

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
For the Years Ended June 30, 2021 and 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Catholic Charities and Affiliates
Portland, Oregon

We have audited the accompanying consolidated financial statements of Catholic Charities (a nonprofit corporation) and affiliates, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Catholic Charities and affiliates' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities and affiliates' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

The Right People Beside You.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities and affiliates as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of Catholic Charities and affiliates' 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 and affiliates' 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 and affiliates' internal control over financial reporting and compliance.



Jones & Roth, P.C.
Eugene, Oregon
February 25, 2022

CONSOLIDATED FINANCIAL STATEMENTS

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash, unrestricted	\$ 2,363,024	\$ 3,149,911
Cash, restricted	3,432,748	3,373,228
Accounts receivable	4,609,256	4,747,967
Prepaid expenses	<u>543,913</u>	<u>483,124</u>
 Total current assets	 <u>10,948,941</u>	 <u>11,754,230</u>
 Property and equipment, net	 <u>39,196,956</u>	 <u>39,547,202</u>
Other assets		
Deposits and prepayments	486,051	452,327
Unconditional promises to give receivable	680,200	-
Notes and interest receivable from related parties	4,426,746	4,265,440
Board designated investments	4,149,327	3,649,736
Interests in trusts	498,668	443,613
Interests in limited partnerships	580,231	580,231
Other non-current assets	<u>285,659</u>	<u>73,770</u>
 Total other assets	 <u>11,106,882</u>	 <u>9,465,117</u>
 Total assets	 <u><u>\$ 61,252,779</u></u>	 <u><u>\$ 60,766,549</u></u>

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,407,223	\$ 1,595,957
Accrued payroll and related liabilities	961,861	894,437
Other accrued liabilities	449,653	288,078
Short-term portion of long-term debt	<u>720,481</u>	<u>957,922</u>
Total current liabilities	<u>3,539,218</u>	<u>3,736,394</u>
Long-term liabilities		
Deferred revenue	194,577	681,167
Interest payable	803,063	781,840
Long-term debt, net of current portion and unamortized debt issuance costs	<u>24,320,869</u>	<u>24,691,498</u>
Total long-term liabilities	<u>25,318,509</u>	<u>26,154,505</u>
Total liabilities	<u>28,857,727</u>	<u>29,890,899</u>
Net assets		
Net assets without donor restrictions:		
Board-designated	4,149,327	3,649,736
Undesignated	<u>13,641,890</u>	<u>14,470,119</u>
Total net assets without donor restrictions	17,791,217	18,119,855
Net assets with donor restrictions	<u>14,603,835</u>	<u>12,755,795</u>
Total net assets	<u>32,395,052</u>	<u>30,875,650</u>
Total liabilities and net assets	<u>\$ 61,252,779</u>	<u>\$ 60,766,549</u>

The accompanying notes are an integral part of these consolidated financial statements.

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants	\$ 7,885,244	\$ 2,267,612	\$ 10,152,856
Contracts	9,568,551	-	9,568,551
Contributions and gifts	2,857,811	680,200	3,538,011
Service fees and other	1,336,443	-	1,336,443
Rental income	4,463,975	-	4,463,975
Investment income	1,107,790	-	1,107,790
Net assets released from restrictions	<u>1,099,772</u>	<u>(1,099,772)</u>	<u>-</u>
Total revenue and support	<u>28,319,586</u>	<u>1,848,040</u>	<u>30,167,626</u>
Expenses			
Program services:			
Domestic violence services	2,010,903	-	2,010,903
Economic and financial services	7,644,003	-	7,644,003
Education programs and youth services	1,549,316	-	1,549,316
Family support and counseling services	718,763	-	718,763
Housing and homeless services	2,742,217	-	2,742,217
Housing development and asset management	5,920,602	-	5,920,602
Immigration and legal services	1,142,480	-	1,142,480
Refugee services	<u>1,090,431</u>	<u>-</u>	<u>1,090,431</u>
Total program services	<u>22,818,715</u>	<u>-</u>	<u>22,818,715</u>
Supporting services:			
General and administrative	4,109,631	-	4,109,631
Fundraising	<u>1,719,878</u>	<u>-</u>	<u>1,719,878</u>
Total supporting services	<u>5,829,509</u>	<u>-</u>	<u>5,829,509</u>
Total expenses	<u>28,648,224</u>	<u>-</u>	<u>28,648,224</u>
Change in net assets	(328,638)	1,848,040	1,519,402
Net assets, beginning of year	<u>18,119,855</u>	<u>12,755,795</u>	<u>30,875,650</u>
Net assets, end of year	<u>\$ 17,791,217</u>	<u>\$ 14,603,835</u>	<u>\$ 32,395,052</u>

The accompanying notes are an integral part of these consolidated financial statements.

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants	\$ 4,607,611	\$ 601,464	\$ 5,209,075
Contracts	8,352,004	-	8,352,004
Contributions and gifts	2,941,659	-	2,941,659
Service fees and other	3,281,474	-	3,281,474
Rental income	4,141,106	-	4,141,106
Investment income	144,531	-	144,531
Net assets released from restrictions	<u>222,477</u>	<u>(222,477)</u>	<u>-</u>
Total revenue and support	<u>23,690,862</u>	<u>378,987</u>	<u>24,069,849</u>
Expenses			
Program services:			
Domestic violence services	1,682,264	-	1,682,264
Economic and financial services	3,138,344	-	3,138,344
Education programs and youth services	1,183,286	-	1,183,286
Family support and counseling services	687,539	-	687,539
Housing and homeless services	3,833,785	-	3,833,785
Housing development and asset management	5,661,648	-	5,661,648
Immigration and legal services	1,196,062	-	1,196,062
Refugee services	<u>1,069,793</u>	<u>-</u>	<u>1,069,793</u>
Total program services	<u>18,452,721</u>	<u>-</u>	<u>18,452,721</u>
Supporting services:			
General and administrative	3,043,853	-	3,043,853
Fundraising	<u>1,468,313</u>	<u>-</u>	<u>1,468,313</u>
Total supporting services	<u>4,512,166</u>	<u>-</u>	<u>4,512,166</u>
Total expenses	<u>22,964,887</u>	<u>-</u>	<u>22,964,887</u>
Change in net assets	725,975	378,987	1,104,962
Net assets, beginning of year	<u>17,393,880</u>	<u>12,376,808</u>	<u>29,770,688</u>
Net assets, end of year	<u>\$ 18,119,855</u>	<u>\$ 12,755,795</u>	<u>\$ 30,875,650</u>

The accompanying notes are an integral part of these consolidated financial statements.

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services										General and Administrative	Total Expenses
	Domestic Violence Services	Economic and Financial Services	Education Programs and Youth Services	Family Support and Counseling Services	Housing and Homeless Services	Housing Development and Asset Management	Immigration and Legal Services	Refugee Services	Total Program Services	Fundraising		
Salaries and wages	\$ 872,541	\$ 1,385,541	\$ 808,693	\$ 403,092	\$ 1,404,774	\$ 333,762	\$ 701,041	\$ 521,256	\$ 6,430,700	\$ 838,055	\$ 1,852,755	\$ 9,121,510
Payroll taxes	69,880	123,506	76,911	34,173	124,182	28,772	59,879	44,163	561,466	70,858	127,986	760,310
Workers compensation	397	7,970	1,023	4,031	9,238	3,338	7,011	5,213	38,221	6,672	59,426	104,319
Employee benefits	251,728	329,029	220,134	79,168	388,788	61,841	178,360	157,088	1,666,136	151,025	371,112	2,188,273
Retirement	1,200	24,152	1,948	14,275	29,506	12,823	25,101	13,692	122,697	25,052	65,644	213,393
Independent contractors	10,438	621,404	3,972	72,203	281,610	459,555	2,050	2,995	1,454,227	34,556	561,182	2,049,965
Insurance	10,136	14,874	9,493	3,511	19,468	8,288	6,513	6,028	78,311	5,962	13,086	97,359
Occupancy	90,212	144,041	39,484	40,057	133,333	2,265,648	68,384	63,090	2,844,249	63,676	139,005	3,046,930
Telephone and internet	14,045	18,769	15,765	5,280	36,010	2,454	7,462	9,288	109,073	7,270	18,240	134,583
Equipment and equipment maintenance	11,032	73,995	101,410	23,968	84,483	15,021	43,343	43,207	396,459	39,462	73,659	509,580
Other professional fees	3,250	450	(2,388)	9,905	4,505	-	1,172	-	16,894	18,667	16,356	51,917
Interpreter	-	1,387	-	6,916	45	-	105	17,878	26,331	-	-	26,331
Food and office supplies	32,646	26,989	102,208	3,381	19,906	1,751	6,000	3,991	196,872	12,477	8,027	217,376
Postage	239	2,398	542	998	2,522	526	3,459	1,645	12,329	2,621	2,865	17,815
Printing and photocopying	8,667	7,597	11,183	805	8,477	742	3,007	2,116	42,594	8,482	23,528	74,604
Books and publications	-	-	2,883	-	385	-	280	-	3,548	464	438	4,450
Parking and mileage	2,580	8,374	3,217	482	7,132	1,872	650	6,530	30,837	7,490	8,305	46,632
Conferences and staff development	12,367	3,786	6,788	886	4,561	273	4,312	379	33,352	4,625	12,075	50,052
Meals and refreshments	-	200,343	18,067	32	3,344	561	499	345	223,191	1,796	3,445	228,432
Volunteer recognition	-	524	1,383	791	1,413	75	575	1,191	5,952	485	36,051	42,488
Dues	-	119	5,000	431	-	4,060	3,152	94	12,856	1,767	4,702	19,325
Bank charges	201	3,306	-	318	-	-	1,799	-	5,624	31,722	18,103	55,449
Miscellaneous	-	6,093	78	331	5,877	128	1,676	3,673	17,856	2,401	283,576	303,833
Sponsorships, advertising/marketing	294	13,627	1,183	-	4,576	-	-	-	19,680	233,426	-	253,106
Event expense	-	180	-	262	417	-	-	-	859	137,372	-	138,231
Grants to affiliated organizations	-	-	-	-	-	-	-	-	-	-	212,946	212,946
Client assistance	616,538	4,606,687	118,114	4,576	126,768	368	1,339	172,510	5,646,900	1,793	-	5,648,693
Interest expense	-	2,123	-	-	-	873,494	-	-	875,617	-	10,860	886,477
Depreciation and amortization	2,512	16,739	2,225	8,891	40,897	1,845,250	15,311	14,059	1,945,884	11,702	34,329	1,991,915
Accounting and auditing	-	-	-	-	-	-	-	-	-	-	151,930	151,930
Total expenses	\$ 2,010,903	\$ 7,644,003	\$ 1,549,316	\$ 718,763	\$ 2,742,217	\$ 5,920,602	\$ 1,142,480	\$ 1,090,431	\$ 22,818,715	\$ 1,719,878	\$ 4,109,631	\$ 28,648,224

The accompanying notes are an integral part of these consolidated financial statements.

