

CATHOLIC CHARITIES OF SPOKANE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Charities of Spokane
Spokane, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Catholic Charities of Spokane, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Catholic Charities of Spokane, as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The supplementary information and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Catholic Charities of Spokane

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2022, on our consideration of Catholic Charities of Spokane’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 Catholic Charities of Spokane’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 Catholic Charities of Spokane’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Spokane, Washington
August 17, 2022

**CATHOLIC CHARITIES OF SPOKANE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|---|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 3,419,474 | \$ 2,792,002 |
| Accounts and Contracts Receivable, Less Allowance for Doubtful Accounts of \$3,856 in 2020 and \$8,362 in 2021 | 2,237,259 | 2,346,846 |
| Promises to Give Receivable, Current | - | 107,000 |
| Prepaid Expenses and Other Current Assets | 121,130 | 160,920 |
| Total Current Assets | 5,777,863 | 5,406,768 |
| PROPERTY AND EQUIPMENT , Net of Accumulated Depreciation | 10,579,157 | 10,881,244 |
| OTHER ASSETS | | |
| Investments, at Fair Market Value | 4,756,902 | 5,557,993 |
| Investment in Partnership | 266,376 | 375,860 |
| Deposit | 450,000 | - |
| Beneficial Interest in Catholic Charities Foundation | 2,998,928 | 2,895,671 |
| Total Other Assets | 8,472,206 | 8,829,524 |
| Total Assets | \$ 24,829,226 | \$ 25,117,536 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 1,159,346 | \$ 1,168,553 |
| Accrued Vacation Payable | 720,443 | 578,929 |
| Deferred Contribution - PPP Loan | - | 3,172,309 |
| Current Portion of Deferred Contribution - Building Lease | 73,354 | 65,280 |
| Total Current Liabilities | 1,953,143 | 4,985,071 |
| NONCURRENT LIABILITIES | | |
| Deferred Contribution - Building Lease | 2,838,195 | 2,915,706 |
| Total Liabilities | 4,791,338 | 7,900,777 |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS | | |
| Without Donor Restrictions | 11,087,271 | 8,195,820 |
| With Donor Restrictions | 8,950,617 | 9,020,939 |
| Total Net Assets | 20,037,888 | 17,216,759 |
| Total Liabilities and Net Assets | \$ 24,829,226 | \$ 25,117,536 |

See accompanying Notes to Financial Statements.

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Public Support: | | | |
| Contributions | \$ 1,967,561 | \$ 1,257,803 | \$ 3,225,364 |
| Catholic Charities Christmas Collection | 1,620,718 | - | 1,620,718 |
| Governmental Grants and Contracts | 11,032,190 | 147,000 | 11,179,190 |
| Government Grant - SBA PPP Loan Forgiven | 3,159,300 | - | 3,159,300 |
| Other Grants and Contracts | 2,304,594 | 889,462 | 3,194,056 |
| Total Public Support | 20,084,363 | 2,294,265 | 22,378,628 |
| Revenue: | | | |
| Program Service Fees | 3,578,025 | - | 3,578,025 |
| Tuition and Registration | 1,743,503 | - | 1,743,503 |
| Rental Income | 53,232 | - | 53,232 |
| Net Investment Income | 267,610 | 231,066 | 498,676 |
| Change in Beneficial Interest in Assets | | | |
| Held by Catholic Charities Foundation | - | 103,257 | 103,257 |
| Loss from Partnership | (109,484) | - | (109,484) |
| Miscellaneous | 54,398 | - | 54,398 |
| Total Revenue | 5,587,284 | 334,323 | 5,921,607 |
| Total Public Support and Revenue | 25,671,647 | 2,628,588 | 28,300,235 |
| Net Assets Released from Restrictions: | | | |
| Satisfaction of Purpose Restrictions | 2,467,252 | (2,467,252) | - |
| Satisfaction of Time Restrictions | 231,658 | (231,658) | - |
| Total Net Assets Released from Restrictions | 2,698,910 | (2,698,910) | - |
| EXPENSES | | | |
| Program Services | 22,601,558 | - | 22,601,558 |
| Management and General | 1,648,135 | - | 1,648,135 |
| Public Relations and Fundraising | 1,229,413 | - | 1,229,413 |
| Total Expenses | 25,479,106 | - | 25,479,106 |
| CHANGES IN NET ASSETS | 2,891,451 | (70,322) | 2,821,129 |
| Net Assets - Beginning of Year | 8,195,820 | 9,020,939 | 17,216,759 |
| NET ASSETS - END OF YEAR | \$ 11,087,271 | \$ 8,950,617 | \$ 20,037,888 |

See accompanying Notes to Financial Statements.

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|--------------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Public Support: | | | |
| Contributions | \$ 2,121,670 | \$ 1,231,896 | \$ 3,353,566 |
| Catholic Charities Christmas Collection | 1,547,983 | - | 1,547,983 |
| Governmental Grants and Contracts | 8,199,280 | 691,355 | 8,890,635 |
| Other Grants and Contracts | 3,431,124 | - | 3,431,124 |
| Total Public Support | 15,300,057 | 1,923,251 | 17,223,308 |
| Revenue: | | | |
| Program Service Fees | 2,969,857 | - | 2,969,857 |
| Tuition and Registration | 1,752,315 | - | 1,752,315 |
| Rental Income | 66,505 | - | 66,505 |
| Net Investment Income | 333,761 | - | 333,761 |
| Change in Beneficial Interest in Assets | | | |
| Held by Catholic Charities Foundation | - | 149,741 | 149,741 |
| Miscellaneous | 819 | - | 819 |
| Total Revenue | 5,123,257 | 149,741 | 5,272,998 |
| Total Public Support and Revenue | 20,423,314 | 2,072,992 | 22,496,306 |
| Net Assets Released from Restrictions: | | | |
| Satisfaction of Purpose Restrictions | 3,791,086 | (3,791,086) | - |
| Satisfaction of Time Restrictions | 231,658 | (231,658) | - |
| Total Net Assets Released from Restrictions | 4,022,744 | (4,022,744) | - |
| EXPENSES | | | |
| Program Services | 21,850,372 | - | 21,850,372 |
| Management and General | 2,482,025 | - | 2,482,025 |
| Public Relations and Fundraising | 971,477 | - | 971,477 |
| Total Expenses | 25,303,874 | - | 25,303,874 |
| CHANGES IN NET ASSETS | (857,816) | (1,949,752) | (2,807,568) |
| Net Assets - Beginning of Year | 9,053,636 | 10,970,691 | 20,024,327 |
| NET ASSETS - END OF YEAR | <u>\$ 8,195,820</u> | <u>\$ 9,020,939</u> | <u>\$ 17,216,759</u> |

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

| | Program Services | | | | | Management and General | Public Relations and Fundraising | Total Expenses |
|--|--------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------|---------------------------|--|----------------------|
| | Central Program Services | Crisis and Shelter Services | Advocacy and Family Services | Senior and Housing Services | Total Program Services | | | |
| Salaries | \$ 1,904,213 | \$ 5,149,335 | \$ 2,362,553 | \$ 1,728,529 | \$ 11,144,630 | \$ 991,811 | \$ 611,233 | \$ 12,747,674 |
| Employee Benefits and Payroll Taxes | 418,537 | 1,618,434 | 733,834 | 527,262 | 3,298,067 | 252,003 | 180,758 | 3,730,828 |
| Total Salaries and Related Expenses | <u>2,322,750</u> | <u>6,767,769</u> | <u>3,096,387</u> | <u>2,255,791</u> | <u>14,442,697</u> | <u>1,243,814</u> | <u>791,991</u> | <u>16,478,502</u> |
| Professional Fees and Contractual | | | | | | | | |
| Service Payments | 251,081 | 722,193 | 117,947 | 179,042 | 1,270,263 | 334,291 | 166,603 | 1,771,157 |
| Supplies | 28,940 | 241,891 | 122,171 | 27,061 | 420,063 | 7,971 | 25,314 | 453,348 |
| Communications | 31,523 | 92,235 | 31,564 | 20,793 | 176,115 | 3,729 | 3,112 | 182,956 |
| Postage and Shipping | 5,423 | 3,810 | 1,437 | 1,210 | 11,880 | 2,597 | 31,522 | 45,999 |
| Printing and Promotion | 82,909 | 5,778 | 806 | 10,912 | 100,405 | 511 | 103,767 | 204,683 |
| Advertising | 4,317 | - | 1,682 | 1,612 | 7,611 | - | 47,052 | 54,663 |
| Occupancy | 135,877 | 1,081,525 | 205,659 | 33,981 | 1,457,042 | 793 | - | 1,457,835 |
| Repairs and Maintenance | 34,039 | 67,737 | 32,277 | 10,698 | 144,751 | 12,060 | 4,117 | 160,928 |
| Transportation | 47,829 | 41,205 | 3,348 | 371,118 | 463,500 | 3,127 | 5,846 | 472,473 |
| Conferences and Conventions | 84,648 | 55,092 | 26,833 | 19,639 | 186,212 | 33,227 | 16,443 | 235,882 |
| Specific Assistance to Individuals | 507,390 | 1,338,708 | 6,354 | 87,739 | 1,940,191 | - | 17,760 | 1,957,951 |
| Volunteer Recognition | 5,167 | 23,591 | 778 | 27,629 | 57,165 | - | 1,884 | 59,049 |
| Distribution of Pass-Through and Other Funds | 856,926 | 28,000 | - | - | 884,926 | - | 12,000 | 896,926 |
| Miscellaneous | 164,648 | 9,142 | (810) | - | 172,980 | 851 | 4 | 173,835 |
| Total Expenses Before Depreciation | <u>4,563,467</u> | <u>10,478,676</u> | <u>3,646,433</u> | <u>3,047,225</u> | <u>21,735,801</u> | <u>1,642,971</u> | <u>1,227,415</u> | <u>24,606,187</u> |
| Depreciation | 264,763 | 396,090 | 195,435 | 9,469 | 865,757 | 5,164 | 1,998 | 872,919 |
| Total Functional Expenses | <u>\$ 4,828,230</u> | <u>\$ 10,874,766</u> | <u>\$ 3,841,868</u> | <u>\$ 3,056,694</u> | <u>\$ 22,601,558</u> | <u>\$ 1,648,135</u> | <u>\$ 1,229,413</u> | <u>\$ 25,479,106</u> |

