Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Combined Financial Statements and Supplementary Information (Including Single Audit Reports)

June 30, 2020

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Engle, P.C.

Certified Public Accountants

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Table of Contents

Kundinger, Corder & Engle, P.C.

Certified Public Accountants
475 Lincoln Street, Suite 200
Denver, Colorado 80203

Phone (303) 534-5953
Fax (303) 892-7776
www.kcedenver.com

Independent Auditor's Report

Board of Directors
Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Report on the Financial Statements

We have audited the accompanying combined financial statements of Catholic Charities and Community Services of the Archdiocese of Denver, Inc. (Catholic Charities) which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Board of Directors

Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2019 combined financial statements, and our report dated November 18, 2019, expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information included in pages 30-33 and schedule of expenditures of federal awards, as required by Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of Catholic Charities' 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 Catholic Charities' 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' internal control over financial reporting and compliance.

Kundinger, Cordia & Cogle, P.C.

November 16, 2020

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Combined Statement of Financial Position
June 30, 2020
(With Summarized Comparative Totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	$ 9,886,466	5,297,946
Accounts receivable, net	286,369	342,114
Contributions and grants receivable	528,373	676,088
Cash restricted for reserves, FLHC (note 3)	666,530	671,151
Development fees receivable–affiliates (note 16)	419,085	670,369
Investments (notes 4 and 5)	3,909,806	964,366
Other assets	387,948	276,786
Investment in subsidiaries (note 6)	600,250	600,250
Beneficial interest in assets held by others (notes 5 and 7)	1,187,657	1,150,138
Notes and accrued interest receivable (note 8)	1,698,024	1,438,145
Cash restricted for capital projects	1,467,065	–
Property and equipment, net (notes 9 and 12)	19,821,112	19,486,665
Total assets	$ 40,858,685	31,574,018
Liabilities		
Accounts payable	$ 352,784	357,591
Accrued expenses	1,959,892	1,365,553
Refundable advances	88,764	–
Liabilities under annuity agreements (note 10)	218,606	231,872
Paycheck Protection Program loan (note 11)	3,240,000	–
Notes payable (note 12)	919,593	964,740
Total liabilities	6,779,639	2,919,756
Net Assets		
Net assets without donor restrictions		
Property and equipment, net of related debt	18,901,519	18,521,925
Development fees, notes, and subsidiaries	2,717,359	2,708,764
Undesignated	7,370,632	4,968,968
Total net assets without donor restrictions	28,989,510	26,199,657
Net assets with donor restrictions (note 13)	5,089,536	2,454,605
Total net assets	34,079,046	28,654,262
Commitments and contingencies (notes 14 through 18)		
Total liabilities and net assets	$ 40,858,685	31,574,018

See the accompanying notes to the combined financial statements.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Combined Statement of Activities
Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

	Without donor restrictions	With donor restrictions	2020 Total	2019 Total
Public support, revenue and gains				
Public support				
Direct contributions (note 16)	$ 2,859,868	9,038,063	11,897,931	7,302,609
Wills and bequests	2,139,580	245,116	2,384,696	118,410
In-kind contributions	1,985,328	–	1,985,328	2,123,602
Archbishop's Catholic Appeal and other support (note 16)	–	1,200,000	1,200,000	1,400,000
Government and private grants	6,721,224	3,768,069	10,489,293	9,432,314
Federated campaigns	41,525	260,816	302,341	294,910
Change in net present value of annuities	(23,698)	–	(23,698)	72,636
Fund raising events revenue	–	347,322	347,322	380,445
Direct benefits to donors	(9,484)	(258,420)	(267,904)	(295,835)
Net assets released from restrictions (note 13)	12,019,903	(12,019,903)	–	–
Total public support	25,734,246	2,581,063	28,315,309	20,829,091
Revenue and gains				
Program service fees	5,949,222	–	5,949,222	4,915,451
Development fees (note 16)	1,000,000	–	1,000,000	1,548,700
Rental income and subsidy	814,761	–	814,761	854,797
Investment return (note 4)	86,124	53,868	139,992	96,343
Net loss on disposal of property	–	–	–	(3,181)
Miscellaneous income	121,190	–	121,190	255,126
Total revenue and gains	7,971,297	53,868	8,025,165	7,667,236
Total public support, revenue and gains	33,705,543	2,634,931	36,340,474	28,496,327
Expenses				
Program services				
Family & Children Services	10,263,974	–	10,263,974	10,103,398
Shelter & Community Outreach Services	8,656,476	–	8,656,476	7,800,772
Western Slope	821,146	–	821,146	621,554
Weld County	2,221,604	–	2,221,604	1,907,208
Larimer County	1,693,013	–	1,693,013	1,440,082
Farm Labor Housing Corporation	864,050	–	864,050	889,199
Archdiocesan Housing, Inc.	476,079	–	476,079	275,420
Total program services	24,996,342	–	24,996,342	23,037,633
Supporting services				
General and administrative	3,479,035	–	3,479,035	3,493,288
Fund raising	2,440,313	–	2,440,313	2,441,963
Total supporting services	5,919,348	–	5,919,348	5,935,251
Total expenses	30,915,690	–	30,915,690	28,972,884
Change in net assets	2,789,853	2,634,931	5,424,784	(476,557)
Net assets at beginning of year	26,199,657	2,454,605	28,654,262	29,130,819
Net assets at end of year	$ 28,989,510	5,089,536	34,079,046	28,654,262

See the accompanying notes to the combined financial statements.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.
Combined Statement of Functional Expenses
Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