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services										General and Administrative	Total Expenses
	Domestic Violence Services	Economic and Financial Services	Education Programs and Youth Services	Family Support and Counseling Services	Housing and Homeless Services	Housing Development and Asset Management	Immigration and Legal Services	Refugee Services	Total Program Services	Fundraising		
Salaries and wages	\$ 716,424	\$ 844,067	\$ 741,666	\$ 426,306	\$ 1,316,313	\$ 314,376	\$ 681,778	\$ 417,980	\$ 5,458,910	\$ 616,713	\$ 1,715,044	\$ 7,790,667
Payroll taxes	69,856	73,901	72,611	35,373	115,211	27,048	57,580	36,069	487,649	51,576	128,531	667,756
Workers compensation	5,547	7,956	5,867	3,618	11,395	2,518	6,320	4,166	47,387	5,554	17,706	70,647
Employee benefits	204,622	210,547	221,002	101,881	390,437	57,828	168,623	131,913	1,486,853	132,340	231,060	1,850,253
Retirement	10,159	18,282	8,265	11,853	33,194	6,881	19,217	14,401	122,252	12,013	29,388	163,653
Independent contractors	-	616,879	-	18,307	622,935	404,946	125,056	-	1,788,123	82,652	79,855	1,950,630
Disaster relief payment	-	37,800	-	-	-	-	-	-	37,800	-	-	37,800
Insurance	6,757	8,938	1,137	5,145	20,434	6,773	8,479	6,808	64,471	5,107	2,489	72,067
Occupancy	85,696	68,154	24,848	32,204	140,116	2,432,795	55,574	40,185	2,879,572	37,281	45,651	2,962,504
Telephone and internet	13,535	10,551	8,038	5,547	26,494	3,652	8,203	8,992	85,012	3,433	9,056	97,501
Equipment and equipment maintenance	7,143	36,114	2,618	8,109	27,037	2,933	9,053	6,375	99,382	8,915	57,061	165,358
Other professional fees	17,159	37,702	17,658	21,108	7,071	78,832	5,620	22,634	207,784	61,998	201,619	471,401
Interpreter	-	-	-	-	-	-	-	12,497	12,497	-	-	12,497
Office supplies	10,838	18,056	36,444	4,540	22,463	4,372	10,096	4,566	111,375	8,669	23,486	143,530
Postage	380	3,202	53	2,449	5,235	1,654	6,325	3,197	22,495	9,445	2,433	34,373
Printing and photocopying	9,512	6,606	3,090	2,915	14,989	1,428	7,958	3,291	49,789	22,916	25,724	98,429
Books and publications	-	145	311	284	-	-	-	-	740	20,408	626	21,774
Parking and mileage	9,534	4,768	7,846	2,066	16,148	4,095	1,954	20,750	67,161	1,323	8,482	76,966
Conferences and staff development	8,458	7,241	650	106	8,679	11,645	3,171	1,685	41,635	6,012	26,362	74,009
Meals and refreshments	529	81,837	9,588	-	5,281	1,355	1,419	37	100,046	3,466	10,041	113,553
Volunteer recognition	107	1,143	2,070	785	1,439	241	420	1,113	7,318	1,338	1,989	10,645
Dues	153	429	-	413	-	6,545	375	180	8,095	23,681	35,048	66,824
Bank charges	-	943	-	1,057	-	-	1,588	113	3,701	34,074	20,418	58,193
Miscellaneous	-	5,544	948	1,830	1,069	339	14,291	17,196	41,217	5,851	49,845	96,913
Sponsorships, advertising/marketing	-	-	-	-	-	-	-	-	-	88,726	1,570	90,296
Event expense	-	-	-	-	94	-	-	-	94	221,809	13,786	235,689
Client assistance	505,855	1,035,464	18,576	40	1,021,278	-	20	313,652	2,894,885	1,466	283	2,896,634
Interest expense	-	-	-	-	-	619,896	-	-	619,896	-	144,916	764,812
Depreciation	-	2,075	-	1,603	26,473	1,671,496	2,942	1,993	1,706,582	1,547	70,223	1,778,352
Accounting and auditing	-	-	-	-	-	-	-	-	-	-	91,161	91,161
Total expenses	\$ 1,682,264	\$ 3,138,344	\$ 1,183,286	\$ 687,539	\$ 3,833,785	\$ 5,661,648	\$ 1,196,062	\$ 1,069,793	\$ 18,452,721	\$ 1,468,313	\$ 3,043,853	\$ 22,964,887

The accompanying notes are an integral part of these consolidated financial statements.

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,519,402	\$ 1,104,962
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,991,915	1,778,352
Unrealized gain on investments	(454,649)	(95,149)
(Gain) loss on investments	(401,250)	211,075
(Gain) on sale of real estate	-	(91,772)
Changes in certain assets and liabilities:		
Unconditional promises to give receivable	(680,200)	-
Accounts receivable	138,711	(860,093)
Other non-current assets	(212,389)	500
Prepaid expenses and deposits	(94,513)	(197,936)
Accounts payable and other accrued liabilities	(27,160)	889,390
Accrued payroll and related items	67,424	166,572
Deferred revenue	(486,590)	423,861
Accrued interest payable	21,224	256,780
	<u>1,381,925</u>	<u>3,586,542</u>
Cash flows from investing activities		
Sales of investments	1,766,685	815,418
Purchases of investments	(1,464,932)	-
Increase in notes and interest receivable from related parties	(161,306)	(415,447)
Acquisition of property and equipment	(1,624,547)	(514,452)
Proceeds from sales of fixed assets	-	400,141
	<u>(1,484,100)</u>	<u>285,660</u>
Cash flows from financing activities		
Proceeds from notes payable	-	1,189,446
Principal payments on notes payable	(625,192)	(506,931)
Net payments on lines of credit	-	(1,918,216)
	<u>(625,192)</u>	<u>(1,235,701)</u>
Net increase (decrease) in cash and restricted cash	(727,367)	2,636,501
Cash and restricted cash, beginning of year	<u>6,523,139</u>	<u>3,886,638</u>
Cash and restricted cash, end of year	<u>\$ 5,795,772</u>	<u>\$ 6,523,139</u>

The accompanying notes are an integral part of these consolidated statements.

CATHOLIC CHARITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
For the Years Ended June 30, 2021 and 2020

	2021	2020
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 848,131	\$ 508,032
 Supplemental schedule of noncash investing and financing activities		
Total acquisition of property and equipment	\$ 1,624,547	\$ 4,322,089
Noncash acquisition of property and equipment	-	(3,807,637)
Total cash paid for property and equipment	\$ 1,624,547	\$ 514,452
Total increase in long-term debt	\$ -	\$ 5,874,299
Noncash assumption of long-term debt	-	(4,684,853)
Total cash proceeds from issuance of long-term debt	\$ -	\$ 1,189,446

The accompanying notes are an integral part of these consolidated statements.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Activities

Nature of Operations

Catholic Charities is a nonprofit 501(c)(3) corporation registered with the Corporation Division of the State of Oregon. Catholic Charities has seven corporate members with the Archbishop of the Archdiocese of Portland in Oregon (Archdiocese) as its Chair. A Board of Directors establishes policies and sets the overall direction of Catholic Charities.

Catholic Charities' Mission Statement

Inspired by the transformative power of God's love, Catholic Charities, the social service arm of the Catholic Church of Western Oregon, partners with the most vulnerable, regardless of faith, to achieve lasting solutions to poverty and injustice.

Catholic Charities' Vision for Society and the Organization

Catholic Charities envisions a society in which all people: thrive economically, socially, and spiritually; cultivate diverse, respectful, and just communities; recognize the inherent dignity and sanctity of human life.

Catholic Charities of Oregon achieves lasting solutions to poverty and injustice by partnering with clients to meet their economic and educational goals and to support their physical and social well-being.

Catholic Charities has service programs and closely affiliated agencies that work to accomplish the mission. Two of these affiliated agencies are regional in scope: Mid-Willamette Valley and Central Coast and Lane County. Another is Archdiocesan in scope: CYO/Camp Howard. In addition, grants are given through Catholic Charities to Catholic-affiliated and other social service agencies serving the needy throughout the Archdiocese. These affiliated agencies are not consolidated in the financial statements of Catholic Charities.

Another affiliated agency is culturally specific in scope: El Programa Hispano Católico which is consolidated in the financial statements of Catholic Charities.