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

| | Program Services | | | | Total Program Services | Management and General | Public Relations and Fundraising | Total Expenses |
|---|--------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------|---------------------------|--|-------------------|
| | Central Program Services | Crisis and Shelter Services | Advocacy and Family Services | Senior and Housing Services | | | | |
| Salaries | \$ 1,397,411 | \$ 4,755,574 | \$ 2,696,171 | \$ 1,633,067 | \$ 10,482,223 | \$ 1,686,102 | \$ 486,226 | \$ 12,654,551 |
| Employee Benefits and Payroll Taxes | 216,263 | 1,331,591 | 782,105 | 497,457 | 2,827,416 | 392,824 | 126,484 | 3,346,724 |
| Total Salaries and Related Expenses | 1,613,674 | 6,087,165 | 3,478,276 | 2,130,524 | 13,309,639 | 2,078,926 | 612,710 | 16,001,275 |
| Professional Fees and Contractual | | | | | | | | |
| Service Payments | 351,059 | 643,826 | 113,712 | 89,134 | 1,197,731 | 216,280 | 105,451 | 1,519,462 |
| Supplies | 21,987 | 138,128 | 132,249 | 20,387 | 312,751 | 10,422 | 2,861 | 326,034 |
| Communications | 22,922 | 86,603 | 29,792 | 18,337 | 157,654 | 5,177 | 2,388 | 165,219 |
| Postage and Shipping | 6,927 | 3,755 | 3,020 | 2,902 | 16,604 | 3,856 | 20,226 | 40,686 |
| Printing and Promotion | 15,924 | 6,705 | 5,454 | 2,944 | 31,027 | 700 | 142,023 | 173,750 |
| Advertising | 838 | - | 570 | - | 1,408 | 29,094 | 8,760 | 39,262 |
| Occupancy | 103,783 | 1,264,094 | 196,266 | 29,484 | 1,593,627 | 11,498 | 332 | 1,605,457 |
| Repairs and Maintenance | 33,972 | 109,690 | 31,210 | 12,262 | 187,134 | 23,532 | 12,450 | 223,116 |
| Transportation | 15,399 | 36,164 | 1,766 | 368,685 | 422,014 | 36,736 | 4,738 | 463,488 |
| Conferences and Conventions | 42,371 | 28,929 | 27,276 | 19,094 | 117,670 | 60,059 | 11,248 | 188,977 |
| Specific Assistance to Individuals | 753,562 | 1,628,164 | 9,068 | 92,887 | 2,483,681 | 1,647 | 24,430 | 2,509,758 |
| Volunteer Recognition | 6,390 | 51,074 | 6,760 | 71,330 | 135,554 | 1,125 | 1,640 | 138,319 |
| Distribution of Pass-Through and Other Funds | 1,141,528 | - | - | - | 1,141,528 | - | 4,881 | 1,146,409 |
| Miscellaneous | 2,682 | 321 | 2,768 | 1,211 | 6,982 | 2,973 | 17,339 | 27,294 |
| Total Expenses Before Depreciation | 4,133,018 | 10,084,618 | 4,038,187 | 2,859,181 | 21,115,004 | 2,482,025 | 971,477 | 24,568,506 |
| Depreciation | 158,699 | 362,515 | 193,215 | 20,939 | 735,368 | - | - | 735,368 |
| Total Functional Expenses | \$ 4,291,717 | \$ 10,447,133 | \$ 4,231,402 | \$ 2,880,120 | \$ 21,850,372 | \$ 2,482,025 | \$ 971,477 | \$ 25,303,874 |

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF SPOKANE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|--|------------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in Net Assets | \$ 2,821,129 | \$ (2,807,568) |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 872,919 | 735,368 |
| Net Unrealized Gain on Investments | (285,465) | (244,319) |
| Loss from Partnership | 109,484 | - |
| (Increase) Decrease in Cash Due to Changes in Assets: | | |
| Accounts and Contracts Receivable | 109,587 | (857,242) |
| Promises to Give Receivable | 107,000 | 102,147 |
| Prepaid Expenses and Other Current Assets | 39,790 | (13,290) |
| Beneficial Interest in Catholic Charities Foundation Deposit | (103,257) (450,000) | (149,741) - |
| Increase (Decrease) in Cash Due to Changes in Liabilities: | | |
| Accounts Payable and Accrued Expenses | (9,207) | (413,002) |
| Accrued Vacation Payable | 141,514 | 54,667 |
| Deferred Contribution - PPP Loan | (3,172,309) | 3,172,309 |
| Deferred Contribution | (69,437) | (65,728) |
| Net Cash Provided (Used) by Operating Activities | 111,748 | (486,399) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (570,832) | (586,579) |
| Purchase of Investments | (771,327) | (2,329,640) |
| Proceeds from Sale of Investments | 1,857,883 | 2,889,001 |
| Net Cash Provided (Used) by Investing Activities | 515,724 | (27,218) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 627,472 | (513,617) |
| Cash and Cash Equivalents, and Restricted Cash - Beginning of Year | 2,792,002 | 3,305,619 |
| CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR | \$ 3,419,474 | \$ 2,792,002 |

See accompanying Notes to Financial Statements.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Catholic Charities of Spokane, doing business as Catholic Charities Eastern Washington provides a wide variety of social services in Eastern Washington.

It is the mission of Catholic Charities of Spokane to affirm the dignity of every person, partnering with parishes and the greater community to serve and advocate for those who are vulnerable bringing stability and hope to people throughout Eastern Washington.

Catholic Charities of Spokane (Catholic Charities or the Organization) operates as an umbrella corporation encompassing several programs included in these financial statements.

These programs include:

- Childbirth and Parenting Assistance (CAPA)
- Christmas Bureau
- Community Behavioral Health Services
- House of Charity
- Parish Social Ministry
- Immigration Legal Services
- St. Anne's Children and Family Center
- St. Margaret's Shelter
- Rising Strong
- Housing Social Services
- Senior Services
- Catholic Charities Walla Walla
- Food for All
- Integrated Case Management
- The Loft Teen Shelter
- Healthcare Integration
- Catholic Housing Communities
- Temporary Shelters

Other related entities render charitable services and operate under the sponsorship of Catholic Charities. The financial statements for these entities are not included as they are separately incorporated.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

These entities include, but are not limited to, the following:

Catholic Housing Services of Eastern Washington (separately incorporated)
Fahy Gardens (separately incorporated)
Fahy West (separately incorporated)
The Delaney Group, LLC (separately incorporated)
New Cathedral Plaza (separately incorporated)
New O'Malley, LLC (separately incorporated)
Pioneer Square Apartments SPE, LLC (separately incorporated)
Garden Court, Inc. (separately incorporated)
Guse Summit View (separately incorporated)
Mike Foye Home, Inc. (separately incorporated)
Austen Manor (separately incorporated)
The Rhodena (separately incorporated)
Rockwood Lane (separately incorporated)
Bernadette Place (separately incorporated)
Catholic Charities Foundation (separately incorporated)
Fr. Bach II Housing LLC dba Buder Haven (separately incorporated)
Pope Francis Haven (separately incorporated)
WWVA Housing, LLC dba St. Michaels Haven (separately incorporated)
Fr. Back Housing III, LLC dba Donna Hanson Haven (separately incorporated)
Holy Names Family Housing, LLC dba Sisters Haven (separately incorporated)
Guadalupe Haven (separately incorporated)
Fr Bach Housing IV, LLC dba Jacklin Haven (separately incorporated)
Fr Bach Housing V, LLC dba Schweitzer Haven (separately incorporated)
CHSEW Chewelah Manor, LLC dba St. Mary's Haven (separately incorporated)
Gonzaga Haven, LLC (separately incorporated)
Mother Teresa Haven (separately incorporated)
New Pinecrest, LLC (separately incorporated)
Pasco Family Housing II, LLC (separately incorporated)
Pasco Haven Housing Limited Liability Company (separately incorporated)
St. Leo's Haven, LLC (separately incorporated)
Valor Haven, LLC (separately incorporated)

Financial Statement Presentation

The financial statements of Catholic Charities have been presented on the accrual basis and in accordance with the requirements of the *Financial Statements of Not-for-Profit Organizations* standard.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Catholic Charities reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk adjusted-interest rates applicable to the years in which the promises are received.

Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Catholic Charities reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long-lived assets must be maintained, Catholic Charities reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Valuation of Accounts Receivable

An allowance for doubtful accounts is provided based on experience and management's evaluation of the current status of accounts. The allowance for doubtful accounts was \$8,362 and \$3,856 for the years ended December 31, 2021 and 2020, respectively. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the client or donor.

Equipment, Building, and Building Improvements

Equipment, building, and building improvements over \$5,000 are recorded at cost and depreciated over their estimated useful lives on the straight-line basis. If donated, equipment and building improvements are recorded at fair market value on the date of receipt. Depreciation expense was \$872,919 and \$735,368 for the years ended December 31, 2021 and 2020, respectively.

Cash and Cash Equivalents

Catholic Charities considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

The Organization maintains a separate cash account for funds on deposit for the Christmas Bureau program. At December 31, 2021 and 2020, the amount on deposit was \$1,000,300 and \$628,052, respectively.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue and expenses during the reporting period. Significant estimates include estimated collectible amounts of accounts, contracts, and pledges receivable, and lives of depreciable assets. Actual results could differ from those estimates.

Valuation of Long-Lived Assets

The Organization, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At December 31, 2021 and 2020, no assets had been written down.

Beneficial Interest

In April 2005, the Catholic Charities Foundation was incorporated and established for the sole and exclusive benefit of Catholic Charities of the Diocese of Spokane. In accordance with the *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others* standard, Catholic Charities and the Catholic Charities Foundation are considered interrelated organizations and thus Catholic Charities is required to record its beneficial interest in the net assets of the Catholic Charities Foundation. At December 31, 2021 and 2020, the beneficial interest in assets held by the Catholic Charities Foundation was \$2,998,928 and \$2,895,671, respectively.

Advertising

The costs of advertising are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$54,663 and \$39,262, respectively.

Investments

Catholic Charities accounts for investments in accordance with the provisions of the *Standard of Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under the standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Catholic Charities has adopted the *Fair Value Measurement* standard under which fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The techniques used to measure fair value are prioritized in accordance with the tri-level fair value hierarchy established by the standard. See Note 5, Fair Value Measurements, for expanded disclosure.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

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

Revenue Recognition

Catholic Charities recognizes contributions when cash, securities or other assets, an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of Catholic Charities revenue is derived from cost-reimbursable 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 Catholic Charities has incurred expenditures in compliance with specific contract or grant provisions. Catholic Charities received cost-reimbursable grants of \$3,532,132 and \$4,921,746 that have not been recognized at December 31, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

To determine revenue recognition for the arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (1) identify the contracts(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfied a performance obligation.

Program service fees includes revenue related to the properties managed by Catholic Housing Communities for social services provided to residents as well as property management and accounting services. Revenue is recognized when the services are provided.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Tuition and registration revenue includes revenue related to the provision of childcare and waitlist fees at the St. Anne's Children and Family Center. Revenue is recognized when the services are provided.

