the statement of cash flows. For entities that are not public business entities, ASU No. 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021, with earlier application permitted. The Company is currently evaluating the impact of adopting the new lease standard on its financial statements.

Reclassifications

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

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 2 LIQUIDITY AND AVAILABILITY

The table below presents financial assets available for general expenditures within one year at June 30, 2022:

Cash and cash equivalents	\$ 38,913,810
Accounts receivable, net	36,605,499
Accounts receivable, related party	3,881,779
Pledges receivable, current	75,000
Notes and leases receivable, current	94,049
Subtotal	<u>79,570,137</u>
Less: Net assets with donor restrictions, excluding endowment funds held by related party	<u>(9,927,558)</u>
Total financial assets	<u>\$ 69,642,579</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity goal to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. To achieve this target, the entity forecasts its future cash flows and monitors its liquidity quarterly. The Organization also has two lines of credit available to draw upon for operating cash management purposes (Note 10). During the year ended June 30, 2022, the level of liquidity was managed within the goal objectives.

NOTE 3 FEDERAL INCOME TAX

CCS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). CCS is not a private foundation as defined in IRC 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

In 2003, 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. Interest receivable related to earnings on these funds is \$1,292,616 at June 30, 2022.

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021**

NOTE 4 INVESTMENTS (CONTINUED)

CCS's investments are as follows:

<u>Division</u>	<u>Related Entity</u>	<u>Investment</u>	<u>Interest</u>
Governance	Catholic Charities Foundation	\$ 350,000	0.00%
<u>Equity Method Investments:</u>			
Governance	Monica Village Place I Housing, LLC	783,455	0.01%
Southwest	Devoe Housing, LLC	99,927	0.01%
Southwest	Devoe II Housing, LLC	200,000	0.01%
Southwest	Nativity House Apartments, LLC	767	0.01%
Southwest	Tacoma G Street Family Housing, LLC	(117)	0.01%
	Total Investments	<u>\$ 1,434,032</u>	

As of December 31, 2021, the total assets and total liabilities of the limited liability companies that CCS has an investment in were \$38,880,735 and \$18,603,385, respectively. Total net loss was \$1,307,865 for the year ended December 31, 2022.

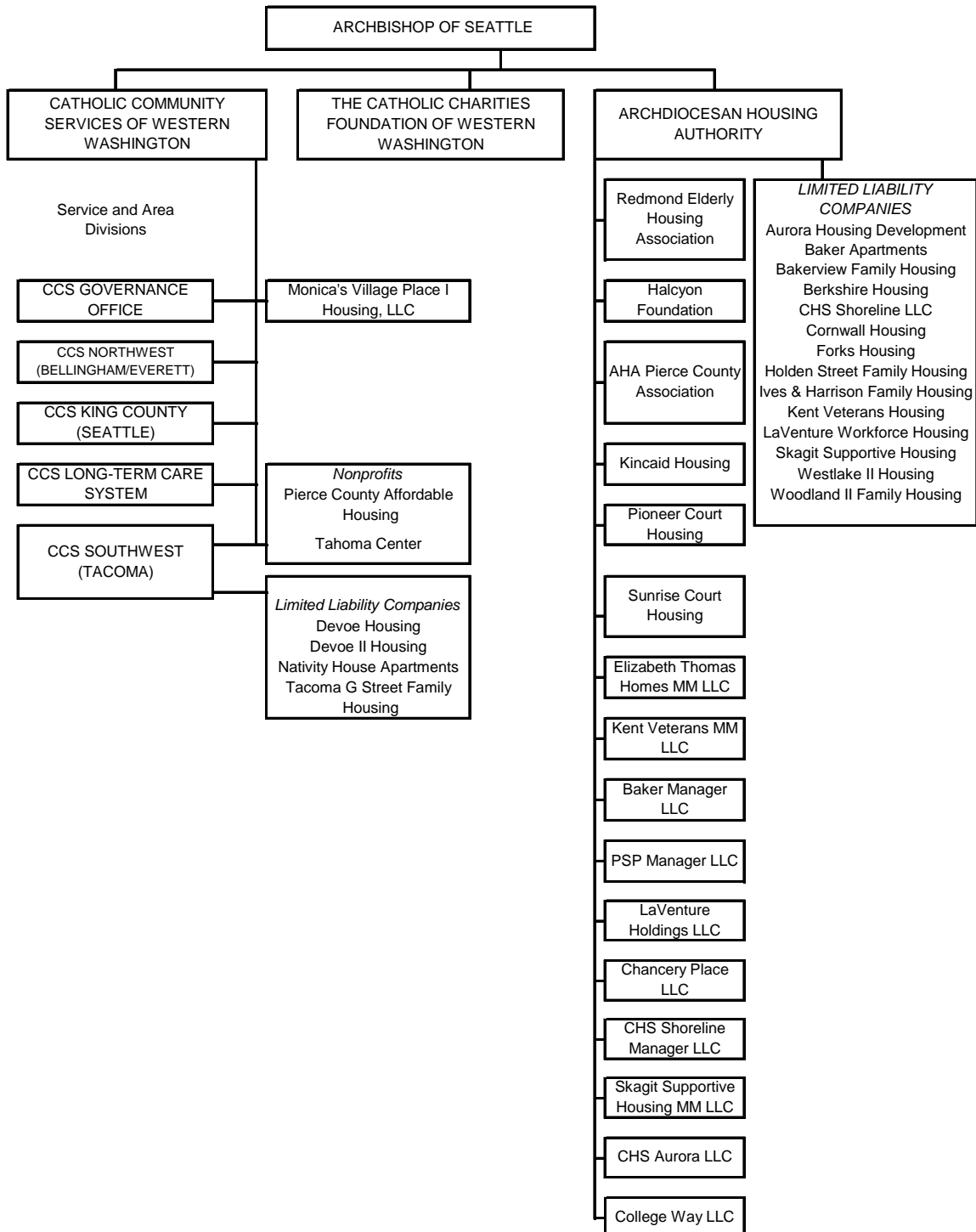
NOTE 5 RELATED PARTY TRANSACTIONS

CCS, The Catholic Charities Foundation of Western Washington (CCF), the Corporation of the Catholic Archbishop of Seattle (CCAS), and Archdiocesan Housing Authority dba: Catholic Housing Services (CHS) are related organizations, as the Archbishop of Seattle is the corporation sole of CCAS and the only member of CCS, CCF, and CHS. 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 CHS, or the Archbishop of Seattle has a fixed number of seats on these boards.