2. Significant Accounting Policies

Method of Accounting

The accrual method of accounting is used for consolidated financial statement purposes.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Significant Accounting Policies, continued

Consolidation

The consolidated financial statements of Catholic Charities also include the accounts of Catholic Charities' affiliates, Caritas Housing Initiatives, LLC; Caritas Community Housing Corporation; Caritas Powell Properties, LLC; Caritas Preservation Properties LLC; Clark Family Center; Caritas Sacred Heart Villa, LLC; El Programa Hispano Católico; Rain Garden GP, LLC; McCoy Village GP, LLC; Caritas Villa Capri GP, LLC; Good Shepherd Village LLC; Renaissance Court, Inc.; Kateri Park LP; Caritas Plaza (formerly St. Vincent dePaul Plaza); and Caritas Villa (formerly St. Vincent dePaul Villa). Catholic Charities is the sole member of Caritas Housing Initiatives, LLC; El Programa Hispano Católico; and Good Shepherd Village LLC; and has majority representation on the Boards of Directors of Caritas Community Housing Corporation, Clark Family Center, Renaissance Court, Inc., Caritas Plaza, and Caritas Villa. Caritas Housing Initiatives, LLC is the sole member of Caritas Powell Properties, LLC; Caritas Preservation Properties, LLC; Caritas Sacred Heart Villa, LLC; Casa Verde Apartments, LP; Caritas Villa Capri GP, LLC; North Slope, LP; and Kateri Park, LP and these entities are included in the Caritas Housing Initiatives, LLC column in the consolidating statements of financial position and activities. All inter-organizational accounts and transactions have been eliminated in consolidation. Separate audits for El Programa Hispano Católico, Renaissance Court, Inc., Caritas Plaza, and Caritas Villa are available upon request.

Estimates

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

Property and Equipment

Property and equipment acquisitions are capitalized at cost, when purchased, or at fair value at the date of gift, when donated. Depreciation and amortization of property and equipment is computed for consolidated financial statement purposes using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are 40 years for buildings, 15 years for improvements, and 5 years for autos, furniture and fixtures.

Net Assets

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit Catholic Charities to use all or part of the income earned on related investments for general or specific purposes.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Significant Accounting Policies, continued

Recognition of Donor Restricted Contributions

Catholic Charities reports gifts of cash and other assets as net assets with donor restrictions 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 purpose for the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donations with donor restrictions for which the restriction is met during the same fiscal year are recorded as net assets without donor restriction. 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 with donor restrictions. For such contributions where donors stipulate how long those long-lived assets must be maintained, the net assets are released from restriction over the period of time the asset is restricted or its estimated useful life, if shorter.

Bequests and Promises to Give Receivable

Bequests and unconditional promises to give receivables that are collectible within one year are recorded at estimated net realizable value. Bequests and unconditional promises to give receivables collectible in more than one year are recorded at the present value of estimated future cash flows.

Cash Equivalents

For purposes of the consolidated statements of cash flows, all highly liquid investments available for current use with an initial maturity of three months or less are deemed to be cash equivalents.

Concentration of Credit Risk

Catholic Charities maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2021 and 2020, cash balances exceeded insured limits by \$3,808,523 and \$4,329,755, respectively. Catholic Charities has not experienced any losses in such accounts.

Receivables

Receivables consist of grants, contracts, and service fees receivable and are stated at net realizable value.

Notes Receivable, Related Parties, and Interest Receivable, Related Parties

Notes receivable, related parties, include notes due from the limited partnerships for which Catholic Charities and affiliates are the General Partner. The notes are stated at their unpaid principal balance. Interest on notes is recognized over the term of the loan. The notes are secured by real estate. Management assessed the need for an allowance for uncollectible notes receivable and interest receivable due from related parties and determined no allowance was necessary for the years ended June 30, 2021 and 2020. The assessment is based upon expected ability for the respective limited partnerships to pay the debt before or at the time of assumption of the limited partner interest by Catholic Charities and affiliates which is to occur at some future point in accordance with the respective partnership agreements. This evaluation is inherently subjective as it requires significant estimates that are susceptible to future revisions. It is not practical to estimate the fair value of the notes; the carrying amount of the notes approximates fair value.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Significant Accounting Policies, continued

Investments

Investments are recorded at fair value based on market prices, as defined in Note 4.

Interest in Limited Partnerships

Catholic Charities accounts for its interest in the various housing limited partnerships using the equity method and are carried at cost adjusted annually for the proportionate share of earnings and losses. It is not practical to estimate the fair value of partnership interests held by Catholic Charities.

Revenue Recognition

A substantial portion of the public support and revenue of Catholic Charities is derived from grants and contracts administered by various federal, state, and local government agencies. Revenue from these grants and contracts is subject to audits that could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first reasonably be determined, normally upon notification by the government agency. During the years ended June 30, 2021 and 2020, no such adjustments were made.

Interest in Charitable Remainder Trust

Catholic Charities has a 100 percent remainder interest in one charitable remainder trust held by a third-party trustee.

Catholic Charities' interest in the trust has been recorded as a net asset with donor restriction measured at the present value of expected future cash receipts from the trust's assets, which is estimated to be Catholic Charities' percentage of the fair value of the trust's assets.

Distributions from the trust are recorded as released from donor restricted net assets when received. Changes in the amount reported as an asset are recorded as an increase or decrease to net assets with donor restrictions.

Interest in Perpetual Trust

Catholic Charities has a 25 percent beneficial interest in a perpetual trust. The assets in this trust are held and managed by a bank. Under the terms of the trust, Catholic Charities has the irrevocable right to receive a percentage of the income earned on the trust assets in perpetuity, but never receives the assets held in trust.

Catholic Charities' interest in the trust has been recorded as a net asset with donor restriction measured at the present value of expected future cash receipts from the trust's assets (estimated to be the fair value of the trust assets).

Distributions from the trust are recorded as release from donor restricted net assets when received. Changes in the amount reported as an asset are recorded as an increase or decrease in net assets with donor restrictions.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Significant Accounting Policies, continued

Financial Instruments

Catholic Charities' financial instruments consist of accounts receivable, investments, pledges receivable, notes receivable, interests in charitable remainder trusts, interest in perpetual trust, accounts payable, other accrued liabilities, and long-term debt. The investments are adjusted to fair value based on quoted market price (level 1 inputs) at each consolidated statement of financial position date. Therefore, those assets are exposed to significant market fluctuation. It is management's opinion that Catholic Charities is not exposed to significant interest rate risk or credit risk arising from any of the aforementioned instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Deferred Revenue

Deferred revenue represents amounts received on exchange transactions for which remaining performance obligations have not yet been met.

Donated Services, Materials, and Equipment

Catholic Charities recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2021 and 2020, there were no donated services.

Also, a substantial number of volunteers have donated significant amounts of their time to Catholic Charities' program services and fundraising campaigns. However, these donated services have not been reflected in the accompanying consolidated financial statements because the appropriate criteria for valuing/recognizing these services have not been met.

Development Fees

Caritas Housing Initiatives LLC, Caritas Community Housing Corporation, and Caritas Powell Properties, LLC earn development fees on housing projects developed for related entities (limited partnerships in which either Caritas Housing Initiatives, LLC, Caritas Community Housing Corporation, or Caritas Powell Properties, LLC is the general partner or developer) and on projects owned directly by Caritas Housing Initiatives, LLC, Caritas Community Housing Corporation, or Caritas Powell Properties, LLC. Revenue from development fees is recognized over the development period of the project in accordance with the underlying agreements.

Development Costs

Development costs consist of costs incurred during the process of identifying new development projects. Management evaluates the recoverability of development costs based on the likelihood that the development project will be completed, and the costs are stated at net realizable value.

Income Taxes

Catholic Charities, Caritas Community Housing Corporation, Clark Family Center, El Programa Hispano Católico, Caritas Plaza, and Caritas Villa are exempt from federal and state income taxes as entities described in Section 501(c)(3) of the Internal Revenue Code and similar state provisions. No income taxes were paid in 2021. Generally, Catholic Charities' tax returns remain open for three years for federal and state income tax examination.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Significant Accounting Policies, continued

Functional Allocation of Expenses

Costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services using full-time equivalents.

Amortization of Debt Issuance Costs

Debt issuance (loan) costs related to a recognized debt liability are presented in the consolidated statements of financial position as a direct deduction from the carrying amount of that debt liability and amortization of debt issuance costs are reported as interest expense. See Note 11 for additional information. Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method. This does not result in a significant difference from the effective interest rate method.

Adoption of Accounting Standards Updates

Catholic Charities adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued and clarifying ASUs. Topic 606 and related ASUs supersede previous revenue recognition principles for exchange transactions and establish a core principle requiring the recognition of revenue to depict that transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled for such goods or services. Catholic Charities adopted the new standard effective July 1, 2020, using the full retrospective approach. Based on the Catholic Charities' evaluation process and revenue of its contracts with customers, the timing and amount of revenue recognized previously are consistent with how revenue is recognized under the new standard. No change to previously reported net assets was required due to the adoption of the standard, and the adoption has not resulted in the recognition of additional assets or liabilities.

3. Program and Supporting Services

Program Services

Domestic Violence Services – Extensive support services for victims of domestic violence and sexual assault. Services include case management, emergency assistance, crisis intervention, 24-hour Spanish crisis line services, safety planning, short-term housing, community education, support groups, special parenting education for children exposed to domestic violence, and long-term housing support.

Economic and Financial Services – Includes a broad array of emergency assistance strengthening and anti-poverty services, including rent and general assistance, information and referral services tax clinic, and community education programming.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Program and Supporting Services, continued

Program Services, continued

Education Programs and Youth Services – A broad array of support and intervention services designed to promote healthy child development and academic achievement, particularly within the Latino community. Services include community school programs, academic enrichment services, tutorial services, school retention case management, services designed to promote high school and post-secondary educational success, Plaza Comunitarias (Spanish language adult basic education centers), cultural environment, and art related youth activities.

Family Support and Counseling Services – Intercultural counseling services and specialized outreach to pregnant women, intensive case management services, parenting education, adoption placement services, health relationship classes, and healthcare access.

Housing and Homeless Services – Specialized outreach and housing placement services for chronically homeless women, day center services, and resident services and advocacy for tenants of Caritas Housing projects.

Housing Development and Asset Management – Caritas Housing constructs, rehabilitates, and maintains affordable housing for a wide variety of populations, including low-income families, seniors, migrant farm workers, disabled adults, people living with chronic mental illness, and other at-risk and high need populations. Presently, Caritas Housing manages approximately 580 units of housing.