Contract assets consist of accounts receivable of \$663,415, \$522,809 and \$446,185 at December 31, 2021, 2020 and 2019, respectively.

Deposit

In 2021, Catholic Charities entered in a real estate contract to secure the first option to purchase real property adjacent to an existing housing facility in exchange for a non-refundable earnest money deposit of \$450,000. The deposit is recorded as an asset on the statement of financial position.

New Accounting Pronouncement Effective in Future Accounting Periods

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The guidance is required to be applied by the Organization for the year ending December 31, 2022; however, early application is permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

Subsequent Events

Subsequent events have been evaluated through August 17, 2022, which is the date the financial statements were available to be issued.

NOTE 2 PROGRAM DESCRIPTIONS

Catholic Charities provides funding and administrative support services to other agencies. Programs include: Campaign for Human Development, Catholic Relief Services, and Christmas Bureau.

Parish Social Ministry provides communication, education, and partnership with each Catholic Charities program through parish social concerns committees. It focuses on issues of social justice, advocacy, community organizing, and outreach to people in need.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 PROGRAM DESCRIPTIONS (CONTINUED)

House of Charity provides emergency services such as food, clothing, and shelter to the homeless in addition to providing case management and support services to assist low-income individuals with housing, employment, and other social services.

St. Margaret's Shelter provides temporary housing for women and children, case management, counseling, life skills training, and rental assistance for homeless and low-income families.

Rising Strong provides treatment, housing, and other resources to allow families involved in the child welfare system stay together while establishing and maintaining their recovery.

St. Anne's Children and Family Center provides licensed child-care services for children ages 4 weeks through 8 years for private pay families and those receiving support through Working Connections Child Care.

Childbirth and Parenting Assistance (CAPA) provides comprehensive free support services to pregnant women, expectant fathers, and parents with children ages newborn through three years. CAPA also founded and provides administrative support to the Prepares program which provides childbirth and parenting support through Catholic Dioceses throughout the state of Washington.

Community Behavioral Health Services provides individual, couples, and family counseling and educational workshops, without regard to religion, race, or economic status.

Immigration Legal Services provides certified assistance to those seeking immigration benefits throughout the service area of Catholic Charities of Spokane including Spokane, Pasco, Walla Walla, Othello, Okanogan, and Brewster.

Healthcare Integration facilitates certain healthcare services for Catholic Charities clients and assists in stable placements for patients discharging from the hospital.

Catholic Charities Walla Walla provides counseling services, refugee and immigration services, volunteer chore services, teen shelter services, community collaboration, and outreach for the Walla Walla community.

Catholic Housing Communities provides housing management services for the properties sponsored by Catholic Charities.

Housing Social Services provides housing and supportive social services through the Catholic Housing Communities programs.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 PROGRAM DESCRIPTIONS (CONTINUED)

Senior Services provides essential transportation, light housekeeping, and yard work to low-income seniors and adults with disabilities, enabling residents to age in place with dignity through the Volunteer Chore Service.

Food for All provides healthy, locally grown produce to those in need. We work with community partners and farmers markets to develop infrastructure that will help obtain and deliver more local fresh fruit and vegetables.

Integrated Case Management provides whole person services to residents of our single and family haven properties throughout the Spokane region. Our HS team provides services through Care Coordination, Certified Peer Supports, and Behavioral Health services. In addition HS coordinates volunteers and partnerships that support primary care needs in partnership with local university nursing and medical programs, pet based veterinarian, nutrition, and training services through Best Friends and SCRAPS, and community health and safety through programs with Frontier Behavioral Health, local public safety officials and more.

Temporary Shelters Catholic Charities operates temporary shelters and warming centers in response to COVID-19 and other situations which create a sudden or unusual community need for shelter space.

The Loft services teens aged 12 to 17 experiencing homelessness in Walla Walla, Washington. The Loft provides resources for temporary residences, assessment and permanency planning to youth in crisis.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 3,419,474 | \$ 2,792,002 |
| Accounts Receivable | 2,237,259 | 2,346,846 |
| Unconditional Promises to Give | - | 107,000 |
| Board Restricted Investments Allocation | 270,000 | 125,000 |
| Less: Restricted Cash and Donor-Restricted Contributions | (2,978,918) | (2,860,512) |
| Total | <u>\$ 2,947,815</u> | <u>\$ 2,510,336</u> |

Catholic Charities maintains investments managed by the Catholic Charities Foundation (the Foundation). These investments include board restricted funds which are appropriated annually as a part of the budgeting purpose and could be available if necessary. As of December 31, 2021 and 2020, the balance of board-designated investments was \$2,120,870 and \$1,647,205, respectively.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition, the Catholic Charities Foundation, an independent nonprofit corporation, maintains additional designated investments for the future benefit of Catholic Charities. As of December 31, 2021 and 2020, balance of Foundation investments designated for the support of Catholic Charities was \$2,998,928 and \$2,895,671, respectively. From time to time, Foundation funds are approved by the Foundation Board to support the needs of Catholic Charities.

Catholic Charities maintains an agreement with Catholic Housing Services Eastern Washington where either party may borrow from the other party to meet short-term cash needs.

Catholic Charities maintains a line of credit in the amount of \$500,000, which could be drawn upon in the event of a liquidity need.

NOTE 4 INVESTMENTS

Investments at fair market value consisted of the following classifications at December 31:

| | 2021 | 2020 |
|--------------------------------------|--------------|--------------|
| Money Market Funds | \$ 99,042 | \$ 129,910 |
| Common Stock and Equity Mutual Funds | 4,465,468 | 5,230,495 |
| Taxable Bonds | 192,392 | 197,588 |
| Total | \$ 4,756,902 | \$ 5,557,993 |

A summary of investment income recognized in the statements of activities and changes in net assets are as follows for the years ended December 31:

| | 2021 | 2020 |
|--|------------|------------|
| Catholic Charities Investments: | | |
| Net Realized and Unrealized Gains | \$ 370,740 | \$ 263,599 |
| Interest and Dividends, Net of Fees of \$26,531 in 2021 and \$16,192 in 2020 | 127,936 | 70,162 |
| Total | \$ 498,676 | \$ 333,761 |

NOTE 5 FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification 820 provides the framework for measuring fair market value. That framework provides a fair market value hierarchy that prioritizes the inputs to valuation techniques used to measure fair market value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair market value hierarchy defined by FASB ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair market value. Level 3 instruments include those that may be more structured or otherwise tailored to the Organization's needs.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair market value measurement.

The Organization's assessment of the significance of a particular input to the fair market value measurement requires judgment and may affect the valuation of fair market value assets and liabilities and their placement within the fair market value hierarchy levels. Following is a description of the valuation methodologies used for assets measured at fair market value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Beneficial Interest in Catholic Charities Foundation

Valued at fair market value based on unadjusted quoted market prices of the underlying investments.

The methods described above may produce a fair market value calculation that may not be indicative of net realizable value or reflective of future fair market values.

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

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial Interest in Catholic Charities Foundation (Continued)

The following tables disclose by level, within the fair market value hierarchy, the Organization's assets measured and reported on the statements of financial position at fair market value on a recurring basis at December 31:

| <u>December 31, 2021</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|---------------------|----------------|---------------------|---------------------|
| Money Market Funds | \$ 99,042 | \$ - | \$ - | \$ 99,042 |
| Common Stock | 2,571,707 | - | - | 2,571,707 |
| Taxable Bonds | 192,392 | - | - | 192,392 |
| Mutual Funds | 1,893,761 | - | - | 1,893,761 |
| Beneficial Interest in Catholic Charities Foundation | - | - | 2,998,928 | 2,998,928 |
| Total | <u>\$ 4,756,902</u> | <u>\$ -</u> | <u>\$ 2,998,928</u> | <u>\$ 7,755,830</u> |

| <u>December 31, 2020</u> | | | | |
|--|---------------------|-------------|---------------------|---------------------|
| Money Market Funds | \$ 129,910 | \$ - | \$ - | \$ 129,910 |
| Common Stock | 1,726,323 | - | - | 1,726,323 |
| Taxable Bonds | 197,588 | - | - | 197,588 |
| Mutual Funds | 3,504,172 | - | - | 3,504,172 |
| Beneficial Interest in Catholic Charities Foundation | - | - | 2,895,671 | 2,895,671 |
| Total | <u>\$ 5,557,993</u> | <u>\$ -</u> | <u>\$ 2,895,671</u> | <u>\$ 8,453,664</u> |

No financial assets were transferred in or out of Level 3, or purchases or issues of Level 3 assets.

The following table sets forth a summary of the Organization's Level 3 assets at December 31:

| <u>Instruments</u> | <u>Fair Value</u> | | <u>Valuation Technique</u> | <u>Unobservable Inputs</u> |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| | <u>2021</u> | <u>2020</u> | | |
| Beneficial Interest in Catholic Charities Foundation | <u>\$ 2,998,928</u> | <u>\$ 2,895,671</u> | Fair Market Value | Value of Underlying Assets |

NOTE 6 PROMISES TO GIVE

Catholic Charities had uncollected unconditional promises to give as of December 31:

| | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------------|
| Unconditional Promises to Give Due in Less Than One Year | <u>\$ -</u> | <u>\$ 107,000</u> |

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

| | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| Land | \$ 1,684,030 | \$ 1,674,030 |
| Buildings | 13,263,395 | 13,376,729 |
| Building Improvements | 2,010,616 | 1,822,897 |
| Furniture, Fixtures, and Equipment | 1,751,138 | 1,462,886 |
| Total | 18,709,179 | 18,336,542 |
| Less: Accumulated Depreciation | (8,130,022) | (7,455,298) |
| Property and Equipment, Net | \$ 10,579,157 | \$ 10,881,244 |

NOTE 8 INVESTMENT IN PARTNERSHIP

Catholic Charities is a limited partner in Othello Housing Associates dba Desert Haven, CHSEW is the general partner. Catholic Charities was gifted a 99.99% ownership December 31, 2018, CHSEW owns .01%. The purpose is to manage and operate a low-income housing project.

Catholic Charities is accounting for its investment in the limited partnership by the equity method of accounting under which Catholic Charities' share of the net income or loss of the limited partnership is recognized as income or loss in the statements of activities.

NOTE 9 CAPITAL LEASE OBLIGATIONS

On June 7, 2013, Catholic Charities sold the Catholic Charities Family Services Center at 12 E. 5th Avenue, Spokane, Washington, to Providence Health and Services (PH&S) in exchange for the forgiveness of the remaining value of the note payable to PH&S for the acquisition of the building and a lease agreement allowing Catholic Charities to occupy the building for 30 years at the rate of \$1 per year. Catholic Charities will record the difference of the fair value of the lease and the annual rate of \$1 as a contribution each year.