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022
 WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021**

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

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



CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties included in revenue are as follows:

CHS:	
Pass through grants	\$ 2,965,515
Rental income and fees	472,381
Management fees and shared benefits costs	<u>217,196</u>
Total CHS	3,655,092
CCAS:	
Contributions	200,000
CCF:	
Contributions	<u>450,000</u>
Total	<u><u>\$ 4,305,092</u></u>

Transactions with related parties included in expenses are as follows:

Investees and affiliates:	
Occupancy expense	\$ 282,787
CHS:	
Grants awarded	1,288,674
Occupancy and shared staff expense	<u>85,883</u>
Total CHS	1,374,557
CCAS:	
Insurance expense (Note 17)	<u>115,921</u>
Total CCAS	<u>115,921</u>
Total	<u><u>\$ 1,773,265</u></u>

At June 30, 2022, interest and accounts receivable from related parties were as follows:

Investees and affiliates:	
Management fees and expense reimbursements	\$ 247,646
CHS:	
Receivables	924,838
CCF:	
Interest receivable	<u>1,292,616</u>
Total	<u><u>\$ 2,465,100</u></u>

At June 30, 2022, accounts payable to related parties were as follows:

CHS:	
Payables	\$ 259,058
CCAS:	
Payables	<u>319,545</u>
Total	<u><u>\$ 578,603</u></u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 5 RELATED PARTY TRANSACTIONS (CONTINUED)

Notes and lease receivables are described in Notes 6 and 7 respectively below. These receivables have not been discounted as the amount of the discount is not material to the financial statements.

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. Notes receivable at June 30, 2022 were as follows:

Collateralized Notes Receivable with Related Parties

Notes receivable from CHS, with total outstanding balances of \$3,598,256, bearing interest from 2.5% to 6% and mature in varying installments through April 2040. Interest income for the year ended June 30, 2022 was \$102,397. An allowance of \$2,013,000 has been established against these notes. The provision relates to the collateralized notes from CHS for Dorothy Day House, Highland and Tucker Apartments, and La Casa del Padre Miguel, which are all due from CHS.

Note receivable from Sumner Commons Housing Limited Partnership, with an outstanding balance of \$65,025, bearing interest of 5%, requiring annual interest payments until maturity at April 2034. Interest income for the year ended June 30, 2022 was \$2,550.

Notes receivable from Tacoma G Street, LLC, with total outstanding balances of \$2,003,579, bearing interest from 0% to 7% based on available cash flow and mature through December 2050.

During the year ended June 30, 2022, the note receivable from Tahoma Center Association, was paid in full.

Unsecured Notes Receivable with Related Parties

Note receivable Monica's Village Place I, LLC, with an outstanding balance of \$212,022, noninterest bearing, principal payments are based on available cash flow.

Note receivable Washington Housing Equity Alliance, with an outstanding balance of \$10,000, bearing interest at 4.5%, and is due on demand.

Unsecured Notes Receivable with Unrelated Parties

Note receivable form Survival of American Indians Association, with an outstanding balance of \$43,520, noninterest bearing, and is due on demand.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 6 NOTES RECEIVABLE (CONTINUED)

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. 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, 2022.

NOTE 7 LEASE RECEIVABLE

The Western Washington division of CCS leases the land on which the Josephinum Apartments are located to CHS under a 40-year ground lease effective December 29, 1989. The lease has a 10-year renewal option. Rent is payable by CHS to the extent of 10% of its surplus cash on December 31 of each year. Unpaid rents accrue interest at 8.09%. 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, 2022, accrued rent of \$487,582 and accrued interest receivable of \$1,039,274 totaled \$1,526,856.

NOTE 8 NOTES PAYABLE

The following notes and loans payable are nonrecourse and collateralized by the property owned by the identified entity. Notes payable at June 30, 2022 were as follows:

Installment Notes Payable

During the year ended June 30, 2022, the note payable to Bank of America with an outstanding balance of \$411,634 matured and was paid in full. Interest expense for the year ended June 30, 2022 was \$11,992.

Notes payable to CCF, with total outstanding principal balances of \$2,484,190, bearing interest at 5% and mature in varying installments through 2043. Interest expense for the year ended June 30, 2022 for the CCF loans was \$128,185.

Forgivable Notes Payable

Notes payable held with the State of Washington, with total outstanding balances of \$8,185,101, bearing no interest and mature through 2070.

Notes payable held with King County, with total outstanding balances of \$3,704,347, bearing no interest and mature through 2070.

Notes payable held with Pierce County, with total outstanding balances of \$1,293,886, bearing no interest and mature through 2044.

Notes payable held with Tacoma Community Redevelopment Authority, with total outstanding balances of \$1,201,435, bearing no interest and mature through 2053.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 8 NOTES PAYABLE (CONTINUED)

Forgivable Notes Payable (Continued)

Note payable held with Snohomish County, with an outstanding balance of \$2,568,915, bearing no interest and maturing in 2057.

Note payable held with Thurston County, with an outstanding balance of \$200,000, bearing no interest and maturing in 2037.

Note payable held with A Regional Coalition for Housing (ARCH), with an outstanding balance of \$1,679,406, bearing no interest and maturing in 2071.

Deferred Notes Payable

Note payable to City of Olympia, with an outstanding balance of \$350,000, non-interest bearing and matures upon sale or change in use of the property.

Summary of Notes Payable

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

<u>Year Ending June 30,</u>	<u>Payable</u>	<u>Deferred/ Forgivable</u>	<u>Total</u>
2023	\$ 69,466	\$ -	\$ 69,466
2024	73,020	-	73,020
2023	76,757	-	76,757
2026	80,683	-	80,683
2027	84,811	-	84,811
Thereafter	2,099,453	19,183,090	21,282,543
Total	<u>\$ 2,484,190</u>	<u>\$ 19,183,090</u>	<u>\$ 21,667,280</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 through the year ended June 30, 2021, when the annual rent revenue was increased to \$20,421, with current and long-term deferred lease revenue of \$20,421 and \$985,991, respectively, at June 30, 2022.

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 \$267,945 respectively, at June 30, 2022.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 10 LINES OF CREDIT

CCS had a \$2,500,000 line of credit agreement with a bank. On July 29, 2022, the line of credit was amended and increased to \$3,500,000 which takes effect August 1, 2022. The credit line is available until July 31, 2023. The interest rate varies with the Bloomberg Short Term Bank Yield Index daily floating rate plus 1.0%. The line of credit is shared by all divisions of CCS. Receivables and bank accounts are pledged as collateral. The agreement requires financial reporting and maintenance of unrestricted unencumbered liquid assets of at least \$3,500,000. At June 30, 2022, CCS was in compliance with its debt covenants. There was no outstanding balance at June 30, 2022.