Immigration and Legal Services – Provides professional legal services and representation to low-income immigrants and refugees throughout Oregon. Family reunification cases receive special attention. Services include family visas, residency, naturalization, asylum, special relief for battered women, deferred action for childhood arrivals, and assistance to victims of human trafficking.

Refugee Services – Assists in the relocation of refugees into the Portland area from refugee camps in foreign lands. The program provides new arrivals with housing, clothing, food, access to education and health care, job search assistance, and general case management and support.

Supporting Services

Fundraising activities include conducting fundraising campaigns, preparing and distributing fundraising materials, conducting other activities involving soliciting contributions from individuals, foundations, and others, and public relations efforts.

General and administrative activities include business management, record-keeping, budgeting, financing, human resources management, government agency grant and contract acquisition management, licensing and certification compliance, and related administrative activities. These services provide the necessary development, organizational, and management support for effective operation of the programs.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Board Designated Investments

As of June 30, the composition of investments was as follows:

	<u>2021</u>	<u>2020</u>
Bond funds	\$ 1,554,609	\$ 1,608,980
Common stock funds	2,435,690	1,878,335
Real estate securities	<u>159,028</u>	<u>162,421</u>
Total Board designated investments	<u>\$ 4,149,327</u>	<u>\$ 3,649,736</u>

As of June 30, 2021 and 2020, the fair value measurement for all assets are based on quoted prices in active markets for identical assets and are therefore classified as Level 1.

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, Catholic Charities uses various methods including market, income, and cost approaches. Based on these approaches, Catholic Charities often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Catholic Charities utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, Catholic Charities is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value to such assets or liabilities.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Accounts Receivable

As of June 30, accounts receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Related parties (long-term) (see Note 17)	\$ 709,095	\$ 497,152
Multnomah County	635,848	1,249,081
State of Oregon	581,838	187,248
Joint Offices of Homeless Services	416,760	335,792
Department of Justice	340,955	233,376
Chiles Foundation	300,000	-
Other	242,504	308,747
Latino Network	226,874	161,618
Tenants	196,445	99,034
HOME Forward	160,894	305,436
City of Gresham	114,753	-
U.S. Catholic Conference	93,343	154,483
The Murdock Foundation	86,750	-
City of Portland	86,223	84,340
JOIN	81,161	77,538
Internal Revenue Service	64,838	81,437
IRCO	63,211	49,399
Lighthouse Resource Center	50,000	-
The Clark Foundation	50,000	-
Management and resident fees, related parties	40,350	260,618
Oregon Law Foundation	37,500	-
Clackamas County	29,914	30,180
PeaceHealth	-	325,000
Providence	-	236,064
Oregon Health	-	71,424
	<u>\$ 4,609,256</u>	<u>\$ 4,747,967</u>
Total accounts receivable	<u>\$ 4,609,256</u>	<u>\$ 4,747,967</u>

6. Property Reserve Accounts (Cash Restricted)

The Loan Agreements between Caritas Community Housing Corporation and USDA Rural Development - Rural Housing Services (RHS) require Caritas Community Housing Corporation to deposit \$75,857 annually into a separate reserve account until the account reaches \$717,840. Regulatory agreements with HUD require Caritas Plaza, Caritas Villa, and Renaissance Court, Inc. to deposit \$1,603, \$625, and \$873 per month, respectively, to the replacement reserve accounts. Casa Verde, North Slope, and Villa Capri are required to make monthly deposits of \$780, \$924, and \$2,184, respectively, per partnership and/or loan agreements. Withdrawals from the reserve accounts require prior approval from the appropriate regulatory agency or partner.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Notes and Interest Receivable from Related Parties

As of June 30, notes and interest receivable from related parties consisted of the following:

	<u>2021</u>	<u>2020</u>
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0% compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December 2070.	\$ 52,367	\$ 51,340
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0% compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December 2070.	542,957	532,311
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0% compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December 2070.	734,187	718,760
Note receivable from Rogue River Affordable Housing, LLC, includes interest at 2.0% compounded annually. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in December 2070.	261,857	256,700
Note receivable from Esperanza Court, LP, includes interest at 5.31% per annum. Annual payments are to be made from available cash flow. The note is secured by the deed of trust on property. The note is due in September 2037.	150,000	150,000
Note receivable from Molalla Gardens, LP, includes interest at 2.25% compounded annually. Annual payments are to be made from available cash. The note is secured by a trust deed on property. The note is due in July 2046.	597,612	590,929
Note receivable from Molalla Gardens, LP, includes interest at 2.25% per annum. Annual payments are to be made on or before April 15, commencing April 15, 2018. Annual payments are to be made from available cash. The note is secured by the deed of trust on the property. The note is due by July 1, 2046.	249,126	243,644
Note receivable from Rain Garden, LP, includes interest at 6.25% per annum, compounded annually. Annual payments are to be made from available cash. The note is secured by the deed of trust on property. The note is due in July 2038.	1,273,925	1,198,872

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Notes and Interest Receivable from Related Parties, continued

	2021	2020
Note receivable from GMV Apartments, LP, includes interest at 8.0% per annum, compounded annually. Annual payments are to be made from available cash. The note is secured by the deed of trust on property. The note matures the earlier of 1) June 17, 2061 or, 2) upon sale or refinance.	<u>564,715</u>	<u>522,884</u>
Total notes and interest receivable from related parties	<u>\$ 4,426,746</u>	<u>\$ 4,265,440</u>

The operations generated by investment in limited partnerships and the related real estate are subject to various governmental rules, regulations, and restrictions which make it impracticable to estimate the fair value of the related notes receivable.

8. Interests in Limited Partnerships

As of June 30, interests in limited partnerships (at cost) consisted of the following:

	2021	2020
Esperanza Court, LP	\$ 5,000	\$ 5,000
St. Francis Park, LP	177,155	177,155
Rain Garden, LP	397,976	397,976
GMV Apartments, LP	100	100
Total interests in limited partnerships	<u>\$ 580,231</u>	<u>\$ 580,231</u>

Caritas Housing Initiatives, LLC; Caritas Powell Properties, LLC; McCoy Village GP, LLC; and Caritas Community Housing Corporation have agreed to guarantee that the use of the property inside the partnerships is for low-income housing and that the purchase of limited partnership interests will occur as described in the Partnership Agreements.

The operations generated by investment in limited partnerships and the related real estate are subject to various governmental rules, regulations, and restrictions which make it impracticable to estimate the fair value of the interests in limited partnerships.

9. Interests in Charitable Remainder Trusts and Perpetual Trusts

As of June 30, interests in trusts consisted of the following:

	2021	2020
Interests in charitable remainder trusts:		
Balance at beginning of year	\$ 93,944	\$ 99,629
Change in value	<u>(5,771)</u>	<u>(5,685)</u>
Balance at end of year	<u>88,173</u>	<u>93,944</u>
Interests in perpetual trusts:		
Balance at beginning of year	349,669	361,705
Change in value	<u>60,826</u>	<u>(12,036)</u>
Balance at end of year	<u>410,495</u>	<u>349,669</u>
Total interests in trusts	<u>\$ 498,668</u>	<u>\$ 443,613</u>

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Property and Equipment

As of June 30, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 7,213,581	\$ 7,151,462
Land improvements	1,048,034	813,551
Building and improvements	50,375,343	50,600,555
Equipment	2,096,271	1,836,713
Construction in progress	<u>1,326,613</u>	<u>33,016</u>
	62,059,842	60,435,297
Accumulated depreciation and amortization	<u>(22,862,886)</u>	<u>(20,888,095)</u>
Property and equipment, net	<u>\$ 39,196,956</u>	<u>\$ 39,547,202</u>

As of the end of December 2012, the transfer of an eleven-acre property located in Happy Valley, Oregon, was completed. The property, valued at \$1,305,000 per a 2012 appraisal from Colliers International, was donated to Catholic Charities. In April 2013, the property was transferred to Good Shepherd Village LLC, a single-asset entity. A portion of the land is undevelopable and will be maintained as an open landscaped area by Good Shepherd Village LLC. As of June 30, 2021 and 2020, property holding costs incurred by Good Shepherd Village LLC totaling \$385,999 were capitalized to the cost of land. In November 2020, pre-development activities began for this property. Management estimates that construction of low-income housing units will start approximately March 2022.

11. Long-term Debt

As of June 30, long-term debt consisted of the following:

	<u>2021</u>	<u>2020</u>
Note payable to Clackamas County Community Development Division is non-interest bearing. The note is secured by a note receivable from Casa Verde Apartments, LP and related security interest in property. The loan is due if the property is sold, there is a change in use, the property ceases to be affordable to low-income tenants, or there is material non-compliance with the terms of the HOME Rental Project agreement.	\$ 250,000	\$ 250,000
Note payable to Rural Housing Services accrues interest at 1.00%. The note is secured by a trust deed in Sandy Vista. Payments of principal and interest of \$3,997 began May 2004 and continue through April 2037.	660,896	702,023
Note payable to Rural Housing Services accrues interest at 1.00%. The note is secured by a trust deed in Sandy Vista. Payments of principal and interest of \$6,374 began in July 2005 and continue through June 2038.	1,130,529	1,195,363