The lease meets the criteria for capitalization and a capital lease. At December 31, 2021 and 2020, the capitalized cost and accumulated amortization were \$3,400,000 and \$972,777 and \$3,400,000 and \$859,444, respectively. Catholic Charities records a contribution each month for the fair value of the lease payment.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 9 CAPITAL LEASE OBLIGATIONS (CONTINUED)

The fair value of the contribution revenue to be recognized during the years ending December 31:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---|----------------------------|
| 2022 | \$ 231,658 |
| 2023 | 231,658 |
| 2024 | 231,658 |
| 2025 | 231,658 |
| 2026 | 231,658 |
| Thereafter | <u>3,799,300</u> |
| Total Fair Value of the Contribution Revenue | 4,957,590 |
| Less: Amount Representing Interest and Discount | <u>2,046,041</u> |
| Present Value of the Contribution Revenue, Including Current Contributions of \$69,500 | <u><u>\$ 2,911,549</u></u> |

NOTE 10 NOTES PAYABLE

Interest expense on the capital lease obligation was \$162,221 and \$165,929 for the years ended December 31, 2021 and 2020, respectively.

Catholic Charities has an unsecured line of credit with a local bank that provides for borrowings up to \$500,000. The line of credit in the amount of \$500,000 bears interest at *The Wall Street Journal* index rate plus 1%, with a minimum rate of 3.25%. Catholic Charities had no balance outstanding and \$500,000 available under the line of credit which matures March 31, 2023.

NOTE 11 DESIGNATED NET ASSETS

Catholic Charities maintains investments with the Catholic Charities Foundation (Foundation) that presently consists of nine individual funds established for a variety of purposes. These funds include both operating reserves and endowment funds. The endowment funds include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 DESIGNATED NET ASSETS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the prudent management of the corpus of permanently restricted gifts based on the spending and other investment policies of the Organization, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified the following amounts as donor-restricted net assets in perpetuity in the accompanying financial statements:

- The fair value of the gifts donated to the permanent endowment at the end of the fiscal year.
- Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument or statute at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that is not held in perpetuity is classified as donor-restricted net assets held until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31, 2021:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Donor-Restricted Endowment Funds | \$ - | \$ 975,628 | \$ 975,628 |
| Board-Designated Endowment Funds | 1,409,276 | - | 1,409,276 |
| Total | <u>\$ 1,409,276</u> | <u>\$ 975,628</u> | <u>\$ 2,384,904</u> |
| Endowment Net Assets - Beginning of Year | \$ 1,262,772 | \$ 872,011 | \$ 2,134,783 |
| Net Investment Income | 192,048 | 132,619 | 324,667 |
| Appropriation of Endowment Assets for Expenditure | <u>(45,544)</u> | <u>(29,002)</u> | <u>(74,546)</u> |
| Endowment Net Assets - End of Year | <u>\$ 1,409,276</u> | <u>\$ 975,628</u> | <u>\$ 2,384,904</u> |

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 DESIGNATED NET ASSETS (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Donor-Restricted Endowment Funds | \$ - | \$ 872,011 | \$ 872,011 |
| Board-Designated Endowment Funds | 1,262,772 | - | 1,262,772 |
| Total | <u>\$ 1,262,772</u> | <u>\$ 872,011</u> | <u>\$ 2,134,783</u> |
| Endowment Net Assets - Beginning of Year | \$ 1,147,051 | \$ 750,162 | \$ 1,897,213 |
| Net Investment Income | 115,721 | 121,849 | 237,570 |
| Endowment Net Assets - End of Year | <u>\$ 1,262,772</u> | <u>\$ 872,011</u> | <u>\$ 2,134,783</u> |

Description of Amounts Classified as Net Assets with Donor Restrictions (Endowment Only)

The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation is \$745,000. As of December 31, 2021 and 2020, no endowment funds with donor restrictions were temporary in nature.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowments). We have interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2021 and 2020, funds with original gift values of \$745,000, each year and fair values of \$848,617 and \$776,162, respectively were reported in net assets with donor restrictions.

Return Objectives and Risk Parameters

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 maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the annual distribution described below, plus inflation as measured by the trailing 12 months published Consumer Price Index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation intended to achieve its long-term return objectives within prudent risk constraints.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 DESIGNATED NET ASSETS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year no more than 6% of its endowment fund's average market value over the prior 12 quarters. The amount of the annual distribution will be determined annually by the board of directors.

NOTE 12 DONOR-RESTRICTED NET ASSETS

Donor-restricted net assets are available for the following purposes or periods as of December 31:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| For Program Activities: | | |
| Catholic Relief Services | \$ 12,388 | \$ 8,257 |
| Christmas Bureau | 962,880 | 628,052 |
| CCEW Programs | 3,779,621 | 4,292,159 |
| For Future Operations: | | |
| Beneficial Interest in the Foundation | 2,998,928 | 2,895,671 |
| To Be Held in Perpetuity: | | |
| Rising Strong Operating Endowment | 650,000 | 650,000 |
| Land to be used for St. Anne's Childcare Center | 451,800 | 451,800 |
| Walla Walla Housing | 95,000 | 95,000 |
| Total | <u>\$ 8,950,617</u> | <u>\$ 9,020,939</u> |

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by expiration of time restrictions for the years ended December 31:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Purpose Restrictions Accomplished: | | |
| Campaign for Human Development | \$ 3,047 | \$ - |
| Catholic Relief Services | 44,782 | 12,816 |
| CCEW Programs | 2,419,423 | 3,778,270 |
| Total | <u>2,467,252</u> | <u>3,791,086</u> |
| Time Restrictions Accomplished: | | |
| Deferred Contribution - Building Lease | 231,658 | 231,658 |
| Total Restrictions Released | <u>\$ 2,698,910</u> | <u>\$ 4,022,744</u> |

In 2003, the Organization received an in-kind donation of land with an estimated fair value of \$451,800. The use of the land is restricted child-care center at St. Anne's Children and Family Center. In 2006, Catholic Charities received endowment funds held by the Foundation. Included in these funds was \$95,000 restricted for housing in Walla Walla. In 2020, Catholic Charities received endowment funds of \$650,000 to support the Rising Strong program and the Madeline Schaff Family Center at the Sisters Haven.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Organization leases facilities space from various third parties. Office and space at the Holy Names Complex is rented from Catholic Housing Services of Eastern Washington with a base rent of \$466,968 per year.

The future lease commitments for the office machines and office space are as follows:

| Year Ending December 31, | Amount |
|--------------------------|-----------|
| 2022 | \$ 13,175 |
| 2023 | 3,649 |
| 2024 | 1,968 |
| 2025 | 880 |
| Total | \$ 19,672 |

The Organization also leases facilities space from various third parties on a month-to-month basis. Rental expense (included in occupancy expenses in the statements of functional expenses) was approximately \$829,660 and \$511,122 in the years ended December 31, 2021 and 2020, respectively.

Catholic Charities is a party to certain assertions and legal actions arising in the normal course of operations. In this regard, there are no instances management believes that might result in the assertion of additional claims. Based on consultation with counsel and an evaluation of such matters, management is of the opinion that such matters are either adequately covered by insurance or valid defenses exist, and settlement of such matters will not have a material adverse effect on the financial position of Catholic Charities.

NOTE 14 CONCENTRATION OF CREDIT RISK

Catholic Charities maintains deposits in excess of federally insured limits at one financial institution, which potentially subjects the Organization to credit risk. Cash balances include a cash management sweep account that is not insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$2,855,958 and \$2,227,217 as of December 31, 2021 and 2020, respectively.

During the years ended December 31, 2021 and 2020, Catholic Charities received 51% and 40%, respectively, of its operating revenue from contracts with federal, state, or local governmental entities and 17% and 22% from contributions. The amount of governmental grant funding received each year is dependent upon competition within the area for a limited amount of budgeted government funding.

During 2015, Catholic Charities agreed to guarantee operating deficits for the newly constructed Guadalupe Haven of up to \$210,000 during the first three years of operation and the necessary requirements for the LLC to claim the tax credit. Guadalupe Haven opened in the summer of 2017.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 15 GUARANTEES

During 2015, Catholic Charities agreed to guarantee operating deficits for the newly constructed Buder Haven of up to \$130,000 during the first three years of operation and the necessary requirements for the LLC to claim the tax credit.

During 2015, Catholic Charities agreed to guarantee performance by the managing member (Volunteers MM LLC) and ongoing operations for the newly constructed Volunteers LIHTC LLC (The Marilee). The guarantee agreement includes provisions that if the managing member fails to pay or perform any obligations when due, the guarantors will upon demand pay all amounts and perform all other managing member obligations as are necessary to ensure full compliance, including potential payment of compensation for damages resulting for noncompliance. The guarantee remains in effect until the LLC operating agreement is amended.

During 2015, Catholic Charities agreed to guarantee obligations by the managing member (CHSEW) and developer for the newly constructed WWVA Housing LLC (St. Michael's Haven). The guarantee is limited to a maximum amount of \$700,000. The agreement has covenants related to minimum liquidity and minimum net worth of the guarantor (Catholic Charities).

During 2016, Catholic Charities agreed to guarantee operating deficits in the first three years of operation of up to \$150,000 for Fr Bach Housing III LLC (Donna Hanson Haven). The agreement has covenants related to the combined net worth of the investor and guarantor (Catholic Charities) and minimum liquid net assets.

During 2017, Catholic Charities agreed to guarantee a construction loan for Holy Names Housing LLC (Sisters Haven). The agreement includes obligations for completion of the construction as well as the borrowing in the amount of \$9,500,000, guarantee operating deficits of up to \$300,000 in the first three years of operations, and the necessary requirements for the LLC to claim the tax credit. Construction began in early 2018 and was completed in November 2018. The agreement has covenants related to minimum liquid net assets of the Guarantor.

During 2018, Catholic Charities agreed to guarantee a construction loan for Fr Bach Haven IV (Jacklin Haven). The agreement includes obligations for completion of the construction as well as the operations of the property. Construction began in early 2019. The agreement has covenants related to minimum liquid net assets of the Guarantor.

During 2018, Catholic Charities agreed to make operating deficit loans of up to \$850,000 for The New Cathedral Plaza and up to \$475,000 for The New O'Malley during the first five years of operation. Catholic Charities guarantees the operations and guarantees the necessary requirements of the LLCs to claim tax credits. The agreement has covenants related to the combined net worth of the investor and guarantor (Catholic Charities) and minimum liquid net assets.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 15 GUARANTEES (CONTINUED)

During 2017, Catholic Charities agreed to guarantee operating deficits in the first three years of operation of up to \$210,000 for Pope Francis Haven. The agreement has covenants related to the combined net worth of the investor and guarantor (Catholic Charities) and minimum liquid net assets.