CCS has a \$1,000,000 line of credit agreement with CCF. The line of credit is available until July 2023. Interest accrues at 5% beginning on the day funds are advanced. The outstanding balance at June 30, 2022 was \$913,870. This line of credit is subordinate to the line of credit with the bank described above.

NOTE 11 CONTRACT REVENUE AND CONTRACT ASSETS

The following table shows CCS's revenue disaggregated according to the timing of transfer of services:

Government fees and grants	\$ 175,311,731
Private program service fees	8,977,791
Training fees	3,697,518
Management fees	<u>232,820</u>
Total	<u><u>\$ 188,219,860</u></u>

There is no contract revenue that is recognized at a point in time.

The Organization's contract assets consist of:

Accounts receivable:	
Non-exchange receivables	\$ 22,853,662
Program fee for service	<u>9,651,046</u>
Total	<u><u>\$ 32,504,708</u></u>

Deferred revenue related to exchange transactions at June 30, 2022 consists of advances of \$1,312,475.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 12 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions at June 30, 2022 consisted of the following:

Purpose restricted:	
Program services	\$ 9,837,297
Pledges receivable	160,000
Unappropriated endowment earnings	152,275
Other	60,000
Total	<u>\$ 10,209,572</u>
Amounts held in perpetuity:	
Endowment corpus amounts	<u>\$ 197,739</u>

NOTE 13 ENDOWMENTS

The Organization classifies as net assets with donor restrictions held in perpetuity the original value of contributions to the endowment and the original value of subsequent contributions to the endowment. Investment income earned on endowment funds held in perpetuity is classified as net assets with donor restrictions until those funds are appropriated for expenditure.

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

CCS has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA), as requiring the preservation of the historical cost of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary and its own bylaws. As a result of this interpretation, the Organization classifies as donor-restricted net assets – perpetual in nature the original value of contributions to the permanent endowment and the original value of subsequent contributions to the endowment. Investment income earned on the amounts held in perpetuity is classified as donor-restricted until those funds are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA.

Endowment Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the principle value of the endowment assets over the long-term. The Organization’s spending and investment policies work together to achieve its long-term return objectives within prudent risk parameters. The Organization invests in cash and cash equivalents.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 13 ENDOWMENTS (CONTINUED)

The following describes the net asset composition of the endowment funds at June 30, 2022:

	Donor-Restricted		Total
	Purpose Restricted	Restricted in Perpetuity	
Program services	\$ 152,275	\$ 141,739	\$ 294,014
General endowment	-	56,000	56,000
Total	<u>\$ 152,275</u>	<u>\$ 197,739</u>	<u>\$ 350,014</u>

Changes in endowment net assets for the year ended June 30, 2022 were as follows:

	Donor-Restricted		Total
	Purpose Restricted	Restricted in Perpetuity	
Beginning of fiscal year	\$ 138,260	\$ 197,739	\$ 335,999
Investment income	14,015	-	14,015
End of fiscal year	<u>\$ 152,275</u>	<u>\$ 197,739</u>	<u>\$ 350,014</u>

NOTE 14 CONTRIBUTIONS IN-KIND

The Organization received contributions of nonfinancial assets consisting of food subsidies of \$943,156 used for King County and the Southwest divisions feeding programs, donated use of commercial space of \$825,777 for King County, and donated nurse practitioner services from Community Health Center for the Northwest division for the year ending June 30, 2022. Donated food is valued based on the standard rate approved by the Washington State Department of Agriculture, which is \$1.82 per pound at June 30, 2022. As of June 30, 2022, the Southwest division had donated food inventory of \$15,187. Donated space is valued based on the average cost per square foot of commercial properties in the same geographic area listed on publicly available websites. Donated professional services is valued based on Community Health Center's fee schedule. Donated food, commercial space and professional services are used for program activities.

Contribution revenue includes the following in-kind contributions received by CCS:

Food for feeding programs	\$ 943,156
Use of facilities	825,077
Professional services	272,102
Total	<u>\$ 2,040,335</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 15 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. Qualifying employees receive a contribution between 4% and 12% of eligible wages, based on their length of credited service. Vesting begins upon completing two years of eligible service and vests 20% per year. Forfeited contributions are used to cover administrative expenses of the plan and then to offset employer contributions. Pension expense for 2022 was \$3,812,458.

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

NOTE 16 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 \$3,257,707 and is included in occupancy on the Statement of Functional Expenses.

Minimum future obligations on noncancellable operating leases in effect at June 30, 2022 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 2,867,836
2024	2,111,020
2025	1,297,867
2026	897,526
2027	217,011
Total	<u>\$ 7,391,260</u>

NOTE 17 INSURANCE

CCS is part of the Corporation of the Catholic Archbishop of Seattle's (CCAS) insurance program for property, liability, and workers' compensation. CCAS administers the insurance program for its administrative offices, parishes, schools, CCS, CHS, and other archdiocesan organizations. CCS and CHS have their own self-insurance deductibles in addition to the CCAS self-insurance deductibles. CCAS is self-insured for specific amounts and collects premiums from CCS to cover self-insured claims costs that exceed the self-insured limits. In addition, CCS and CHS purchase coverage for losses in excess of the self-insured limits and additional insurance policies not available through the CCAS insurance program.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021

NOTE 18 CONCENTRATIONS, CONTINGENCIES, AND COMMITMENTS

50% of the employees are covered under the following collective bargaining agreements:

- The Long-Term Care System's home care workers, expires June 30, 2023, and
- Nonmanagement employees at Northwest, expiring June 30, 2024

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. In addition, those sources are subject to the approval of appropriations to fund programs.

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 Apartments, 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 was 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 advances have been required under the agreements through June 30, 2022.

CCS also guarantees a line of credit of up to \$800,000 that CHS has with a bank. The line of credit had no outstanding balance at June 30, 2022.

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 June 5, 2023, 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.