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-term Debt, continued

	<u>2021</u>	<u>2020</u>
Note payable to Rural Housing Services accrues interest at 1.00%. The note is secured by a trust deed in Cedar Park Gardens. Payments of principal and interest of \$2,892 began January 2005 and continue through December 2035.	320,566	337,954
Note payable to Rural Housing Services accrues interest at 1.00%. The note is secured by a trust deed in Cedar Park Gardens. Payments of principal and interest of \$2,208 began January 2005 and continue through December 2034.	244,778	258,055
Note payable to Oregon Department of Human Services, Office of Mental Health and Addictions is non-interest bearing. The note is due in full in July 2056. The note is secured by a trust deed in Renaissance Court, Inc.	200,000	200,000
Note payable to Clackamas County Community Development Division is non-interest bearing. The note is secured by a trust deed in Renaissance Court, Inc. The loan is due if the property is sold, there is a change in use, the property ceases to be affordable to low-income tenants, or there is material non-compliance with the terms of the HOME Rental Project agreement during the 20-year compliance period which ends in April 2028.	420,000	420,000
Note payable to Bellwether Enterprise Real Estate Capital, LLC and accrues interest at 3.84%. The note is secured by a trust deed in Caritas Plaza. Payments of principal and interest of \$9,112 began May 2018 and continue through April 2053. HUD has insured the mortgage under the provision of Section 207, pursuant to Section 223 (f) of the National Housing Act.	2,007,137	2,038,742
Note payable to Bellwether Enterprise Real Estate Capital, LLC and accrues interest at 4.14%. The note is secured by a trust deed in Caritas Villa. Payments of principal and interest of \$7,017 began May 2018 and continue through April 2053. HUD has insured the mortgage under the provision of Section 207, pursuant to Section 223 (f) of the National Housing Act.	1,488,254	1,510,349
Note payable to Oregon Department of Human Services, Office of Mental Health and Addictions accrues interest at 5.00%. The note is due in full in May 2057. The note is secured by a trust deed in Renaissance Court, Inc.	285,000	285,000

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-term Debt, continued

	<u>2021</u>	<u>2020</u>
Note payable to U.S. Bank accrues interest at 4%. The note is unsecured. The initial maturity date of the loan was May 2016. The lender was required to extend the maturity date in one year increments for five more years if all conditions of the loan agreement are still met. After the additional five years, the lender opted to extend the maturity date to May 2027 and reduced the interest rate to 3.00%.	250,000	250,000
Note payable to First Interstate Bank accrues interest at 4.43% as long as Casa Verde Apartments, LP qualifies as a low-income housing tax credit project, otherwise the rate would be 8.43%. The note is secured by a trust deed in Casa Verde Apartments, LP. Payments of principal and interest of \$2,893 began May 2000 and continue through 2031.	270,428	292,626
Note payable to U.S. Bank accrues interest at 3.26% as long as North Slope, LP qualifies as a low-income housing tax credit project, otherwise the rate would be 7.26%. The note is secured by a trust deed in North Slope, LP. Payments of principal and interest of \$1,331 began May 2000 and continue through 2030.	124,167	127,506
Note payable to Network for Oregon Affordable Housing accrues interest at 5.15%. The note is secured by a trust deed in Villa Capri Apartments, LP. Payments of principal and interest of \$14,148 began April 2004 and continue through 2034.	1,584,543	1,670,298
Note payable to Washington County accrues interest at 3.00%. The note is secured by a trust deed in Villa Capri Apartments, LP. Interest payments equal to the lesser of \$60,000 or available net cash flow, as defined in the Partnership Agreement, are due each June 30th. Principal and any accrued but unpaid interest are due at maturity on June 30, 2040.	731,941	731,941
Note payable to U.S. Bank accrues interest at 5.39%. The note is secured by a trust deed in Caritas Sacred Heart Villa, LLC. Payments of principal and interest of \$20,927 began August 2009 and continue through 2039.	2,883,504	2,974,324

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-term Debt, continued

	<u>2021</u>	<u>2020</u>
Note payable to Portland Housing Bureau (PHB) is non-interest bearing. The note matures upon full repayment. Payments on the loan are subject to available cash flow. The note is secured by a trust deed in Caritas Sacred Heart Villa, LLC.	3,340,118	3,374,724
Note payable to U.S. Bank accrues interest at 4.00%. The note is secured by a trust deed in Caritas Sacred Heart Villa, LLC. Payments of principal and interest of \$1,460 began May 2015 and continue through October 2021.	5,875	22,789
Note payable to Columbia Bank accrues interest at 3.228%. The note is secured by a trust deed in Clark Family Center. Interest only payments were due from November 2016 through October 2017. In November 2017, payments of principal and interest in the amount of \$15,345 began and continue through October 2041. The note allows for interest rate resets in October 2026 and 2036.	2,744,919	2,838,643
Note payable to Heritage Bank accrues interest at 5.47%. The note is secured by a trust deed in Clark Family Center. In October 2018, payments of principal and interest in the amount of \$3,610 began and continue through September 2028 when a balloon payment is due. The note allows for an interest rate reset in October 2023.	549,887	562,491
Note payable to Columbia Bank with a variable rate based on LIBOR plus 2% and an underlying swap agreement that accrues interest at 3.2% fixed rate. The note is secured by a trust deed in Clark Family Center. Monthly payments of principal and interest vary but are approximately \$15,500 began in July 2020 and continue through June 2030.	3,116,000	3,200,000
Note payable to Network for Oregon Affordable Housing with a stated interest rate at 7.24%; however, as long as the project qualifies as a low-income housing tax credit project during the first 20 years of the project's operation, the lower interest rate of 3.24% will remain in effect. The initial amount of the note payable was \$2,924,975 which was restructured in June 2008 and \$630,530 of the principal balance was prepaid. The note is secured by a trust deed in Kateri Park. Payments of principal and interest of \$9,932 began August 2008 and continue through April 2036.	1,402,178	1,474,651

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-term Debt, continued

	2021	2020
<p>Note payable to Portland Housing Bureau (PHB) in the original amount of \$500,000. On April 18, 2016, outstanding accrued interest of \$13,750 was reclassified to additional loan principal. The interest rate on the loan was 3.00% and the loan matures in March 2046. On May 23, 2016, the remaining principal balance of \$513,750 and accrued interest balance of \$121,010 were each transferred to the principal and accrued interest balance of a new note. The new note bears no interest and matures March 1, 2046. Under the terms of the promissory note, payments of one-half of excess cash flow, as defined in the note, are due annually on October 1. The note is secured by a trust deed in Kateri Park LP.</p>	593,961	512,393
<p>Note payable to PHB in the original amount of \$705,000. The interest rate on the loan is 1.00%. Payments on the loan are to be made from available cash flow from Kateri Park LP, as defined in the loan agreement. The maturity date of the loan is June 1, 2048 or upon sale or refinance, whichever is earlier. Effective February 1, 2012 through May 1, 2014, the lender approved a temporary deferral of payments and interest, including accrual interest. The note is secured by a trust deed in Kateri Park LP.</p>	705,000	705,000
<p>Note payable to Oregon Community Foundation in the stated amount of \$500,000 with \$50,000 advanced against the total by June 30. The interest rate on the loan is 3.00%. The loan is unsecured. The maturity date of the loan is August 2026.</p>	<u>50,000</u>	<u>50,000</u>
<p>Unamortized debt issuance costs</p>	25,359,681	25,984,872
<p>Current portion</p>	<u>(318,331)</u> <u>(720,481)</u>	<u>(335,452)</u> <u>(957,922)</u>
<p>Long-term debt, net of current portion and unamortized debt issuance costs</p>	<u>\$ 24,320,869</u>	<u>\$ 24,691,498</u>

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

<u>Year Ending June 30,</u>	
2022	\$ 720,481
2023	740,332
2024	765,815
2025	793,504
2026	821,047
Thereafter	<u>21,518,502</u>
Total	<u>\$ 25,359,681</u>

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-term Debt, continued

As a result of the variable interest rate associated with the note issued by Columbia Bank for \$3,200,000, Catholic Charities is exposed to interest rate risk. In order to hedge the interest rate risk associated with the variable rate debt, Catholic Charities entered into an interest rate swap with Columbia Bank in June 2020. The terms of the interest rate swap results in the payment of a fixed rate of interest and the receipt of a variable rate of interest, which will result in a fixed interest rate of 3.2 percent over the term of the note. The net cash to be paid or received under the swap is calculated based on the notational amount equal to the outstanding principal of the underlying note payable, and is reported within interest expense.

FASB Accounting Standard Codification (ASC) 815, *Derivatives and Hedging*, provides guidance for the accounting treatment of derivative instruments such as interest rate swaps, and requires that such contracts be evaluated for eligibility for hedge accounting or other applicable accounting treatment. This guidance would generally result in an asset or liability being reported on the consolidated statements of financial position, equal to the fair value of the interest rate swap, with changes in fair value being reported as a change in net assets. As of June 30, 2021, the fair value of the interest rate swap resulted in a \$36,860 asset. Management determined that the fair value of the interest rate swap at June 30, 2020 was not material to the consolidated financial statements, and as such has not reported any amounts related to the fair value of the interest rate swap in the consolidated financial statements for the year ended June 30, 2020.

The operations generated by the investment in limited partnerships and the related real estate are subject to various rules, regulations, and restrictions which make it impracticable to estimate the fair value of the related notes payable.

12. Liquidity and Availability of Financial Assets

The following reflects Catholic Charities' financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. As part of Catholic Charities' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, Catholic Charities anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources. Catholic Charities' financial assets available within one year of the consolidated statements of financial position for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash, unrestricted	\$ 2,363,024	\$ 3,149,911
Accounts receivable	4,609,256	4,747,967
Board designated investments	<u>4,149,327</u>	<u>3,649,736</u>
Total financial assets	11,121,607	11,547,614
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(2,469,612)	(697,944)
Long-term related party receivables	(749,445)	(497,152)
Designated funds established by the board	<u>(4,149,327)</u>	<u>(3,649,736)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,753,223</u>	<u>\$ 6,702,782</u>

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Net Assets with Donor Restrictions

As of June 30, net assets with and without donor restrictions were available for the following purposes:

	<u>2021</u>	<u>2020</u>
Interest in charitable remainder trust	\$ 88,173	\$ 93,944
For use in future periods	2,469,612	697,945
Interest in perpetual trust	410,496	349,669
Haven House (Caritas Housing Initiatives, LLC)	274,990	274,990
Howard House (Caritas Housing Initiatives, LLC)	1,662,838	1,662,838
Renaissance Court, Inc. (Caritas Community Housing Corporation)	2,609,296	2,612,629
Sandy Vista (Caritas Community Housing Corporation)	2,926,880	2,926,880
Cedar Park Gardens (Caritas Community Housing Corporation)	425,000	425,000
Rain Garden (Caritas Community Housing Corporation)	869,816	888,483
Rogue River Affordable Housing (Caritas Housing Initiatives, LLC and Caritas Community Housing Corporation)	1,518,417	1,518,417
Good Shepherd Village (CC)	<u>1,348,317</u>	<u>1,305,000</u>
 Total net assets with donor restrictions	 <u>\$ 14,603,835</u>	 <u>\$ 12,755,795</u>

As of June 30, net assets without donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Board-designated	\$ 4,149,327	\$ 3,649,736
Affordable Housing properties	2,412,561	3,451,049
Undesignated	<u>11,229,329</u>	<u>11,019,070</u>
 Total net assets without donor restrictions	 <u>\$ 17,791,217</u>	 <u>\$ 18,119,855</u>

14. Net Assets Released from Restrictions

For the years ended June 30, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose:

	<u>2021</u>	<u>2020</u>
For use in future periods	\$ 1,077,772	\$ 200,477
Rain Garden (Caritas Community Housing Corporation)	18,667	18,667
Renaissance Court, Inc.	<u>3,333</u>	<u>3,333</u>
 Total net assets released from restrictions	 <u>\$ 1,099,772</u>	 <u>\$ 222,477</u>

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Commitments

Operating Leases

Catholic Charities leases facilities and equipment under various noncancelable operating lease agreements expiring through June 2026. Minimum payments remaining under the leases are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 337,401
2023	74,906
2024	60,506
2025	29,152
2026	<u>3,456</u>
	<u>\$ 505,421</u>

Rent expense for the years ended June 30, 2021 and 2020 totaled \$333,806 and \$275,605, respectively.