During 2018, Catholic Charities agreed to guarantee operating deficits in the first three years of operation of up to \$160,000 for Fr. Bach Haven V (Schweitzer Haven). The agreement has covenants related to the combined net worth of the investor and guarantor (Catholic Charities) and minimum liquid net assets.

As of the years ended December 31, 2021 and 2020, all properties operated by Catholic Housing Services of Eastern Washington (CHSEW) and Volunteers of America (VOA) and guaranteed by Catholic Charities were operating within the specified requirements of their operating agreements and able to cover the costs of operating the projects.

During 2020, Catholic Charities agreed to guarantee operating deficits in the first three years of operation of up to \$275,000 for Gonzaga Haven. The agreement has covenants related to net worth of the investor and guarantor (Catholic Charities) and minimum liquid assets.

During 2021, Catholic Charities agreed to guarantee performance by the managing member (Mother Teresa Haven Manager LLC) and ongoing operations for the Mother Teresa Haven housing project. The guarantee agreement includes provisions that if the managing member fails to pay or perform any obligations when due, the guarantors will upon demand pay all amounts and perform all other managing member obligations as are necessary to ensure full compliance, including potential payment of compensation for damages resulting for noncompliance. The guarantee remains in effect until the managing member obligations have been performed or repaid. The agreement has covenants related to net worth of the guarantors (Catholic Charities and CHSEW) and minimum liquid assets.

NOTE 16 EMPLOYEE RETIREMENT PLAN

Prior to January 1, 2012, the employees of Catholic Charities participated in a defined contribution plan adopted by the Diocese of Spokane. On January 1, 2012, the assets of the retirement and 403(b) plans were transferred to new plans established by Catholic Charities of Spokane. All employees having attained 18 years of age and worked 1,000 hours within a year period are eligible for the defined contribution plan, which incorporates a five-year vesting schedule. Contributions to the defined contribution plan amounted to \$251,679 and \$433,534 during 2021 and 2020, respectively.

NOTE 17 FUNDRAISING

Catholic Charities incurs fundraising expenses related to various causes. Total fundraising expenses were \$817,226 and \$573,609 during 2021 and 2020, respectively.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 18 RELATED PARTY TRANSACTIONS

Catholic Charities Sponsored Housing Complexes

Catholic Charities provides management services to housing complexes sponsored by the Organization. Catholic Charities received the following support and fees from Catholic Housing Services of Eastern Washington and their related property entities:

| | 2021 | 2020 |
|---|--------------|--------------|
| Property Management Services Fees | \$ 1,434,323 | \$ 1,382,445 |
| Housing and Social Services Fees | 705,187 | 695,323 |
| Administrative and Organization Support | 1,250,000 | 680,606 |

The Organization paid Holy Names complex owned by Catholic Housing Services of Eastern Washington \$466,968 and \$448,968 for occupancy expenses in 2021 and 2020, respectively.

Catholic Charities Foundation

The Organization received \$342,922 and \$271,354 in support for Catholic Charities programs from the Catholic Charities Foundation in 2021 and 2020, respectively.

NOTE 19 PPP LOAN

On April 16, 2020 Catholic Charities received proceeds in the amount of \$3,159,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP Loan). The PPP Loan was forgiven by the U.S. Small Business Administration (SBA) in August 2021.

Catholic Charities has classified this loan as a PPP grant for accounting purposes. Catholic Charities recognized grant income in the year ended December 31, 2021 after the PPP Loan was forgiven. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on Catholic Charities' financial position.

NOTE 20 SUBSEQUENT EVENT

Effective January 1, 2022, Catholic Housing Services of Eastern Washington, the primary entity which manages the affordable housing properties sponsored by Catholic Charities, merged with Spokane Housing Ventures. Spokane Housing Ventures is a nonprofit organization which owns and manages affordable housing properties throughout Eastern Washington. The merger was effective through the creation of a new nonprofit organization, Catholic Housing Ventures.