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF FINANCIAL POSITION BY DIVISION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Governance</u>	<u>King County</u>	<u>Southwest</u>	<u>Long-Term Care</u>	<u>Northwest</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS							
Cash and cash equivalents	\$ 6,620,558	\$ 1,684,141	\$ 16,110,430	\$ 5,799,685	\$ 8,698,996	\$ -	\$ 38,913,810
Accounts receivable, net of allowance for doubtful accounts of \$505,605	-	10,781,427	13,624,124	8,766,212	3,577,913	(144,177)	36,605,499
Interest and accounts receivable, related parties	24,724,305	2,732,550	1,815,698	140,709	(159,531)	(25,371,952)	3,881,779
Pledges receivable, current portion	75,000	-	-	-	-	-	75,000
Notes receivable, related parties, current portion	53,520	-	-	-	-	-	53,520
Notes receivable, current portion	-	-	40,529	-	-	-	40,529
Prepaid expenses	61,270	176,361	178,997	44,646	99,242	-	560,516
Inventory, food	-	-	15,187	-	-	-	15,187
Funds held in trust	-	11,009	-	-	-	-	11,009
Total current assets	<u>31,534,653</u>	<u>15,385,488</u>	<u>31,784,965</u>	<u>14,751,252</u>	<u>12,216,620</u>	<u>(25,516,129)</u>	<u>80,156,849</u>
PROPERTY AND EQUIPMENT							
Land	2,214,500	1,104,563	3,602,640	179,523	1,209,939	-	8,311,165
Buildings and building improvements	1,124,590	17,976,180	14,333,895	1,721,677	8,605,558	-	43,761,900
Leasehold improvements	-	2,859,058	3,738,649	-	705,870	-	7,303,577
Furniture and equipment	615,098	1,447,815	1,481,437	547,754	786,391	-	4,878,495
Construction in progress	136,828	529,396	-	-	-	-	666,224
Total property and equipment	<u>4,091,016</u>	<u>23,917,012</u>	<u>23,156,621</u>	<u>2,448,954</u>	<u>11,307,758</u>	<u>-</u>	<u>64,921,361</u>
Less: accumulated depreciation	<u>(703,726)</u>	<u>(6,187,817)</u>	<u>(5,463,444)</u>	<u>(1,075,694)</u>	<u>(3,109,351)</u>	<u>-</u>	<u>(16,540,032)</u>
Property and equipment, net	<u>3,387,290</u>	<u>17,729,195</u>	<u>17,693,177</u>	<u>1,373,260</u>	<u>8,198,407</u>	<u>-</u>	<u>48,381,329</u>
OTHER ASSETS							
Pledges receivable, net of current portion	85,000	-	-	-	-	-	85,000
Notes receivable, related parties, net	1,862,303	-	2,003,579	-	-	-	3,865,882
Lease receivable	1,526,856	-	-	-	-	-	1,526,856
Prepaid ground lease	-	564,000	-	-	-	-	564,000
Cash, maintenance reserve account	-	341,347	-	-	-	-	341,347
Investments	1,133,455	-	300,577	-	-	-	1,434,032
Accounts receivable, endowment funds	-	282,014	-	-	-	-	282,014
Total other assets	<u>4,607,614</u>	<u>1,187,361</u>	<u>2,304,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,099,131</u>
Total assets	<u>\$ 39,529,557</u>	<u>\$ 34,302,044</u>	<u>\$ 51,782,298</u>	<u>\$ 16,124,512</u>	<u>\$ 20,415,027</u>	<u>\$ (25,516,129)</u>	<u>\$ 136,637,309</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF FINANCIAL POSITION BY DIVISION (CONTINUED)
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	<u>Governance</u>	<u>King County</u>	<u>Southwest</u>	<u>Long-Term Care</u>	<u>Northwest</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES							
Accounts payable	\$ 541,862	\$ 2,317,408	\$ 1,145,991	\$ 148,029	\$ 533,862	\$ (646,971)	\$ 4,040,181
Accounts payable, related parties	335,672	12,678,927	5,288,714	6,973,127	2,716	(24,869,158)	409,998
Accrued payroll and related expenses	3,796,445	1,985,439	4,231,449	5,304,236	1,141,263	-	16,458,832
Notes payable, installment, current portion, including related party payable of \$69,466	-	-	16,381	-	53,085	-	69,466
Refundable deposits	-	-	-	477,292	-	-	477,292
Accrued liabilities	799,074	14,671	221,339	78,645	1,674	-	1,115,403
Deferred revenue	915,944	735,541	2,193,617	5,055	1,326,715	-	5,176,872
Funds held in trust	-	12,208	11,268	-	-	-	23,476
Total current liabilities	<u>6,388,997</u>	<u>17,744,194</u>	<u>13,108,759</u>	<u>12,986,384</u>	<u>3,059,315</u>	<u>(25,516,129)</u>	<u>27,771,520</u>
LONG-TERM LIABILITIES							
Related party notes payable, installment, net of current portion	-	-	559,066	-	1,855,658	-	2,414,724
Notes payable, forgivable	-	8,018,753	6,745,422	-	4,068,915	-	18,833,090
Notes payable, deferred	-	-	350,000	-	-	-	350,000
Line of credit, related party	-	860,000	53,870	-	-	-	913,870
Insurance claims payable	3,240,663	-	-	-	-	-	3,240,663
Deferred lease revenue, long-term	1,253,936	-	-	-	-	-	1,253,936
Total long-term liabilities	<u>4,494,599</u>	<u>8,878,753</u>	<u>7,708,358</u>	<u>-</u>	<u>5,924,573</u>	<u>-</u>	<u>27,006,283</u>
Total liabilities	10,883,596	26,622,947	20,817,117	12,986,384	8,983,888	(25,516,129)	54,777,803
NET ASSETS							
Without donor restrictions	26,297,767	3,510,253	27,769,438	2,978,122	10,896,615	-	71,452,195
With donor restrictions:							
Perpetual in nature	56,000	129,739	-	-	12,000	-	197,739
With time and/or purpose restrictions	2,292,194	4,039,105	3,195,743	160,006	522,524	-	10,209,572
Total with donor restrictions	<u>2,348,194</u>	<u>4,168,844</u>	<u>3,195,743</u>	<u>160,006</u>	<u>534,524</u>	<u>-</u>	<u>10,407,311</u>
Total net assets	<u>28,645,961</u>	<u>7,679,097</u>	<u>30,965,181</u>	<u>3,138,128</u>	<u>11,431,139</u>	<u>-</u>	<u>81,859,506</u>
Total liabilities and net assets	<u>\$ 39,529,557</u>	<u>\$ 34,302,044</u>	<u>\$ 51,782,298</u>	<u>\$ 16,124,512</u>	<u>\$ 20,415,027</u>	<u>\$ (25,516,129)</u>	<u>\$ 136,637,309</u>