Guaranty Agreement - Esperanza Court, LP

Catholic Charities has entered into a guaranty agreement as of August 17, 2007 with Esperanza Court, LP. Catholic Charities has guaranteed the following in regards to the operations of Esperanza Court, LP:

1. Fund operating deficits of up to \$500,000 beginning with stabilization and ending when certain conditions are met as defined in the Esperanza Court, LP partnership agreement (the Agreement);
2. Fund developer fee advances if necessary as defined in the Agreement;
3. Credit adjuster guaranty if necessary as described in the Agreement;
4. Guaranty of obligation to purchase interest of the limited partner if certain conditions are met as described in the Agreement;
5. Ensure completion of other covenants and conditions agreed to by the general partner as defined in the Agreement.

Guaranty Agreement - Rain Garden, LP

Catholic Charities has entered into a guaranty agreement as of August 5, 2008 with Rain Garden, LP. Catholic Charities has guaranteed the following in regards to the operations of Rain Garden, LP:

1. Fund unlimited operating deficits up to the stabilization date, as defined in the partnership agreement. After the stabilization date, up to a maximum of \$28,000 in operating deficits. The obligation ends when certain conditions are met as stipulated in the Rain Garden, LP partnership agreement;
2. Credit adjuster guaranty if necessary as described in the Rain Garden, LP partnership agreement;
3. Guaranty of obligation to purchase interest of the limited partner if certain conditions are met as described in the partnership agreement.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Commitments, continued

Caritas Sacred Heart Villa

Caritas Sacred Heart Villa, LLC has entered into the following agreements related to the purchase of Caritas Sacred Heart Villa, a multifamily residential and commercial development in Portland, Oregon.

1. Guaranty of obligation of payment and prompt performance related to the U.S. Bank loan;
2. Regulatory agreement with the Portland Housing Bureau (PHB) that requires the property be operated as affordable housing for 60 years.

Guaranty Agreement - GMV Apartments LP

Catholic Charities and Caritas Housing Initiatives, LLC have entered into a guaranty agreement with GMV Apartments, LP., whereby Catholic Charities and Caritas Housing Initiatives, LLC guarantee that the general partner and developer of GMV Apartments, LP, McCoy Village GP, LLC, and Caritas Housing Initiatives, LLC, respectively, will perform all obligations required of the general partner and developer as fully described in the GMV Apartments, LP partnership agreement and development agreement and to the extent the general partner or developer fail to perform all duties required, Catholic Charities and Caritas Housing Initiatives, LLC are obligated to complete these same duties.

Operating Deficit Guaranty Agreement - GMV Apartments LP

Catholic Charities has entered an operating deficit guaranty with GMV Apartments LP as set forth in the GMV Apartments LP partnership agreement. Under the guaranty, the general partner is obligated to fund operating deficits in an unlimited amount through the stabilization date, as defined in GMV Apartment LP's partnership agreement. Subsequent to the stabilization date, the general partner's obligation is limited to \$202,000 for deficits not funded by the operating reserve. The obligation terminates on the date that the following have occurred simultaneously:

1. The project has operating at breakeven for at least 3 consecutive years following the stabilization date;
2. The balance in the operating reserve is at least \$217,410.

Guaranty Agreement - St. Francis Park, LP

Catholic Charities entered into a Guaranty Agreement (the Agreement) with Key Community Development Corporation, the limited partner in St. Francis Park, LP. Catholic Charities has guaranteed the following:

1. Fund operating deficits as defined in the Agreement;
2. Bank account loss, loan shortfall and tax abatement guarantees as defined in the Agreement;
3. Indemnification and capital contribution guarantees as defined in the Agreement;
4. Repurchase obligation related to the limited partners interest due to certain events defined in the Agreement.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Commitments, continued

Guaranty Agreement - Rogue River Affordable Housing, LLC

Catholic Charities entered into a Guaranty Agreement (the Agreement) with Enterprise Community Investment Corporation, the investment member in Rogue River Affordable Housing, LLC. Catholic Charities has guaranteed the due and punctual performance by the managing member and the developer of all of their obligations under the Operating Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor and the Development Services Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantor.

16. Grant Contingencies

Amounts receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of Catholic Charities if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future that have not already been provided for.

17. Related Party Transactions

During the years ended June 30, 2021 and 2020, Catholic Charities had transacted business with the following related parties:

- Rogue River Affordable Housing, LLC, a limited liability company .01 percent owned by Caritas Housing Initiatives, LLC
- Esperanza Court, LP, a limited partnership .01 percent owned by Caritas Powell Properties, LLC
- Molalla Gardens, LP, a limited partnership .01 percent owned by Caritas Community Housing Corporation
- Rain Garden, LP, a limited partnership .01 percent owned by Caritas Community Housing Corporation
- GMV Apartments, LP, a limited partnership .01 percent owned by McCoy Village GP, LLC
- St. Francis Park, LP, a limited partnership .01 percent owned by St. Francis Park GP, LLC

Statement of Financial Position

	2021	2020
Included in assets –		
Accounts receivable:		
Molalla Gardens, LP	\$ 156,389	\$ 53,118
Esperanza Court, LP	61,056	57,525
GMV Apartments, LP	123,539	-
Fain Garden, LP	50	-
St. Francis Park, LP	30,300	-
Rogue River Affordable Housing, LLC	368,111	386,509
	\$ 739,445	\$ 497,152

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Related Party Transactions, continued

Notes and interest receivable from related parties (Note 7)	<u>\$ 4,426,746</u>	<u>\$ 4,265,440</u>
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Statement of Activities

	<u>2021</u>	<u>2020</u>
Interest income:		
Molalla Gardens, LP	\$ 18,755	\$ 18,364
Rogue River Affordable Housing, LLC	31,321	30,570
Rain Garden, LP	74,930	70,522
Esperanza Court, LP	7,965	7,965
GMV Apartments, LP	<u>41,831</u>	<u>38,732</u>
	<u>\$ 174,802</u>	<u>\$ 166,153</u>

Resident services and asset management fees:

GMV Apartments, LP	\$ 48,207	\$ 60,124
Molalla Gardens, LP	21,557	-
St. Francis Park, LP	<u>57,577</u>	<u>-</u>
	<u>\$ 127,341</u>	<u>\$ 60,124</u>

18. Lines of Credit

Catholic Charities has a line of credit with U.S. Bank and can borrow up to \$2,900,000. The line of credit is secured by investments held at U.S. Bank and matures July 31, 2022. As of June 30, 2021 and 2020, the total amount outstanding on the line of credit was zero.

19. Retirement Plan

Catholic Charities maintains a defined contribution plan. All employees with a minimum of one year of service are eligible for the Plan. Under the terms of the Plan, Catholic Charities contributes a certain percentage, determined annually, of employee compensation on a monthly basis. For the years ended June 30, 2021 and 2020, Catholic Charities contributed \$213,393 and \$163,653, respectively, to the defined contribution plan. The plan offers a tiered matching component based on employees' years of service with the agency.

20. Acquisition of Partnership Interests

In September 2019, land and building owned by Catholic Charities and located in Cornelius, Oregon was sold to an outside party for \$400,000, resulting in a reported gain of \$91,722.

In December 2019, the remaining 99.99 percent ownership interest in Kateri Park, LP was assigned from NEF Assignment Corporation to Caritas Preservation Properties, LLC, which is wholly owned by Caritas Housing Initiatives, LLC. The value of the donated partnership interest was recognized based on the amount of the underlying assets, less assumed liabilities at the date of donation, which is considered to approximate the fair market value of the donation. Underlying significant assets and assumed liabilities of the partnership interest at the date of donation were as follows:

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Acquisition of Partnership Interests, continued

Assets:	
Cash, unrestricted	\$ 91,062
Cash, restricted	262,414
Accounts receivable	6,038
Prepaid expenses	40,822
Property and equipment	<u>3,807,637</u>
 Total assets	 <u>\$ 4,207,973</u>
Liabilities:	
Accounts payable	\$ 387,641
Other accrued liabilities	373,974
Long-term debt	<u>3,446,358</u>
 Total liabilities	 <u>\$ 4,207,973</u>

21. Concentrations

Approximately 9 percent and 12 percent of Catholic Charities' revenue was received from one agency for the years ended June 30, 2021 and 2020, respectively.