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS DETAIL
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | Catholic Charities General Account | Crisis and Shelters | Family Social Services | Senior and Housing Services | Interagency Eliminations | Total |
|--|---|------------------------|------------------------------|-----------------------------------|-----------------------------|---------------------|
| PUBLIC SUPPORT AND REVENUE | | | | | | |
| Public Support: | | | | | | |
| Contributions | \$ 1,876,462 | \$ 524,814 | \$ 172,156 | \$ 651,932 | \$ - | \$ 3,225,364 |
| Catholic Charities Appeal | 1,620,718 | - | - | - | - | 1,620,718 |
| Governmental Grants and Contracts | 17,197 | 9,017,836 | 916,578 | 1,227,579 | - | 11,179,190 |
| Government Grant - SBA PPP Loan Forgiven | 3,159,300 | - | - | - | - | 3,159,300 |
| Other Grants and Contracts | 798,161 | 1,302,470 | 1,060,911 | 32,514 | - | 3,194,056 |
| Total Public Support | <u>7,471,838</u> | <u>10,845,120</u> | <u>2,149,645</u> | <u>1,912,025</u> | <u>-</u> | <u>22,378,628</u> |
| Revenue: | | | | | | |
| Program Service Fees | 3,016,334 | 440,217 | 30,308 | 1,807,400 | (1,716,234) | 3,578,025 |
| Tuition and Registration | - | - | 1,743,503 | - | - | 1,743,503 |
| Rental Income | 124,660 | 69,341 | 4,675 | 11,910 | (157,354) | 53,232 |
| Investment Income | 267,610 | 214,437 | 16,629 | - | - | 498,676 |
| Change in Beneficial Interest in Assets of | | | | | | |
| Catholic Charities Foundation | 103,257 | - | - | - | - | 103,257 |
| Loss in Housing Partnership Investment | (109,484) | - | - | - | - | (109,484) |
| Transfer | (200,376) | 134,066 | 55,812 | 10,498 | - | - |
| Miscellaneous | 51,184 | 343 | 2,871 | - | - | 54,398 |
| Total Revenue | <u>3,253,185</u> | <u>858,404</u> | <u>1,853,798</u> | <u>1,829,808</u> | <u>(1,873,588)</u> | <u>5,921,607</u> |
| Total Public Support and Revenue | 10,725,023 | 11,703,524 | 4,003,443 | 3,741,833 | (1,873,588) | 28,300,235 |
| EXPENSES | | | | | | |
| Program Services | 4,854,307 | 10,907,644 | 3,849,666 | 3,094,101 | (104,160) | 22,601,558 |
| Management and General | 1,771,627 | 967,961 | 355,743 | 301,847 | (1,749,043) | 1,648,135 |
| Public Relations and Fundraising | 1,249,798 | - | - | - | (20,385) | 1,229,413 |
| Total Expenses | <u>7,875,732</u> | <u>11,875,605</u> | <u>4,205,409</u> | <u>3,395,948</u> | <u>(1,873,588)</u> | <u>25,479,106</u> |
| CHANGES IN NET ASSETS | <u>\$ 2,849,291</u> | <u>\$ (172,081)</u> | <u>\$ (201,966)</u> | <u>\$ 345,885</u> | <u>\$ -</u> | <u>\$ 2,821,129</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – GENERAL ACCOUNT
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | General Program Services | Parish Social Ministries | Christmas Bureau | Healthcare Integration | Total Program Services | Management and General | Public Relations and Fundraising | Total |
|---|--------------------------------|-----------------------------|---------------------|---------------------------|------------------------------|---------------------------|--|---------------------|
| PUBLIC SUPPORT AND REVENUE | | | | | | | | |
| Public Support: | | | | | | | | |
| Contributions | \$ 231,658 | \$ 182,055 | \$ 654,064 | \$ 750 | \$ 1,068,527 | \$ - | \$ 807,935 | \$ 1,876,462 |
| Catholic Charities Christmas Collection | - | - | - | - | - | - | 1,620,718 | 1,620,718 |
| Governmental Grants and Contracts | - | - | - | 17,197 | 17,197 | - | - | 17,197 |
| Government Grant - SBA PPP Loan Forgiven | 3,159,300 | - | - | - | 3,159,300 | - | - | 3,159,300 |
| Other Grants and Contracts | 355,265 | 269,000 | - | 152,570 | 776,835 | 13,326 | 8,000 | 798,161 |
| Total Public Support | <u>3,746,223</u> | <u>451,055</u> | <u>654,064</u> | <u>170,517</u> | <u>5,021,859</u> | <u>13,326</u> | <u>2,436,653</u> | <u>7,471,838</u> |
| Revenue: | | | | | | | | |
| Program Service Fees | 3,016,234 | 100 | - | - | 3,016,334 | - | - | 3,016,334 |
| Rental Income | 124,660 | - | - | - | 124,660 | - | - | 124,660 |
| Net Investment Income | - | - | 77 | - | 77 | 267,851 | (318) | 267,610 |
| Change in Beneficial Interest in Assets of Catholic Charities Foundation | - | - | - | - | - | 103,257 | - | 103,257 |
| Loss from Partnership | (109,484) | - | - | - | (109,484) | - | - | (109,484) |
| Transfer | (385,415) | 230,004 | - | - | (155,411) | (44,965) | - | (200,376) |
| Miscellaneous | 38,711 | 1,560 | - | 177 | 40,448 | - | 10,736 | 51,184 |
| Total Revenue | <u>2,684,706</u> | <u>231,664</u> | <u>77</u> | <u>177</u> | <u>2,916,624</u> | <u>326,143</u> | <u>10,418</u> | <u>3,253,185</u> |
| Total Public Support and Revenue | 6,430,929 | 682,719 | 654,141 | 170,694 | 7,938,483 | 339,469 | 2,447,071 | 10,725,023 |
| EXPENSES | | | | | | | | |
| Program Services | 3,852,095 | 668,590 | 275,314 | 58,308 | 4,854,307 | - | - | 4,854,307 |
| Management and General | - | 35,588 | 44,000 | 11,095 | 90,683 | 1,680,944 | - | 1,771,627 |
| Public Relations and Fundraising | - | - | - | - | - | - | 1,249,798 | 1,249,798 |
| Total Expenses | <u>3,852,095</u> | <u>704,178</u> | <u>319,314</u> | <u>69,403</u> | <u>4,944,990</u> | <u>1,680,944</u> | <u>1,249,798</u> | <u>7,875,732</u> |
| CHANGES IN NET ASSETS | <u>\$ 2,578,834</u> | <u>\$ (21,459)</u> | <u>\$ 334,827</u> | <u>\$ 101,291</u> | <u>\$ 2,993,493</u> | <u>\$ (1,341,475)</u> | <u>\$ 1,197,273</u> | <u>\$ 2,849,291</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – CRISIS AND SHELTERS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | St. Margaret's Shelter | House of Charity | Rising Strong | Integrated Case Management | Walla Walla Loft Teen Shelter | Temporary Shelters | Total |
|-----------------------------------|---------------------------|---------------------|------------------|----------------------------------|----------------------------------|-----------------------|---------------------|
| PUBLIC SUPPORT AND REVENUE | | | | | | | |
| Public Support: | | | | | | | |
| Contributions | \$ 88,820 | \$ 374,364 | \$ 450 | \$ 57,245 | \$ 3,935 | \$ - | \$ 524,814 |
| Governmental Grants and Contracts | 2,068,543 | 1,215,106 | 1,815,840 | 1,833,249 | 546,011 | 1,539,087 | 9,017,836 |
| Other Grants and Contracts | 271,047 | 844,716 | - | 124,624 | 62,083 | - | 1,302,470 |
| Total Public Support | <u>2,428,410</u> | <u>2,434,186</u> | <u>1,816,290</u> | <u>2,015,118</u> | <u>612,029</u> | <u>1,539,087</u> | <u>10,845,120</u> |
| Revenue: | | | | | | | |
| Program Service Fees | 2,365 | - | - | 437,852 | - | - | 440,217 |
| Rental Income | 36,528 | 32,813 | - | - | - | - | 69,341 |
| Investment Income | 98,447 | - | 115,990 | - | - | - | 214,437 |
| Miscellaneous | 308 | - | 35 | - | - | - | 343 |
| Transfers | 102,710 | 9,360 | - | - | 21,996 | - | 134,066 |
| Total Revenue | <u>240,358</u> | <u>42,173</u> | <u>116,025</u> | <u>437,852</u> | <u>21,996</u> | <u>-</u> | <u>858,404</u> |
| Total Public Support and Revenue | 2,668,768 | 2,476,359 | 1,932,315 | 2,452,970 | 634,025 | 1,539,087 | 11,703,524 |
| EXPENSES | | | | | | | |
| Program Services | 2,667,625 | 2,506,490 | 1,735,659 | 2,045,300 | 582,143 | 1,370,427 | 10,907,644 |
| Management and General | 228,972 | 212,785 | 155,638 | 199,074 | 72,757 | 98,735 | 967,961 |
| Total Expenses | <u>2,896,597</u> | <u>2,719,275</u> | <u>1,891,297</u> | <u>2,244,374</u> | <u>654,900</u> | <u>1,469,162</u> | <u>11,875,605</u> |
| CHANGES IN NET ASSETS | <u>\$ (227,829)</u> | <u>\$ (242,916)</u> | <u>\$ 41,018</u> | <u>\$ 208,596</u> | <u>\$ (20,875)</u> | <u>\$ 69,925</u> | <u>\$ (172,081)</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – FAMILY SOCIAL SERVICES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | St. Anne's Children and Family Center | Childbirth and Parenting Assistance | Community Behavioral Health | Immigration and Refugee Services | Walla Walla Regional Office | Total |
|-----------------------------------|---|---|-----------------------------------|--|-----------------------------------|---------------------|
| PUBLIC SUPPORT AND REVENUE | | | | | | |
| Public Support: | | | | | | |
| Contributions | \$ 34,024 | \$ 52,908 | \$ 1,960 | \$ 1,744 | \$ 81,520 | \$ 172,156 |
| Governmental Grants and Contracts | 278,013 | 49,505 | 552,468 | - | 36,592 | 916,578 |
| Other Grants and Contracts | 32,019 | 67,640 | 926,944 | 34,000 | 308 | 1,060,911 |
| Total Public Support | <u>344,056</u> | <u>170,053</u> | <u>1,481,372</u> | <u>35,744</u> | <u>118,420</u> | <u>2,149,645</u> |
| Revenue: | | | | | | |
| Program Service Fees | - | - | 16,964 | 11,230 | 2,114 | 30,308 |
| Tuition and Registration | 1,743,503 | - | - | - | - | 1,743,503 |
| Investment Income | - | - | - | - | 16,629 | 16,629 |
| Rental Income | 4,675 | - | - | - | - | 4,675 |
| Miscellaneous | - | 2,871 | - | - | - | 2,871 |
| Transfer | - | 55,000 | - | - | 812 | 55,812 |
| Total Revenue | <u>1,748,178</u> | <u>57,871</u> | <u>16,964</u> | <u>11,230</u> | <u>19,555</u> | <u>1,853,798</u> |
| Total Public Support and Revenue | 2,092,234 | 227,924 | 1,498,336 | 46,974 | 137,975 | 4,003,443 |
| EXPENSES | | | | | | |
| Program Services | 1,865,223 | 398,636 | 1,336,051 | 110,062 | 139,694 | 3,849,666 |
| Management and General | 184,402 | 43,125 | 99,704 | 11,745 | 16,767 | 355,743 |
| Total Expenses | <u>2,049,625</u> | <u>441,761</u> | <u>1,435,755</u> | <u>121,807</u> | <u>156,461</u> | <u>4,205,409</u> |
| CHANGES IN NET ASSETS | <u>\$ 42,609</u> | <u>\$ (213,837)</u> | <u>\$ 62,581</u> | <u>\$ (74,833)</u> | <u>\$ (18,486)</u> | <u>\$ (201,966)</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – SENIOR AND HOUSING SERVICES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | Senior Services | Housing Social Services | Catholic Housing Communities | Food For All | Total |
|-----------------------------------|--------------------|-------------------------------|------------------------------------|---------------------|-------------------|
| PUBLIC SUPPORT AND REVENUE | | | | | |
| Public Support: | | | | | |
| Contributions | \$ 4,736 | \$ 60,632 | \$ 542,500 | \$ 44,064 | \$ 651,932 |
| Governmental Grants and Contracts | 881,209 | 236,870 | - | 109,500 | 1,227,579 |
| Other Grants and Contracts | - | 962 | - | 31,552 | 32,514 |
| Total Public Support | <u>885,945</u> | <u>298,464</u> | <u>542,500</u> | <u>185,116</u> | <u>1,912,025</u> |
| Revenue: | | | | | |
| Program Service Fees | - | 267,335 | 1,540,065 | - | 1,807,400 |
| Rental Income | - | - | 11,910 | - | 11,910 |
| Transfer | - | 10,498 | - | - | 10,498 |
| Total Revenue | <u>-</u> | <u>277,833</u> | <u>1,551,975</u> | <u>-</u> | <u>1,829,808</u> |
| Total Public Support and Revenue | 885,945 | 576,297 | 2,094,475 | 185,116 | 3,741,833 |
| EXPENSES | | | | | |
| Program Services | 810,890 | 515,699 | 1,490,769 | 276,743 | 3,094,101 |
| Management and General | 67,437 | 90,928 | 118,718 | 24,764 | 301,847 |
| Total Expenses | <u>878,327</u> | <u>606,627</u> | <u>1,609,487</u> | <u>301,507</u> | <u>3,395,948</u> |
| CHANGES IN NET ASSETS | <u>\$ 7,618</u> | <u>\$ (30,330)</u> | <u>\$ 484,988</u> | <u>\$ (116,391)</u> | <u>\$ 345,885</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF FUNCTIONAL EXPENSES DETAIL – GENERAL ACCOUNT
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | Central Program Services | Parish Social Ministries | Healthcare Integration | Christmas Bureau | Total Program Services | Management and General | Public Relations and Fundraising | Total |
|---|--------------------------------|-----------------------------|---------------------------|---------------------|------------------------------|---------------------------|--|---------------------|
| FUNCTIONAL EXPENSES BREAKDOWN | | | | | | | | |
| BY ENTITY | | | | | | | | |
| Salaries | \$ 1,642,170 | \$ 215,048 | \$ 46,995 | \$ - | \$ 1,904,213 | \$ 991,811 | \$ 611,233 | \$ 3,507,257 |
| Employee Benefits and Payroll Taxes | 347,176 | 66,611 | 4,750 | - | 418,537 | 252,003 | 180,758 | 851,298 |
| Total Salaries and Related Expenses | 1,989,346 | 281,659 | 51,745 | - | 2,322,750 | 1,243,814 | 791,991 | 4,358,555 |
| Professional Fees and Contractual Service Payments | 234,056 | 41,800 | 11,137 | 54,771 | 341,764 | 334,291 | 166,603 | 842,658 |
| Supplies | 20,635 | 4,472 | 278 | 3,555 | 28,940 | 7,971 | 25,314 | 62,225 |
| Communications | 29,348 | 1,181 | 994 | - | 31,523 | 3,729 | 3,112 | 38,364 |
| Postage and Shipping | 2,839 | 535 | 104 | 1,945 | 5,423 | 2,597 | 31,522 | 39,542 |
| Printing | 71,826 | 1,812 | 44 | 9,227 | 82,909 | 511 | 103,767 | 187,187 |
| Advertising | 3,698 | 190 | 429 | - | 4,317 | - | 47,052 | 51,369 |
| Occupancy | 122,510 | 9,953 | - | 29,492 | 161,955 | 33,602 | 20,385 | 215,942 |
| Repairs and Maintenance | 26,488 | 5,518 | 1,682 | 351 | 34,039 | 12,060 | 4,117 | 50,216 |
| Transportation | 42,392 | 4,647 | 790 | - | 47,829 | 3,127 | 5,846 | 56,802 |
| Conferences and Conventions/Training | 79,248 | 3,283 | 1,351 | 766 | 84,648 | 33,227 | 16,443 | 134,318 |
| Specific Assistance to Individuals | 5,552 | 284,990 | 849 | 215,998 | 507,389 | - | 17,760 | 525,149 |
| Volunteer Recognition | 1,822 | 206 | - | 3,139 | 5,167 | - | 1,884 | 7,051 |
| Distribution of Pass-Through Funds | 800,000 | 56,926 | - | - | 856,926 | - | 12,000 | 868,926 |
| Miscellaneous | 164,311 | 267 | - | 70 | 164,648 | 851 | 4 | 165,503 |
| Total Expenses Before Depreciation | 3,594,071 | 697,439 | 69,403 | 319,314 | 4,680,227 | 1,675,780 | 1,247,800 | 7,603,807 |
| Depreciation | 258,024 | 6,739 | - | - | 264,763 | 5,164 | 1,998 | 271,925 |
| Total | <u>\$ 3,852,095</u> | <u>\$ 704,178</u> | <u>\$ 69,403</u> | <u>\$ 319,314</u> | <u>\$ 4,944,990</u> | <u>\$ 1,680,944</u> | <u>\$ 1,249,798</u> | <u>\$ 7,875,732</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF FUNCTIONAL EXPENSES DETAIL – CRISIS AND SHELTERS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | St. Margaret's Shelter | House of Charity | Rising Strong | Integrated Case Management | Temporary Shelters | Walla Walla Loft Teen Shelter | Total |
|--------------------------------------|---------------------------|---------------------|---------------------|-------------------------------|-----------------------|----------------------------------|----------------------|
| FUNCTIONAL EXPENSES BREAKDOWN | | | | | | | |
| BY ENTITY | | | | | | | |
| Salaries | \$ 1,133,259 | \$ 1,207,672 | \$ 799,439 | \$ 1,116,150 | \$ 485,842 | \$ 406,973 | \$ 5,149,335 |
| Employee Benefits and Payroll Taxes | 393,750 | 391,675 | 246,642 | 353,468 | 97,129 | 135,770 | 1,618,434 |
| Total Salaries and Related Expenses | <u>1,527,009</u> | <u>1,599,347</u> | <u>1,046,081</u> | <u>1,469,618</u> | <u>582,971</u> | <u>542,743</u> | <u>6,767,769</u> |
| Professional Fees and Contractual | | | | | | | |
| Service Payments | 252,959 | 444,267 | 316,157 | 238,241 | 364,551 | 73,979 | 1,690,154 |
| Supplies | 12,212 | 60,074 | 16,506 | 31,101 | 112,975 | 9,023 | 241,891 |
| Communications | 25,662 | 18,889 | 21,375 | 18,276 | 2,127 | 5,906 | 92,235 |
| Postage and Shipping | 347 | 3,439 | 12 | 12 | - | - | 3,810 |
| Printing | - | 4,817 | 44 | 873 | - | 44 | 5,778 |
| Occupancy | 98,777 | 242,765 | 403,180 | 9,912 | 354,582 | 5,187 | 1,114,403 |
| Repairs and Maintenance | 15,189 | 11,399 | 17,286 | 10,406 | 2,962 | 10,495 | 67,737 |
| Transportation | 4,295 | 5,618 | 20,637 | 4,744 | 4,733 | 1,178 | 41,205 |
| Conferences and Conventions/Training | 20,945 | 16,633 | 7,190 | 7,786 | 766 | 1,772 | 55,092 |
| Specific Assistance to Individuals | 825,067 | 38,918 | 3,766 | 423,944 | 43,495 | 3,518 | 1,338,708 |
| Public Relations and Volunteer Costs | 15,778 | 7,813 | - | - | - | - | 23,591 |
| Distribution of Pass-Through Funds | - | - | - | 28,000 | - | - | 28,000 |
| Miscellaneous | 2,841 | - | 4,840 | 1,461 | - | - | 9,142 |
| Total Expenses Before Depreciation | <u>2,801,081</u> | <u>2,453,979</u> | <u>1,857,074</u> | <u>2,244,374</u> | <u>1,469,162</u> | <u>653,845</u> | <u>11,479,515</u> |
| Depreciation | <u>95,516</u> | <u>265,296</u> | <u>34,223</u> | <u>-</u> | <u>-</u> | <u>1,055</u> | <u>396,090</u> |
| Total | <u>\$ 2,896,597</u> | <u>\$ 2,719,275</u> | <u>\$ 1,891,297</u> | <u>\$ 2,244,374</u> | <u>\$ 1,469,162</u> | <u>\$ 654,900</u> | <u>\$ 11,875,605</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF FUNCTIONAL EXPENSES DETAIL – FAMILY SOCIAL SERVICES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| FUNCTIONAL EXPENSES BREAKDOWN BY ENTITY | St. Anne's Children and Family Center | Childbirth and Parenting Assistance | Community Behavioral Health | Immigration and Refugee Services | Walla Walla Regional Office | Total |
|--|--|---|-----------------------------------|--|-----------------------------------|---------------------|
| Salaries | \$ 1,043,116 | \$ 270,037 | \$ 877,244 | \$ 76,950 | \$ 95,206 | \$ 2,362,553 |
| Employee Benefits and Payroll Taxes | 340,195 | 74,518 | 271,139 | 17,532 | 30,450 | 733,834 |
| Total Salaries and Related Expenses | <u>1,383,311</u> | <u>344,555</u> | <u>1,148,383</u> | <u>94,482</u> | <u>125,656</u> | <u>3,096,387</u> |
| Professional Fees and Contractual | | | | | | |
| Service Payments | 201,008 | 48,726 | 188,048 | 18,610 | 17,297 | 473,689 |
| Supplies | 110,022 | 8,567 | 3,309 | 174 | 99 | 122,171 |
| Communications | 10,200 | 2,580 | 13,558 | 1,015 | 4,211 | 31,564 |
| Postage and Shipping | - | 147 | 849 | 417 | 24 | 1,437 |
| Printing | 544 | 218 | - | 44 | - | 806 |
| Advertising | 288 | 1,091 | 263 | - | 40 | 1,682 |
| Occupancy | 141,708 | 13,499 | 54,227 | 3,124 | 900 | 213,458 |
| Repairs and Maintenance | 12,450 | 3,902 | 14,512 | 578 | 835 | 32,277 |
| Transportation | 608 | 5 | 2,245 | - | 490 | 3,348 |
| Conferences and Conventions/Training | 11,495 | 4,547 | 7,131 | 2,363 | 1,297 | 26,833 |
| Specific Assistance to Individuals | - | 1,748 | 2,595 | 1,000 | 1,011 | 6,354 |
| Public Relations and Volunteer Costs | 52 | 726 | - | - | - | 778 |
| Miscellaneous | (1,795) | - | 635 | - | 350 | (810) |
| Total Expenses Before Depreciation | <u>1,869,891</u> | <u>430,311</u> | <u>1,435,755</u> | <u>121,807</u> | <u>152,210</u> | <u>4,009,974</u> |
| Depreciation | <u>179,734</u> | <u>11,450</u> | <u>-</u> | <u>-</u> | <u>4,251</u> | <u>195,435</u> |
| Total | <u>\$ 2,049,625</u> | <u>\$ 441,761</u> | <u>\$ 1,435,755</u> | <u>\$ 121,807</u> | <u>\$ 156,461</u> | <u>\$ 4,205,409</u> |