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF ACTIVITIES BY DIVISION
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Governance	King County	Southwest	Long-Term Care	Northwest	Eliminations	Total
SUPPORT AND REVENUE							
Fees and grants from governmental agencies	\$ 1,089,258	\$ 57,650,192	\$ 81,571,953	\$ 73,143,210	\$ 20,610,351	\$ (1,312,324)	\$ 232,752,640
Contributions - received directly	5,227,744	5,623,518	3,210,900	369,601	1,337,755	(1,075,287)	14,694,231
Contributions - received indirectly	950	-	-	-	-	-	950
Contributions - United Way allocations	-	-	17,716	-	-	-	17,716
Contributions - United Way donor-designated	-	14,858	30,648	-	893	-	46,399
Contributions - associated organizations	650,000	2,371,327	308,106	-	457,662	(2,826,843)	960,252
Contributions - in-kind	-	985,893	782,340	-	272,102	-	2,040,335
Legacies and bequests	400,000	7,000	6,500	-	-	-	413,500
Fees and other income:							
Private program service fees	-	2,183,626	1,614,502	6,434,736	482,214	-	10,715,078
Training fees	-	-	-	3,697,518	-	-	3,697,518
Investment income	316,281	-	120,532	-	374	-	437,187
Management fees	7,058,902	-	14,400	-	-	(6,869,356)	203,946
Rental income and fees	42,088	640,284	158,898	-	-	(640,214)	201,056
Miscellaneous revenue	-	99,950	254	124	8,322	-	108,650
Total support and revenue	14,785,223	69,576,648	87,836,749	83,645,189	23,169,673	(12,724,024)	266,289,458

CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF ACTIVITIES BY DIVISION (CONTINUED)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Governance	King County	Southwest	Long-Term Care	Northwest	Eliminations	Total
EXPENSES							
Salaries and related payroll expenses	\$ 5,712,374	\$ 31,785,634	\$ 67,038,483	\$ 76,642,714	\$ 13,877,357	\$ (2,323,104)	\$ 192,733,458
Contributions, grants, and specific assistance/ foster care payments	5,431,350	30,041,265	7,300,390	35,727	3,756,873	(4,975,626)	41,589,979
Professional fees and contract service payments	698,041	1,981,691	4,319,258	2,723,199	1,393,483	(5,144,309)	5,971,363
Occupancy	177,083	2,077,704	3,034,306	1,049,428	1,051,647	(32,508)	7,357,660
Supplies	222,838	741,036	1,772,185	1,392,766	134,781	(35,814)	4,227,792
In-kind expenses	-	985,893	784,320	-	272,102	-	2,042,315
Depreciation	73,560	726,671	439,245	101,446	256,459	(1,585)	1,595,796
Telephone	19,470	451,734	876,963	190,670	200,556	(2,874)	1,736,519
Equipment rental and maintenance	545,900	785,139	219,014	115,462	107,294	(205,010)	1,567,799
Taxes and insurance	624,865	234,921	22,905	26	168,458	-	1,051,175
Travel	2,957	79,199	615,929	272,077	111,195	(1,971)	1,079,386
Printing and advertisement	463,944	149,400	378,640	30,620	9,416	(413)	1,031,607
Interest and bank charges	158,056	125,634	44,650	128,109	108,807	-	565,256
Bad debts	-	-	1,219	416,294	1,221	-	418,734
Miscellaneous	44,605	491,138	5,353	(101,001)	119,557	-	559,652
Dues and fees	91,584	51,334	82,262	8,523	44,362	(35)	278,030
Conferences	2,653	75,133	185,822	77,741	-	(775)	340,574
Postage	16,011	56,393	34,471	61,660	9,934	-	178,469
Venue and catering	-	9,767	-	-	-	-	9,767
Total expenses	<u>14,285,291</u>	<u>70,849,686</u>	<u>87,155,415</u>	<u>83,145,461</u>	<u>21,623,502</u>	<u>(12,724,024)</u>	<u>264,335,331</u>
CHANGE IN NET ASSETS	499,932	(1,273,038)	681,334	499,728	1,546,171	-	1,954,127
Net assets - beginning of year	<u>28,146,029</u>	<u>8,952,135</u>	<u>30,283,847</u>	<u>2,638,400</u>	<u>9,884,968</u>	<u>-</u>	<u>79,905,379</u>
NET ASSETS - END OF YEAR	<u>\$ 28,645,961</u>	<u>\$ 7,679,097</u>	<u>\$ 30,965,181</u>	<u>\$ 3,138,128</u>	<u>\$ 11,431,139</u>	<u>\$ -</u>	<u>\$ 81,859,506</u>



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

Board of 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, which comprise the statement of financial position as of June 30, 2022, 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 June 5, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Community Services of Western Washington’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Catholic Community Services of Western Washington’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Catholic Community Services of Western Washington’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Catholic Community Services of Western Washington’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
June 5, 2023



INDEPENDENT AUDITORS' 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

Opinion on Each Major Federal Program

We have audited Catholic Community Services of Western Washington's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Catholic Community Services of Western Washington's major federal programs for the year ended June 30, 2022. Catholic Community Services of Western Washington's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Catholic Community Services of Western Washington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Catholic Community Services of Western Washington and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Catholic Community Services of Western Washington's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Catholic Community Services of Western Washington's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Catholic Community Services of Western Washington's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Catholic Community Services of Western Washington's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Catholic Community Services of Western Washington's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Catholic Community Services of Western Washington's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

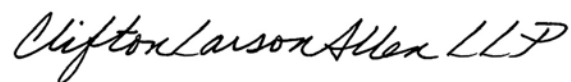
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Catholic Community Services of Western Washington as of and for the year ended June 30, 2022, and have issued our report thereon dated June 5, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Bellevue, Washington
June 29, 2023