22. Uncertainties and Contingencies

As of the date of the independent auditor's report, there still exists certain economic uncertainties related to the COVID-19 coronavirus pandemic. These continuing uncertainties could negatively impact Catholic Charities' future financial condition and operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

23. Subsequent Events

Management evaluates events and transactions that occur after the consolidated statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

In August 2021, Caritas Housing Initiatives, on behalf of the Apartments at the Annex, entered into a construction loan agreement for the lesser of either 80 percent of the construction costs or 80 percent of the completed appraised value up to \$4,136,000. The Apartments at the Annex is a 29-unit affordable multi-family property located in Portland, Oregon. The loan is non-revolving construction line of credit, converting to a floating rate term loan and has no prepayment fee. The construction interest rate is variable at 0.25 percent over WSJ Prime with a floor and current annual rate of 3.5 percent.

CATHOLIC CHARITIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. Subsequent Events, continued

During fiscal year ending June 30, 2022, El Programa Hispano Católico, a culturally specific agency, will continue to be affiliated but will no longer be included in the consolidated financial statements after June 30, 2021.

SUPPLEMENTAL INFORMATION

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2021

Assets	Catholic Charities	EI Programa Hispano Catolico	Clark Family Center	Caritas Housing Initiatives	Caritas Community Housing Corporation	Caritas Plaza & Caritas Villa	Eliminations	Total
Current assets								
Cash, unrestricted	\$ 533,435	\$ 974,508	\$ 474,497	\$ 181,161	\$ 68,377	\$ 131,046	\$ -	\$ 2,363,024
Cash, restricted	100	-	-	2,083,320	844,339	504,989	-	3,432,748
Accounts receivable	1,811,962	2,095,249	28,328	662,717	441,252	17,831	(448,083)	4,609,256
Intercompany receivable	4,264,846	-	3,049,707	160,182	560	33,513	(7,508,808)	-
Prepaid expenses	242,109	77,112	31,266	126,657	46,538	20,231	-	543,913
Total current assets	<u>6,852,452</u>	<u>3,146,869</u>	<u>3,583,798</u>	<u>3,214,037</u>	<u>1,401,066</u>	<u>707,610</u>	<u>(7,956,891)</u>	<u>10,948,941</u>
Property and equipment, net	<u>2,316,536</u>	<u>83,455</u>	<u>10,902,161</u>	<u>14,227,518</u>	<u>11,011,696</u>	<u>1,243,726</u>	<u>(588,136)</u>	<u>39,196,956</u>
Other assets								
Deposits and prepayments	247,796	36,613	-	136,896	37,621	27,125	-	486,051
Unconditional promises to give receivable	680,200	-	-	-	-	-	-	680,200
Notes and interest receivable from related parties	134,526	-	-	4,902,052	2,133,394	-	(2,743,226)	4,426,746
Board designated investments	4,149,327	-	-	-	-	-	-	4,149,327
Interests in trusts	498,668	-	-	-	-	-	-	498,668
Interests in limited partnerships	11,345,778	-	-	788,369	737,072	-	(12,290,988)	580,231
Other non-current assets	36,860	-	-	175,029	73,770	-	-	285,659
Total other assets	<u>17,093,155</u>	<u>36,613</u>	<u>-</u>	<u>6,002,346</u>	<u>2,981,857</u>	<u>27,125</u>	<u>(15,034,214)</u>	<u>11,106,882</u>
Total assets	<u>\$ 26,262,143</u>	<u>\$ 3,266,937</u>	<u>\$ 14,485,959</u>	<u>\$ 23,443,901</u>	<u>\$ 15,394,619</u>	<u>\$ 1,978,461</u>	<u>\$ (23,579,241)</u>	<u>\$ 61,252,779</u>
Liabilities and Net Assets								
Current liabilities								
Accounts payable	\$ 260,342	\$ 299,790	\$ -	\$ 674,891	\$ 140,394	\$ 59,889	\$ (28,083)	\$ 1,407,223
Intercompany payable	2,562,392	570,794	563,603	979,537	2,798,865	33,617	(7,508,808)	-
Accrued payroll and related liabilities	644,272	317,589	-	-	-	-	-	961,861
Other accrued liabilities	49,374	156,694	161	182,038	43,365	18,021	-	449,653
Short-term portion of long-term debt	-	-	199,304	302,233	163,077	55,867	-	720,481
Total current liabilities	<u>3,516,380</u>	<u>1,344,867</u>	<u>763,068</u>	<u>2,138,699</u>	<u>3,145,701</u>	<u>167,394</u>	<u>(7,536,891)</u>	<u>3,539,218</u>
Long-term liabilities								
Deferred revenue	185,071	-	-	2,943	6,563	-	-	194,577
Interest payable	-	-	-	1,159,617	202,774	11,557	(570,885)	803,063
Long-term debt	300,000	134,526	6,180,946	13,530,170	3,518,691	3,248,878	(2,592,342)	24,320,869
Total long-term liabilities	<u>485,071</u>	<u>134,526</u>	<u>6,180,946</u>	<u>14,692,730</u>	<u>3,728,028</u>	<u>3,260,435</u>	<u>(3,163,227)</u>	<u>25,318,509</u>
Total liabilities	<u>4,001,451</u>	<u>1,479,393</u>	<u>6,944,014</u>	<u>16,831,429</u>	<u>6,873,729</u>	<u>3,427,829</u>	<u>(10,700,118)</u>	<u>28,857,727</u>
Net assets								
Net assets without donor restrictions:								
Board-designated	4,149,327	-	-	-	-	-	-	4,149,327
Undesignated	14,523,804	1,058,507	7,541,945	3,406,227	1,439,898	(1,449,368)	(12,879,123)	13,641,890
Total net assets without donor restrictions	<u>18,673,131</u>	<u>1,058,507</u>	<u>7,541,945</u>	<u>3,406,227</u>	<u>1,439,898</u>	<u>(1,449,368)</u>	<u>(12,879,123)</u>	<u>17,791,217</u>
Net assets with donor restrictions	<u>3,587,561</u>	<u>729,037</u>	<u>-</u>	<u>3,206,245</u>	<u>7,080,992</u>	<u>-</u>	<u>-</u>	<u>14,603,835</u>
Total net assets	<u>22,260,692</u>	<u>1,787,544</u>	<u>7,541,945</u>	<u>6,612,472</u>	<u>8,520,890</u>	<u>(1,449,368)</u>	<u>(12,879,123)</u>	<u>32,395,052</u>
Total liabilities and net assets	<u>\$ 26,262,143</u>	<u>\$ 3,266,937</u>	<u>\$ 14,485,959</u>	<u>\$ 23,443,901</u>	<u>\$ 15,394,619</u>	<u>\$ 1,978,461</u>	<u>\$ (23,579,241)</u>	<u>\$ 61,252,779</u>

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2020

Assets	Catholic Charities	EI Programa Hispano Catolico	Clark Family Center	Caritas Housing Initiatives	Caritas Community Housing Corporation	Caritas Plaza & Caritas Villa	Eliminations	Total
Current assets								
Cash, unrestricted	\$ 1,271,214	\$ 847,620	\$ 472,098	\$ 309,922	\$ 96,214	\$ 152,843	\$ -	\$ 3,149,911
Cash, restricted	100	-	-	2,087,994	801,693	483,441	-	3,373,228
Accounts receivable	2,278,707	1,873,074	-	596,263	425,409	1,778	(427,264)	4,747,967
Intercompany receivable	1,453,479	-	2,385,636	-	59,824	33,513	(3,932,452)	-
Prepaid expenses	<u>140,742</u>	<u>18,889</u>	<u>22,298</u>	<u>903,823</u>	<u>28,724</u>	<u>17,747</u>	<u>(649,099)</u>	<u>483,124</u>
Total current assets	<u>5,144,242</u>	<u>2,739,583</u>	<u>2,880,032</u>	<u>3,898,002</u>	<u>1,411,864</u>	<u>689,322</u>	<u>(5,008,815)</u>	<u>11,754,230</u>
Property and equipment, net	<u>3,722,359</u>	<u>98,020</u>	<u>11,392,666</u>	<u>14,594,262</u>	<u>8,977,978</u>	<u>1,350,053</u>	<u>(588,136)</u>	<u>39,547,202</u>
Other assets								
Deposits and prepayments	223,462	36,613	-	142,233	36,546	13,473	-	452,327
Notes and interest receivable from related parties	130,652	-	-	4,131,026	2,047,229	-	(2,043,467)	4,265,440
Board designated investments	3,649,736	-	-	-	-	-	-	3,649,736
Interests in trusts	443,613	-	-	-	-	-	-	443,613
Interests in limited partnerships	11,345,778	-	-	788,369	737,072	-	(12,290,988)	580,231
Other non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,770</u>	<u>-</u>	<u>-</u>	<u>73,770</u>
Total other assets	<u>15,793,241</u>	<u>36,613</u>	<u>-</u>	<u>5,061,628</u>	<u>2,894,617</u>	<u>13,473</u>	<u>(14,334,455)</u>	<u>9,465,117</u>
Total assets	<u>\$ 24,659,842</u>	<u>\$ 2,874,216</u>	<u>\$ 14,272,698</u>	<u>\$ 23,553,892</u>	<u>\$ 13,284,459</u>	<u>\$ 2,052,848</u>	<u>\$ (19,931,406)</u>	<u>\$ 60,766,549</u>
Liabilities and Net Assets								
Current liabilities								
Accounts payable	\$ 249,835	\$ 341,478	\$ 208	\$ 894,515	\$ 95,871	\$ 21,314	\$ (7,264)	\$ 1,595,957
Intercompany payable	2,385,635	1,070,794	-	82,594	349,418	44,011	(3,932,452)	-
Accrued payroll and related liabilities	622,641	271,796	-	-	-	-	-	894,437
Other accrued liabilities	25,533	54,835	161	161,129	32,860	13,560	-	288,078
Short-term portion of long-term debt	<u>250,000</u>	<u>-</u>	<u>192,982</u>	<u>299,784</u>	<u>161,456</u>	<u>53,700</u>	<u>-</u>	<u>957,922</u>
Total current liabilities	<u>3,533,644</u>	<u>1,738,903</u>	<u>193,351</u>	<u>1,438,022</u>	<u>639,605</u>	<u>132,585</u>	<u>(3,939,716)</u>	<u>3,736,394</u>
Long-term liabilities								
Deferred revenue	643,343	26,868	-	2,143	8,813	-	-	681,167
Interest payable	-	-	-	1,105,592	188,611	11,735	(524,098)	781,840
Long-term debt	<u>50,000</u>	<u>130,652</u>	<u>6,376,317</u>	<u>13,767,528</u>	<u>3,656,938</u>	<u>3,298,532</u>	<u>(2,588,469)</u>	<u>24,691,498</u>
Total long-term liabilities	<u>693,343</u>	<u>157,520</u>	<u>6,376,317</u>	<u>14,875,263</u>	<u>3,854,362</u>	<u>3,310,267</u>	<u>(3,112,567)</u>	<u>26,154,505</u>
Total liabilities	<u>4,226,987</u>	<u>1,896,423</u>	<u>6,569,668</u>	<u>16,313,285</u>	<u>4,493,967</u>	<u>3,442,852</u>	<u>(7,052,283)</u>	<u>29,890,899</u>
Net assets								
Net assets without donor restrictions:								
Board-designated	3,649,736	-	-	-	-	-	-	3,649,736
Undesignated	<u>14,959,804</u>	<u>354,550</u>	<u>7,703,030</u>	<u>4,034,362</u>	<u>1,687,500</u>	<u>(1,390,004)</u>	<u>(12,879,123)</u>	<u>14,470,119</u>
Total net assets without donor restrictions	18,609,540	354,550	7,703,030	4,034,362	1,687,500	(1,390,004)	(12,879,123)	18,119,855
Net assets with donor restrictions	<u>1,823,315</u>	<u>623,243</u>	<u>-</u>	<u>3,206,245</u>	<u>7,102,992</u>	<u>-</u>	<u>-</u>	<u>12,755,795</u>
Total net assets	<u>20,432,855</u>	<u>977,793</u>	<u>7,703,030</u>	<u>7,240,607</u>	<u>8,790,492</u>	<u>(1,390,004)</u>	<u>(12,879,123)</u>	<u>30,875,650</u>
Total liabilities and net assets	<u>\$ 24,659,842</u>	<u>\$ 2,874,216</u>	<u>\$ 14,272,698</u>	<u>\$ 23,553,892</u>	<u>\$ 13,284,459</u>	<u>\$ 2,052,848</u>	<u>\$ (19,931,406)</u>	<u>\$ 60,766,549</u>