CATHOLIC CHARITIES OF SPOKANE
STATEMENT OF FUNCTIONAL EXPENSES DETAIL – SENIOR AND HOUSING SERVICES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| FUNCTIONAL EXPENSES BREAKDOWN BY ENTITY | <u>Senior Services</u> | <u>Housing Social Services</u> | <u>Catholic Housing Communities</u> | <u>Food For All</u> | <u>Total</u> |
|--|----------------------------|--|---|-------------------------|---------------------|
| Salaries | \$ 230,617 | \$ 356,669 | \$ 992,677 | \$ 148,566 | \$ 1,728,529 |
| Employee Benefits and Payroll Taxes | 76,141 | 134,391 | 259,934 | 56,796 | 527,262 |
| Total Salaries and Related Expenses | <u>306,758</u> | <u>491,060</u> | <u>1,252,611</u> | <u>205,362</u> | <u>2,255,791</u> |
| Professional Fees and Contractual | | | | | |
| Service Payments | 82,356 | 91,163 | 282,182 | 25,189 | 480,890 |
| Supplies | 8,352 | 8,934 | 3,502 | 6,273 | 27,061 |
| Communications | 9,554 | 3,981 | 4,199 | 3,059 | 20,793 |
| Postage and Shipping | 548 | - | - | 662 | 1,210 |
| Printing | 1,977 | 131 | 296 | 8,508 | 10,912 |
| Advertising | 1,037 | - | 575 | - | 1,612 |
| Occupancy | 26,302 | - | 37,610 | 7,475 | 71,387 |
| Repairs and Maintenance | 1,124 | 3,827 | 5,153 | 594 | 10,698 |
| Transportation | 349,827 | 6,424 | 10,484 | 4,383 | 371,118 |
| Conferences and Conventions/Training | 6,324 | 473 | 11,690 | 1,152 | 19,639 |
| Specific Assistance to Individuals | 64,420 | 603 | 108 | 22,608 | 87,739 |
| Public Relations and Volunteer Costs | 19,748 | 31 | - | 7,850 | 27,629 |
| Total Expenses Before Depreciation | <u>878,327</u> | <u>606,627</u> | <u>1,608,410</u> | <u>293,115</u> | <u>3,386,479</u> |
| Depreciation | <u>-</u> | <u>-</u> | <u>1,077</u> | <u>8,392</u> | <u>9,469</u> |
| Total | <u>\$ 878,327</u> | <u>\$ 606,627</u> | <u>\$ 1,609,487</u> | <u>\$ 301,507</u> | <u>\$ 3,395,948</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 Directors
Catholic Charities of Spokane
Spokane, 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 Charities of Spokane (the Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, 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 August 17, 2022.

Internal Control Over Financial Reporting

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

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

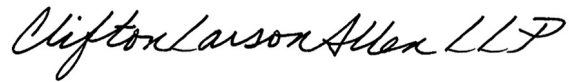
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Spokane, Washington
August 17, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Catholic Charities of Spokane
Spokane, Washington

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities of Spokane's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization'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, the Organization 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 December 31, 2021.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization'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 the Organization'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 the Organization'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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

Board of Directors
Catholic Charities of Spokane

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.



CliftonLarsonAllen LLP

Spokane, Washington
August 17, 2022

**CATHOLIC CHARITIES OF SPOKANE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

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? _____ yes x 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

| Federal Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|---|
| 14.231 | Emergency Solutions Grant |
| 93.087 | RPG (Rising Strong) |
| 97.036 | FEMA (WW) |

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

Auditee qualified as low-risk auditee? _____ yes x no

**CATHOLIC CHARITIES OF SPOKANE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

No matters were reported.

Section III – Findings and Questioned Costs – Major Federal Programs

No matters were reported.