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants:			
Passed through Tacoma Community Redevelopment Authority			
Nativity House - Note D	14.218	None	\$ 789,900
Passed through Solid Ground of Washington			
King County Housing Stability Project	14.218	None	1,989
King County Housing Stability Project	14.218	6207022 Exh. II	1,733
Passed through King County			
KC DCHS/CEA East Diversion	14.218	KC-2022-LR-148 DA-202203-00412	51,467
KC DCHS/CES Seattle RAP	14.218	6206892	20,563
Katherine's House - Note D	14.218	None	106,435
Kirkland Shelter - Note D	14.218	None	770,132
Passed through City of Kent			
Katherine House	14.218	BG2109-2209	7,000
Katherine House	14.218	BG2109-2209	7,000
Passed through Sno Co Office of Housing, Homelessness & Co Devlp. CDBG/Pregnant & Parenting Housing	14.218	HCS-21-24-2101-007	44,973
Passed through City of Federal Way			
Expanded Day Center	14.218	None	44,284
Subsistence Svcs related to CDBG-CV	14.218	None	80,485
Reach Out	14.218	2021 CDBG-CV Reach Out	31,900
Passed through City of Burien			
2021 Contract for Emergency Assistance	14.218	6181828 Exhibit II	125,603
Passed through City of Tacoma			
Homeless Adult Services: Emergency Services	14.218	None	19,500
Passed through Thurston County			
Community Kitchen	14.218	2122-CDBG-PS-CCS-KITCH	11,520
Passed through City of Kirkland			
New Beth COVID	14.218	None	189,481
Total Community Development Block Grants/Entitlement Grants			<u>2,303,965</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Passed through Pacific Mountain			
Community Development Block Grant (CDBG)	14.228	None	88,837
Passed through Skagit County			
CDBG-CV Motel Voucher Program	14.228	C20200687(1)	38,777
			<u>127,614</u>
Emergency Solutions Grant Program:			
Passed through City of Tacoma - Emergency Shelter Grant			
City of Tacoma - Emergency Solutions Grant (ESG)	14.231	None	19,442
Passed through Pierce County Human Services			
Homeless and Housing Assistance Program (HHP)-Nativity House	14.231	SC-108452-1	315,666
Homeless and Housing Assistance Program (HHP)-RRH ESG	14.231	SC-108452-1	39,878
Nativity House Hotel Extension	14.231	SC-108126-2	1,281,647
Passed through Sno Co Office of Housing, Homelessness & Co Devlp.			
CHG Standard/CHG EFH/ESG Commerce (partial federal funding)	14.231	HCS-19-32-1901-007(5)	7,580
SDG EHP/ESG Commerce (partial federal funding)	14.231	HCS-21-32-2101-007(1)	38,779
ESG HUD Rapid Rehousing	14.231	HCS-21-31-2101-007	91,464
Hotel to Housing (previously CVRF)	14.231	HCS-21-33-2103-007	100,030
Passed through City of Seattle			
Streets to Housing ESG-CV RRH	14.231	DA21-1528	504,235
Seattle Home for Good	14.231	E-20-MW-53-0005	369,864
Passed through Skagit County			
ESG-CV Motel Homeless Outreach	14.231	C20200687(1)	541,138

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)			
Emergency Solutions Grant Program:			
Passed through King County			
CCS RRH Emergency Shelter Pilot	14.231	6204070 Exh II	\$ 175,982
CCS Sacred Heart Shelter	14.231	6065165 Exh XXIII & IX	200,000
Emergency Shelter	14.231	6204070 Exh I	1,220,541
Passed through King County - DCHS			
KC DCHS Rapid Re-Housing Family	14.231	6065165 Exh V	63,777
Passed through KCRHA			
CCS Shelter RRH Pilot	14.231	KC-2022-LR-64 DA-258	408,042
Streets to Housing ESG-CV RRH	14.231	KC-2022-LR-82 DA-202201-00320	347,039
Passed through Seattle			
Sacred Heart Shelter	14.231	DA21-1345	123,850
Passed through Clark County			
ESG-CV Non-Congregant Emergency Shelter Program	14.231	2021-ESG-CV14-2	1,575,237
Total Emergency Solutions Grant Program			<u>7,424,191</u>
HOME Investment Partnerships Program:			
Passed through State of Washington - Department of Commerce			
Devoe Housing Continuum - Note D	14.239	None	530,000
Passed through Thurston County			
Devoe II Housing - Note D	14.239	None	200,000
Total Home Investment Partnership Program			<u>730,000</u>
Housing Opportunities for Persons with AIDS Program:			
Passed through City of Seattle			
HIV/AIDS Housing Assistance Program	14.241	DA21-1056	184,646
HOPWA CARES Act	14.241	DA20-1908 (2)	3,977
HIV/AIDS Housing Assistance Program	14.241	DA22-1056 (1)	213,675
Total Housing Opportunities for Persons with AIDS Program			<u>402,298</u>
Continuum of Care Program:			
Direct Funding			
Drexel - Continuum of Care	14.267	WA0203L0T012012	135,363
Drexel - Continuum of Care	14.267	WA0203L0T012113	15,314
Total Direct Funding			<u>150,677</u>
Indirect Funding			
Passed through King County			
DCHS/CSD Homeless Housing Program	14.267	WA0297LOT002006	170,339
KC DCHS/CEA Seattle RAP	14.267	6206892	158,127
KC DCHS/CEA Seattle RAP	14.267	6204070 ExhV	273,566
Passed through Catholic Housing Services			
ROL	14.267	WA0048L0T001912	51,272
ROL	14.267	WA0048L0T002013	62,985
Noel	14.267	WA0410L0T001800	17,054
Noel	14.267	WA0213L0T002010	110,837
Dorothy Day	14.267	WA0014L0T002013	23,837
Westlake	14.267	WA0056L0T001912	37,686
Westlake	14.267	WA0056L0T002013	97,504
Ozanam	14.267	WA0239L0T002010	178,405
Ozanam	14.267	WA0239L0T002111	59,407
Patrick Place	14.267	WA0259L0T001907	26,198
Patrick Place	14.267	WA0259L0T002008	52,802
Thea Bowman Apartments	14.267	None	92,931
Thea Bowman Apartments	14.267	WA0390L0T002001	132,888
The Inn	14.267	DA-230	63,566
Passed through Pierce County Human Services			
Manresa Apartments-Transitional Housing Project	14.267	SC-108468	33,876
Nativity House - Continuum of Care	14.267	SC-107638	82,306
Nativity House - Continuum of Care	14.267	SC-108469	96,846
Rapid Rehousing - Continuum of Care	14.267	SC-108470	29,848