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2021

	Catholic Charities	El Programa Hispano Catolico	Clark Family Center	Caritas Housing Initiatives	Caritas Community Housing Corporation	Caritas Plaza & Caritas Villa	Eliminations	Total
Revenue and support								
Grants	\$ 6,816,630	\$ 3,609,199	\$ -	\$ 125,000	\$ 137,500	\$ 50,227	\$ (585,700)	\$ 10,152,856
Contracts	2,720,504	6,848,047	-	-	-	-	-	9,568,551
Contributions and gifts	3,476,159	61,292	-	-	560	-	-	3,538,011
Service fees and other	1,594,829	580,898	-	241,641	9,996	28,623	(1,119,544)	1,336,443
Rental income	61,287	-	490,547	2,579,205	887,648	816,400	(371,112)	4,463,975
Investment income (loss)	935,840	47	-	128,560	93,428	574	(50,659)	1,107,790
Total revenue and other support	<u>15,605,249</u>	<u>11,099,483</u>	<u>490,547</u>	<u>3,074,406</u>	<u>1,129,132</u>	<u>895,824</u>	<u>(2,127,015)</u>	<u>30,167,626</u>
Expenses								
Program services:								
Domestic violence services	-	2,010,903	-	-	-	-	-	2,010,903
Economic and financial services	3,778,529	3,865,474	-	-	-	-	-	7,644,003
Education programs and youth services	215,049	1,334,267	-	-	-	-	-	1,549,316
Family support and counseling services	718,763	-	-	-	-	-	-	718,763
Housing and homeless services	1,620,852	1,121,365	-	-	-	-	-	2,742,217
Housing development and asset management	616,580	-	651,432	3,605,714	1,329,033	844,389	(1,126,546)	5,920,602
Immigration and legal services	1,142,480	-	-	-	-	-	-	1,142,480
Refugee services	1,090,431	-	-	-	-	-	-	1,090,431
Total program services	<u>9,182,684</u>	<u>8,332,009</u>	<u>651,432</u>	<u>3,605,714</u>	<u>1,329,033</u>	<u>844,389</u>	<u>(1,126,546)</u>	<u>22,818,715</u>
Supporting services:								
General and administrative	3,141,943	1,690,630	200	96,827	69,701	110,799	(1,000,469)	4,109,631
Fundraising	1,452,785	267,093	-	-	-	-	-	1,719,878
Total supporting services	<u>4,594,728</u>	<u>1,957,723</u>	<u>200</u>	<u>96,827</u>	<u>69,701</u>	<u>110,799</u>	<u>(1,000,469)</u>	<u>5,829,509</u>
Total expenses	<u>13,777,412</u>	<u>10,289,732</u>	<u>651,632</u>	<u>3,702,541</u>	<u>1,398,734</u>	<u>955,188</u>	<u>(2,127,015)</u>	<u>28,648,224</u>
Change in net assets	1,827,837	809,751	(161,085)	(628,135)	(269,602)	(59,364)	-	1,519,402
Net assets, beginning of year	<u>20,432,855</u>	<u>977,793</u>	<u>7,703,030</u>	<u>7,240,607</u>	<u>8,790,492</u>	<u>(1,390,004)</u>	<u>(12,879,123)</u>	<u>30,875,650</u>
Net assets, end of year	<u>\$ 22,260,692</u>	<u>\$ 1,787,544</u>	<u>\$ 7,541,945</u>	<u>\$ 6,612,472</u>	<u>\$ 8,520,890</u>	<u>\$ (1,449,368)</u>	<u>\$ (12,879,123)</u>	<u>\$ 32,395,052</u>

CATHOLIC CHARITIES AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2020

	Catholic Charities	El Programa Hispano Catolico	Clark Family Center	Caritas Housing Initiatives	Caritas Community Housing Corporation	Caritas Plaza & Caritas Villa	Eliminations	Total
Revenue and support								
Grants	\$ 3,510,059	\$ 2,218,781	\$ -	\$ 58,804	\$ 25,953	\$ 22,376	\$ (626,898)	\$ 5,209,075
Contracts	2,940,576	5,411,428	-	-	-	-	-	8,352,004
Contributions and gifts	2,891,283	49,816	-	-	560	-	-	2,941,659
Service fees and other	2,380,000	691,289	27,838	495,748	9,304	-	(322,705)	3,281,474
Rental income	93,393	-	302,113	2,270,475	853,428	806,690	(184,993)	4,141,106
Investment income (loss)	190,893	8	-	(86,430)	88,723	697	(49,360)	144,531
Total revenue and other support	<u>12,006,204</u>	<u>8,371,322</u>	<u>329,951</u>	<u>2,738,597</u>	<u>977,968</u>	<u>829,763</u>	<u>(1,183,956)</u>	<u>24,069,849</u>
Expenses								
Program services:								
Domestic violence services	-	1,682,264	-	-	-	-	-	1,682,264
Economic and financial services	2,213,001	925,343	-	-	-	-	-	3,138,344
Education programs and youth services	-	1,183,286	-	-	-	-	-	1,183,286
Family support and counseling services	687,539	-	-	-	-	-	-	687,539
Housing and homeless services	1,567,017	2,266,768	-	-	-	-	-	3,833,785
Housing development and asset management	642,379	-	513,898	2,868,213	1,147,735	818,784	(329,361)	5,661,648
Immigration and legal services	1,196,062	-	-	-	-	-	-	1,196,062
Refugee services	1,069,793	-	-	-	-	-	-	1,069,793
Grants and subsidies	626,898	-	-	-	-	-	(626,898)	-
Total program services	<u>8,002,689</u>	<u>6,057,661</u>	<u>513,898</u>	<u>2,868,213</u>	<u>1,147,735</u>	<u>818,784</u>	<u>(956,259)</u>	<u>18,452,721</u>
Supporting services:								
General and administrative	1,930,748	1,221,541	1,722	37,000	16,280	25,274	(188,712)	3,043,853
Fundraising	1,293,611	174,702	-	-	-	-	-	1,468,313
Total supporting services	<u>3,224,359</u>	<u>1,396,243</u>	<u>1,722</u>	<u>37,000</u>	<u>16,280</u>	<u>25,274</u>	<u>(188,712)</u>	<u>4,512,166</u>
Total expenses	<u>11,227,048</u>	<u>7,453,904</u>	<u>515,620</u>	<u>2,905,213</u>	<u>1,164,015</u>	<u>844,058</u>	<u>(1,144,971)</u>	<u>22,964,887</u>
Change in net assets	779,156	917,418	(185,669)	(166,616)	(186,047)	(14,295)	(38,985)	1,104,962
Net assets, beginning of year	<u>19,653,699</u>	<u>60,375</u>	<u>7,888,699</u>	<u>7,407,223</u>	<u>8,976,539</u>	<u>(1,375,709)</u>	<u>(12,840,138)</u>	<u>29,770,688</u>
Net assets, end of year	<u>\$ 20,432,855</u>	<u>\$ 977,793</u>	<u>\$ 7,703,030</u>	<u>\$ 7,240,607</u>	<u>\$ 8,790,492</u>	<u>\$ (1,390,004)</u>	<u>\$ (12,879,123)</u>	<u>\$ 30,875,650</u>

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

To the Board of Directors
Catholic Charities and Affiliates
Portland, Oregon

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 consolidated financial statements of Catholic Charities (a nonprofit organization) and affiliates, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Catholic Charities and affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities and affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities and affiliates' 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 Catholic Charities and affiliates' consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

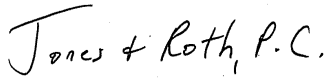
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catholic Charities and affiliates' consolidated 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 consolidated 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 Catholic Charities and affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities and affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.
Eugene, Oregon
February 25, 2022