**CATHOLIC CHARITIES OF SPOKANE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

| Grantor/Pass-Through Grantor Program | Federal CFDA Number | Pass-Through Grantor's Number | Period of Award | Total Award Authorized | Amounts Passed Through to Subrecipients | Revenues Recognized During the Year | Expenditures During the Year |
|---|---------------------------|-------------------------------------|---------------------|------------------------------|--|--|------------------------------------|
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | | |
| Passed through the City of Spokane: | | | | | | | |
| Emergency Solutions Grant (SMS ESG RR) | 14.231 | 2020-0034 | 01/01/20 - 06/30/24 | \$ 152,718 | \$ - | \$ 65,013 | \$ 65,013 |
| Emergency Solutions Grant (HOC ESG) | 14.231 | 2020-0061 | 07/01/19 - 06/30/24 | 1,614,706 | - | 725,377 | 725,377 |
| Emergency Solutions Grant - Coronavirus Program (RS WC ESG) | 14.231 | 2020-0843 | 08/15/20 - 06/30/21 | 242,275 | - | 91,839 | 91,839 |
| | | | | 2,009,699 | - | 882,229 | 882,229 |
| Continuum of Care (SMS Operations) | 14.267 | 2020-0817 | 07/01/20 - 07/31/21 | 125,933 | - | 93,795 | 93,795 |
| Continuum of Care (SMS Operations) | 14.267 | 2021-0578 | 08/01/21-7/31/22 | 62,290 | - | 33,175 | 33,175 |
| Continuum of Care (HS COC PSH Consolidation) | 14.267 | 2020-0924 | 01/01/21 - 07/31/21 | 185,270 | - | 157,592 | 157,592 |
| Continuum of Care (HS COC PSH Consolidation) | 14.267 | 2021-0579 | 08/1/21 - 07/31/22 | 219,869 | - | 155,343 | 155,343 |
| Continuum of Care (SMS RRH Project) | 14.267 | 2020-0819 | 11/01/20 - 07/31/21 | 319,543 | - | 179,772 | 179,772 |
| Continuum of Care (SMS RRH Project) | 14.267 | 2021-0581 | 08/1/21 - 07/31/22 | 485,161 | - | 222,810 | 222,810 |
| Continuum of Care (SMS RRH W/Children) | 14.267 | 2020-0901 | 12/01/20 - 07/31/21 | 193,874 | - | 124,504 | 124,504 |
| Continuum of Care (SMS HFCA) | 14.267 | 2020-0821 | 07/01/20 - 07/31/21 | 269,770 | - | 130,029 | 130,029 |
| Continuum of Care (SMS HFCA) | 14.267 | 2021-0580 | 08/1/21 - 07/31/22 | 249,018 | - | 90,261 | 90,261 |
| Continuum of Care (HS COC PSH II) | 14.267 | 2020-0897 | 01/01/21 - 7/31/21 | 160,873 | - | 142,068 | 142,068 |
| Continuum of Care (HS COC PSH II) | 14.267 | 2021-0592 | 08/1/21 - 07/31/22 | 215,949 | - | 118,824 | 118,824 |
| | | | | 2,487,550 | - | 1,448,173 | 1,448,173 |
| Housing Social Service Coordinator Grants: | | | | | | | |
| New Cathedral Plaza | 14.191 | MFSC200026-01-01 | 01/01/21 - 12/31/21 | 57,177 | - | 57,177 | 57,177 |
| The Delaney | 14.191 | MFSC189826-01-04 | 01/01/21 - 12/31/21 | 46,004 | - | 46,004 | 46,004 |
| Fahy West | 14.191 | MFSC189833-01-04 | 01/01/21 - 12/31/21 | 26,777 | - | 26,777 | 26,777 |
| Garden Court | 14.191 | MFSC189834-01-03 | 01/01/21 - 12/31/21 | 14,743 | - | 8,615 | 8,615 |
| Mike Foye | 14.191 | MFSC189835-01-04 | 01/01/21 - 12/31/21 | 18,316 | - | 18,316 | 18,316 |
| Pioneer Square | 14.191 | MFSC189836-01-04 | 01/01/21 - 12/31/21 | 35,941 | - | 18,270 | 18,270 |
| Chewelah Manor | 14.191 | MFSC210029-01-00 | 01/01/21 - 12/31/21 | 71,859 | - | 9,723 | 9,723 |
| Chewelah Manor | 14.191 | MFSC179490 | 01/01/21 - 12/31/21 | 62,901 | - | 8,508 | 8,508 |
| | | | | 333,718 | - | 193,390 | 193,390 |
| Total Department of Housing and Urban Development | | | | 4,830,967 | - | 2,523,792 | 2,523,792 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CATHOLIC CHARITIES OF SPOKANE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

| Grantor/Pass-Through Grantor Program | Federal CFDA Number | Pass-Through Grantor's Number | Period of Award | Total Award Authorized | Amounts Passed Through to Subrecipients | Revenues Recognized During the Year | Expenditures During the Year |
|---|---------------------------|-------------------------------------|-----------------------|------------------------------|--|--|------------------------------------|
| DEPARTMENT OF THE TREASURY | | | | | | | |
| Coronavirus Relief Fund (HS: Remote Court Access) | 21.019 | | 08/01/20 - 12/30/21 | \$ 45,006 | \$ - | \$ 6,786 | \$ 6,786 |
| Coronavirus Relief Fund (SMS ERAP) | 21.019 | 2020-0758 | 08/01/20 - 6/30/21 | 202,000 | - | 29,457 | 29,457 |
| Coronavirus Relief Fund (RS CARES) | 21.019 | | 03/27/20 - 12/30/21 | 31,500 | - | 478 | 478 |
| Coronavirus Relief Fund (BHO and RS CARES) | 21.019 | | 2021 | 3,025 | - | 3,025 | 3,025 |
| Coronavirus Relief Fund (SACFC DCYF COVID) | 21.019 | | 2020-2021 | 42,460 | - | 42,460 | 42,460 |
| Passed through the Community Minded Enterprises: | | | | | | | |
| Coronavirus Relief Fund (SACFC CARES Grant) | 21.019 | | 2021 | 30,000 | - | 30,000 | 30,000 |
| Spokane County Cares 2020 (SACFC) | 21.019 | | | 19,093 | - | 19,093 | 19,093 |
| HOC WSDA | 21.019 | K3360 | 01/01/21-06/30/21 | 52,190 | - | 52,190 | 52,190 |
| | | | | 425,274 | - | 183,489 | 183,489 |
| Coronavirus Relief Fund (RS) | 21.027 | | 2020-2021 | 492,389 | - | 492,389 | 492,389 |
| FFA Farm to Food Pantry | 21.027 | 167-375-500 | 9/23/21-6/30/22 | 3,960 | - | 3,564 | 3,564 |
| | | | | 496,349 | - | 495,953 | 495,953 |
| Total Department of the Treasury | | | | 921,623 | - | 679,442 | 679,442 |
| FEMA | | | | | | | |
| Passed through United Way of Spokane County: | | | | | | | |
| FEMA - HOC and SMS | 97.024 | 37-8928-00 002 E9 | 01/01/20 - 05/31/21 | 66,336 | \$ - | 33,168 | 33,168 |
| FEMA - HOC and SMS | 97.024 | CARES-8928-00 002 E9 | 01/27/20 - 05/31/21 | 104,475 | - | 38,787 | 38,787 |
| FEMA - HOC and SMS | 97.024 | 38-8928-00 002 E1 | 01/01/20 - 10/31/21 | 56,177 | - | 56,177 | 56,177 |
| Passed through United Way of Walla Walla County: | | | | | | | |
| FEMA - WW | 97.024 | 37-8938-00 012 E1 | 01/01/20 - 05/31/21 | 7,500 | - | 3,750 | 3,750 |
| | | | | 234,488 | - | 131,882 | 131,882 |
| Passed through United Way of Spokane County: | | | | | | | |
| FEMA - TS CARES ACT IHRC | 97.036 | CARES-8938-00 012 E1 | 03/01/21 - 05/31/2021 | 910,386 | - | 764,830 | 764,830 |
| Total FEMA | | | | 1,144,874 | - | 896,712 | 896,712 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CATHOLIC CHARITIES OF SPOKANE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

| Grantor/Pass-Through Grantor Program | Federal CFDA Number | Pass-Through Grantor's Number | Period of Award | Total Award Authorized | Amounts Passed Through to Subrecipients | Revenues Recognized During the Year | Expenditures During the Year |
|--|---------------------------|-------------------------------------|---------------------|------------------------------|--|--|------------------------------------|
| DEPARTMENT OF AGRICULTURE | | | | | | | |
| ST WA Child and Adult Care Food Program | 10.558 | 06-32-01-0573 | 1/1/2021-12/31/2021 | \$ - | \$ - | \$ 24,109 | \$ 24,109 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Cluster | 10.561 | 750-731-1102 | 10/01/20 - 9/30/21 | 91,520 | - | 69,105 | 69,105 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Cluster | 10.561 | 750-731-1102 | 10/01/21 - 09/30/22 | 93,922 | - | 21,535 | 21,535 |
| | | | | 185,442 | - | 90,640 | 90,640 |
| FFA Operations (ALTCEW) | 10.576 | 2021:67:08 | 06/01/21 - 11/30/21 | 20,831 | - | 7,062 | 7,062 |
| Total Department of Agriculture | | | | 206,273 | - | 121,811 | 121,811 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | |
| CAPA Program - ST WA Division of Children, Youth, and Families | 93.590 | 20-1180-02 | 07/01/19 - 07/15/21 | 74,946 | - | 28,404 | 28,404 |
| CAPA Program - ST WA Division of Children, Youth, and Families | 93.590 | 22-1107-01 | 07/01/21 - 07/15/22 | 55,972 | - | 21,101 | 21,101 |
| | | | | 130,918 | - | 49,505 | 49,505 |
| Enhanced Safety of Children Affected by Substance Abuse (Rising Strong) | 93.087 | 90CU0081-04-01 | 09/30/20 - 09/29/21 | 988,125 | - | 751,023 | 751,023 |
| Enhanced Safety of Children Affected by Substance Abuse (Rising Strong) | 93.087 | 90CU0081-05-01 | 09/30/20- 09/29/22 | 594,000 | - | 127,498 | 127,498 |
| | | | | 1,582,125 | - | 878,521 | 878,521 |
| Washington State HCA - Fidelity Review Services | 93.958 | K4442 -01 | DOE - 6/30/2021 | 10,000 | - | 10,000 | 10,000 |
| Washington State HCA - Fidelity Review Services | 93.958 | K5156 | DOE - 9/30/2021 | 5,000 | - | 5,000 | 5,000 |
| | | | | 15,000 | - | 15,000 | 15,000 |
| Behavioral Health Services - Pathfinders | 93.959 | K3334-07 | 01/01/19 - 08/01/22 | 350,298 | - | 120,844 | 120,844 |
| Passed through Spokane Regional Health District SRHD - (TS CARES Act IHRC) | 93.224 | 800-811-1629 | 03/01/20 - 12/31/21 | 3,288,099 | - | 633,324 | 633,324 |
| COVID-19 (DCYF Spring 2021 Child Care) | 93.575 | | 2021 | 19,300 | - | 19,300 | 19,300 |
| Total Department of Health and Human Services | | | | 5,385,740 | - | 1,716,494 | 1,716,494 |
| Federal Transit Administration | | | | | | | |
| Spokane Transit Authority - Volunteer Chore Services | 20.513 | 2018-10214 | 04/30/19 - 12/31/21 | 66,600 | - | 24,518 | 24,518 |
| Total Federal Transit Administration | | | | 66,600 | - | 24,518 | 24,518 |
| Total Expenditures of Federal Awards | | | | \$ 12,556,076 | \$ - | \$ 5,962,769 | \$ 5,962,769 |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CATHOLIC CHARITIES OF SPOKANE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Catholic Charities of Spokane and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 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. Under these principles, certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COSTS

Catholic Charities of Spokane has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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