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONTINUED)			
Continuum of Care Program:			
Passed through Sno Co Office of Housing, Homelessness & Co Devlp.			
Snohomish Young Adult Housing	14.267	HCS-21-50-2031-007	\$ 20,048
Home Connection	14.267	HCS-21-50-2025-007	549,403
Permanent Housing for Veterans	14.267	HCS-21-50-2033-007	121,989
Homeless Families Home at Last	14.267	HCS-21-50-2051-007	222,014
Meadowdale	14.267	HCS-21-50-2011-007	202,344
Clare's Place	14.267	HCS-21-50-2000-007(1)	419,448
Journey Home	14.267	HCS-21-50-2071-007 (1)	310,164
The Road Home	14.267	HCS-21-50-2092-007 (2)	261,954
Passed through Plymouth Housing Services			
Coming Home	14.267	WA0012L0T002013	143,244
Passed through King County Housing Authority			
Emergency Housing Voucher Navigation Services	14.267	KC-2022-LR-180_EHV-2021-003	120,199
Passed through Plymouth Housing Services			
CEA RAP Diversion	14.267	KC-2022-LR-82 DA-202201-00320	164,897
Total Indirect Funding			<u>4,387,984</u>
Total Continuum of Care Program			<u>4,538,661</u>
Moving to Work Demonstration Program:			
Passed through Pierce County Human Services			
Homeless and Housing Assistance Program (HHAP) - Rapid Rehousing THA	14.881	SC-108452-1	169,345
Total Moving to Work Demonstration Program			<u>169,345</u>
Total U.S. Department of Housing and Urban Development			15,696,074
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Transit Services Programs Cluster</i>			
Passed through Washington State Department of Transportation			
Consolidated Public Transportation Grant	20.513	PTD0305	21,222
Disabled Veteran's Transportation	20.513	PTD0304	32,994
Thurston County Bus Buddies	20.513	PTD0241	41,965
Volunteer Transportation Services Program	20.513	PTD0240	145,955
Passed through Clark County Public Transportation			
Benefit Area (dba-C-TRAN) for Volunteer Driver Program	20.513	None	3,542
Benefit Area (dba-C-TRAN) for Volunteer Driver Program	20.513	None	18,284
Total Enhanced Mobility of Seniors and Individuals with Disabilities			<u>263,962</u>
Total U.S. Department of Transportation			263,962
U.S. DEPARTMENT OF THE TREASURY			
Emergency Rental Assistance Program			
Passed through Skagit County			
Treas Rent Assis Prog T-RAP	21.023	C20210202 A20210137	825,231
Total Emergency Rental Assistance Program			<u>825,231</u>
COVID-19 Coronavirus Relief Fund Program			
Passed through Skagit County			
Eviction Rental Assis ERAP	21.027	C20210534(1)	50,590
Passed through Pierce County Human Services			
Seasonal Weather Beds at Nativity House Emergency	21.027	SC-108514	257,059

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY (CONTINUED)			
COVID-19 Coronavirus Relief Fund Program			
Passed through KCRHA			
The Inn	21.027	DA-230	\$ 99,340
Bunny Wilburn Shelter & Referral Ctr	21.027	DA22-1684	315,066
Passed through King County Homelessness Authority			
Streets to Housing	21.027	KC-2022-LR-82 DA-202201-00320	4,290
Passed through Clark County			
Non-Congregant Emergency Shelter Program	21.027	2021-ARP-14	36,875
Passed through King County			
VII : COVID Deintensification Shelters	21.027	6204070 Exh VII	335,937
Passed through City of Federal Way			
Subsistence Svcs Related to City CDBG-CV	21.027	SLFRP4086	228,095
Passed through City of Burien			
Subsistence Svcs Related to City CDBG-CV	21.027	None	153,983
Total Coronavirus Relief Fund Program			<u>1,481,235</u>
Total U.S. Department of the Treasury			2,306,466
U.S. DEPARTMENT OF VETERANS AFFAIRS			
VA Homeless Providers Grant and Per Diem Program:			
Passed through Catholic Housing Services			
Supportive Services for Veteran Families (SSVF)	64.024	None	70,024
Department of Veteran Affairs	64.024	None	230,011
Direct Funding			
Department of Veteran Affairs	64.024	None	6,672
Department of Veteran Affairs	64.024	None	9,043
Total VA Homeless Providers Grant and Per Diem Program			<u>315,750</u>
Supportive Services for Veterans Affairs	64.033	20-WA-500-FY22	2,233,880
Supportive Services for Veterans Affairs - Cares Act	64.033	20-WA-500-FY22	533,615
Supportive Services for Veterans Affairs	64.033	None	2,127,422
Supportive Services for Veterans Affairs - Cares Act	64.033	None	1,188,302
Total VA Supportive Services for Veteran Families Program			<u>6,083,219</u>
Total U.S. Department of Veterans Affairs			6,398,969
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Aging Cluster</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:			
Passed through Lewis-Mason-Thurston Area Agency on Aging			
Senior Nutrition Program-Home Delivered Nutrition	93.044	20-1140-0064-01 (01)	7,804
Transportation Services	93.044	18-1120-0041-01 (3)	14,598
Transportation Services	93.044	22-1120-0041-01	15,369
Passed through Pierce County Human Services			
Senior Congregate Nutrition Services	93.044	SC-107104	5,000
Passed through City of Seattle			
African Elders Program	93.044	DA21-1387	122,270
Passed through Snohomish County Human Services			

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Federal Expenditures
Volunteer Transportation Program	93.044	A-22-50-04-007	15,753
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)			
<i>Aging Cluster</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:			
Passed through Area Agency on Aging and Disabilities of Southwest Washington (AAADSW)			
Senior Transportation Services	93.044	None	\$ 177
Senior Transportation Services	93.044	None	177
Passed through Senior Services for South Sound			
LMT Volunteer Transportation	93.044	18-1120-0041-08 (05)	817
LMT Volunteer Transportation	93.044	22-1120-0041-08	1,680
Passed through Olympic Area Agency on Aging			
Clallam & Pacific Volunteer Chore Service	93.044	555-41-26-21 Amendment 3	13,045
Clallam & Pacific Volunteer Chore Service	93.044	555-41-26-2022	<u>12,596</u>
Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers			224,774
Passed through City of Seattle			
Senior Congregate Nutrition Services	93.045	DA21-1700	222,885
Senior Congregate Nutrition Services	93.045	DA21-1700	254,673
Passed through Lewis-Mason-Thurston Area Agency on Aging			
Senior Nutrition Program - Home Delivered Nutrition	93.045	18-1140-0064-01 (8)	47,521
Senior Nutrition Program - Home Delivered Nutrition	93.045	20-1140-0064-01 (01)	40,904
Passed through Pierce County Human Services			
Senior Nutrition Program - Congregate	93.045	SC-107104/SC-108750	336,080
Senior Nutrition Program - Home Delivered Meals	93.045	SC-107104/SC-108750	<u>738,647</u>
Total Special Programs for the Aging - Title III, Part C - Nutritional Services			1,640,710
National Family Caregiver Support, Title III, Part E			
Passed through City of Seattle			
African Elders Program	93.052	DA20-1387	<u>3,374</u>
Total National Family Caregiver Support, Title III, Part E			3,374
Nutrition Services Incentive Program:			
Passed through City of Seattle			
Senior Congregate Nutrition Services	93.053	DA21-1700	6,817
Senior Congregate Nutrition Services	93.053	DA21-1700	7,944
Passed through Pierce County Human Services			
Senior Nutrition Program - Congregate NSIP	93.053	SC-107104/SC-108750	42,713
Senior Nutrition Program - Home Delivered Meals NSIP	93.053	SC-107104/SC-108750	94,759
Passed through Lewis-Mason-Thurston Area Agency on Aging			
Senior Nutrition Program-NSIP Home Delivered	93.053	18-1140-0064-01 (8)	8,800
Senior Nutrition Program-NSIP Home Delivered	93.053	20-1140-0064-01 (01)	<u>12,420</u>
Total Nutrition Services Incentive Program			<u>173,453</u>
Total Aging Cluster			2,042,311
COVID-19 Health Center Program			
Passed through City of Seattle			
COVID-19 - Homeless Response, HVAC and Client Assistance	93.224	None	6,390
Passed through King County			

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Federal Expenditures
Total Health Center Program			62,621
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance:			
Passed through King County			
F-Sharp, Year 3	93.243	4241 CHS	\$ 178,188
F-Sharp, Year 4	93.243	4241 CHS	<u>246,522</u>
Total Substance and Mental Health Services - Projects of Regional and National Significance			424,710
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution Direct			
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	None	<u>2,444,282</u>
Total Grant for Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution			2,444,282
Unaccompanied Alien Children Program:			
Passed through US Conference of Catholic Bishops			
Alien Unaccompanied Minors (Long Term FC)	93.676	90ZU0386	317,754
Home Suitability Assessment (Safe Passages)	93.676	90ZU0386	<u>328,942</u>
Total Unaccompanied Alien Children Program			646,696
Opioid STR Program:			
Passed through Skagit County:			
State Option Response	93.788	C20200683	<u>39,068</u>
Total Opioid STR Program			39,068
HIV Emergency Relief Project Grants:			
Passed through City of Seattle			
HIV/AIDS Housing Assistance Program - Ryan White Part A	93.914	8423 PREV	16,054
HIV/AIDS Housing Assistance Program - Ryan White Part A	93.914	6555 PREV (2)	<u>65,853</u>
Total HIV Emergency Relief Project Grants			81,907
Block Grants for Community Mental Health Services			
Passed through King County			
EHE Low Barrier Service - CCS	93.940	8447 PREV	<u>35,782</u>
			35,782
Passed through Multnomah County			
ED Diversion Crisis and Acute Transition Services	93.958	HD-SVCSGEN-549-2018-CONV	153,066
Passed through Thurston-Mason Behavioral Health Organization			
Behavioral Health Services	93.958	2020-1728-13	<u>38,851</u>
			191,917
Block Grants for Prevention and Treatment of Substance Abuse:			
Passed through King County			
Matt Talbot, Jan '22 - June '22	93.959	6020760	34,025
Matt Talbot, Jul '21 - Dec '21	93.959	6020760	32,620
Passed through Skagit County			
Recovery and Community	93.959	C20210468	215,995
State Opioid Response	93.959	C20210571	198,545
Passed through NSBHASO			
Engagement Specialists	93.959	North sound BH-ASO-CCSNW-ICN-19-20 Amd#3 & #4	63,929
Engagement Specialists	93.959	North sound BH-ASO-CCSNW-ICN-19-20 Amd#3 & #4	63,351
Passed through Snohomish County Office of Housing, Homelessness and Community Development			
North Sound BHO	93.959	NORTH SOUND BH-ASO-CCSNW-ICN-19-22	<u>156,884</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>765,349</u>

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Identifying Number	Federal Expenditures
Total U.S. Department of Health and Human Services			6,734,643
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			
Retired and Senior Volunteer Program:			
Passed through Corp. of National Service			
Retired Senior Volunteer Program (RSVP)	94.002	21SRPWA004	\$ 66,047
Total Retired and Senior Volunteer Program			<u>66,047</u>
Total Corporation for National and Community Services			66,047
U.S. DEPARTMENT OF HOMELAND SECURITY			
Emergency Food and Shelter National Board Program:			
Passed through United Way of Thurston County			
Emergency Food and Shelter Program (EFSP)-Phase 38	97.024	LRO # 893400-015	10,000
Passed through Living Access Support Alliance			
Emergency Food and Shelter Program (EFSP)-Phase CARES	97.024	LRO # 891400-043	970
Emergency Food and Shelter Program (EFSP)-Phase 37	97.024	LRO # 891400-043	1,882
Passed through Children's Home Society of WA			
Emergency Food and Shelter Program (EFSP)-Phase 37	97.024	LRO # 891400-043	17,804
Total Emergency Food and Shelter National Board Program			<u>30,656</u>
Total U.S. Department of Homeland Security			<u>30,656</u>
Total Federal Awards			<u>\$ 31,496,817</u>

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

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, 2022. 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 for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, 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.

**NOTE D LOANS AND GRANTS WITH CONTINUING COMPLIANCE REQUIREMENTS
 (CONTINUED)**

The balance of loans outstanding at June 30, 2022 consists of:

	<u>Federal ALN Number</u>	<u>Contract Number</u>	<u>Outstanding Loan Balance</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/ Entitlement Grants:			
Passed through King County			
Katherine House	14.218	D26556D & F	\$ 106,435
Kirkland Shelter	14.218	None	770,132
Passed through Tacoma Community Redevelopment Authority			
New Nativity House	14.218	None	789,900
HOME Investment Partnership Program:			
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>200,000</u>
Total			<u>\$ 2,396,467</u>

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.231	Emergency Solutions Grant Program
14.267	Continuum of Care
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 945,713/ \$236,428

Auditee qualified as low-risk auditee?

 x yes _____ no

**CATHOLIC COMMUNITY SERVICES OF WESTERN WASHINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Catholic Community Services of Western Washington's (CCS) Schedule of Expenditures of Federal Awards (SEFA) presented for audit was materially misstated due to the incorrect calculation of federal expenditures versus state expenditures, assigning the incorrect Assistance Listing number (AL #) or incorrect determination of subrecipient versus contractor. CCS has since made revisions to properly present the SEFA at June 30, 2022.

Criteria or Specific Requirement: CFR Part 200.508 Auditee Responsibilities state that auditee must prepare the SEFA, which must list individual Federal awards by Federal Agency, including the total Federal awards expended, name of pass-through entity, AL #, and total amount provided to subrecipients. The information contained in the SEFA should be derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

Context: The original SEFA was misstated and did not accurately reflect federal expenditures versus state expenditures, Assistance Listing number (AL #) or subrecipient versus contractor determination.

Effect: Potential understatement or overstatement of expenditures could exist in the SEFA and not be detected and corrected.

Cause: CCS does not have effective internal control over the preparation of the SEFA, which can be attributed to the complexity of its pass-through funding and the split of operating divisions within the Organization.

Recommendation: We recommend CCS review all agreements and calculations to ensure expenditures reported on the SEFA are accurate, complete and determination of federal versus state funding is completed.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding.

Section III – Findings and Questioned Costs –Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.