	Catholic Charities											
	Family & Children Services	Shelter & Community Outreach Services	Western Slope	Weld County	Larimer County	General and admin-istrative	Fund raising	Catholic Charities Total	Farm Labor Housing Corp.	Arch-diocesan Housing, Inc.	2020 Total	2019 Total
Salaries	$ 6,207,111	3,636,089	274,649	1,106,834	893,029	1,913,790	1,245,670	15,277,172	152,957	211,927	15,642,056	14,072,246
Benefits and payroll taxes	1,811,505	976,257	80,978	271,201	246,109	536,809	237,465	4,160,324	41,600	55,546	4,257,470	4,099,615
Food	151,279	155,115	–	20,884	32,339	–	–	359,617	–	–	359,617	415,527
Specific assistance	193,227	2,386,854	366,835	458,392	220,792	22,464	23,769	3,672,333	–	–	3,672,333	3,391,046
Grants to others	–	–	–	–	–	–	–	–	–	197,022	197,022	–
Professional services and contract labor	673,974	131,939	16,643	37,112	63,157	656,558	393,913	1,973,296	74,708	33,700	2,081,704	2,397,061
Rent, utilities and building maintenance	394,783	266,396	17,035	81,832	65,086	174,353	–	999,485	306,260	–	1,305,745	1,343,020
Printing	22,876	9,638	1,095	2,017	2,196	12,719	144,698	195,239	–	–	195,239	180,198
Publicity and marketing	6,447	–	50	90	455	180	41,528	48,750	–	–	48,750	57,690
Travel and transportation	34,011	14,505	3,922	7,849	2,332	10,448	226	73,293	–	–	73,293	108,441
Telephone	36,102	39,069	8,767	16,841	14,785	47,221	490	163,275	–	–	163,275	181,342
Office and program supplies	222,177	199,543	976	38,186	42,142	14,481	29,579	547,084	16,147	607	563,838	432,048
Equipment, maintenance and repairs	60,196	84,885	7,333	31,322	36,127	49,155	3,901	272,919	–	–	272,919	215,648
Postage and freight	4,347	–	150	670	16	23,719	52,927	81,829	–	–	81,829	75,370
Insurance	40,832	50,812	3,876	18,372	15,120	45,024	–	174,036	38,576	15,534	228,146	199,985
Dues, memberships and subscriptions	4,649	3,368	307	1,557	903	33,173	54,120	98,077	–	–	98,077	70,274
Interest and bank fees	–	–	–	–	–	5,402	–	5,402	62,973	–	68,375	72,547
Conferences and training	82,416	47,374	796	7,937	7,849	35,165	2,904	184,441	–	1,876	186,317	250,023
Occupancy allocation	154,743	317,649	–	–	–	(521,833)	49,441	–	–	–	–	–
Other expenses	55,881	27,546	(315)	557	5,313	28,459	427,586	545,027	16,836	33,354	595,217	636,006
Total expenses before depreciation	10,156,556	8,347,039	783,097	2,101,653	1,647,750	3,087,287	2,708,217	28,831,599	710,057	549,566	30,091,222	28,198,087
Depreciation	107,418	309,437	38,049	119,951	45,263	223,722	–	843,840	248,532	–	1,092,372	1,070,632
Total expenses	10,263,974	8,656,476	821,146	2,221,604	1,693,013	3,311,009	2,708,217	29,675,439	958,589	549,566	31,183,594	29,268,719
Less expenses netted with revenues on statement of activities	–	–	–	–	–	–	(267,904)	(267,904)	–	–	(267,904)	(295,835)
Total expenses included in expense section on statement of activities	$ 10,263,974	8,656,476	821,146	2,221,604	1,693,013	3,311,009	2,440,313	29,407,535	958,589	549,566	30,915,690	28,972,884

See the accompanying notes to the combined financial statements.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.
Combined Statement of Cash Flows
Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 5,424,784	(476,557)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	1,092,372	1,070,632
Amortization	45,770	49,901
Loss on disposals of property and equipment	–	3,181
Investment return on contributions restricted for long-term purposes	(53,868)	(53,730)
Contributions restricted for capital projects	(1,467,065)	(109,982)
Realized and unrealized gains on investments	(110,802)	(51,817)
Change in net present value of annuities	23,698	(72,636)
Changes in operating assets and liabilities		
Accounts receivable	55,745	213,041
Contributions and grants receivable	147,715	191,250
Development fees receivable–affiliates	251,284	(306,708)
Other assets	(111,162)	355,818
Accounts payable and accrued expenses	589,532	(143,515)
Refundable advances	88,764	–
Net cash provided by operating activities	5,976,767	668,878
Cash flows from investing activities		
Issuance of note receivable	(259,879)	–
Net (purchases) sales of investments	(2,872,157)	446,756
Proceeds from sales of assets	–	10,124
Purchases of property and equipment	(1,426,819)	(741,405)
Net cash used in investing activities	(4,558,855)	(284,525)
Cash flows from financing activities		
Investment return on contributions restricted for long-term purposes	53,868	53,730
Proceeds from contributions restricted for capital projects	1,467,065	109,982
Charitable gift annuity activity	(36,964)	(77,946)
Proceeds from Paycheck Protection Program loan	3,240,000	–
Payments on notes payable	(90,917)	(89,715)
Net cash provided by (used in) financing activities	4,633,052	(3,949)
Net increase in cash and cash equivalents and restricted cash	6,050,964	380,404
Cash and cash equivalents and restricted cash at beginning of year	5,969,097	5,588,693
Cash and cash equivalents and restricted cash at end of year	$ 12,020,061	5,969,097
Supplemental disclosures		
Other cash flow information		
Interest paid	$ 22,605	22,646

See the accompanying notes to the combined financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Catholic Charities and Community Services of the Archdiocese of Denver, Inc. (Catholic Charities) is organized as a Colorado not-for-profit corporation and was formed on April 27, 1928. Under the 1983 Code of Canon Law of the Roman Catholic Church, Catholic Charities is also a *public juridic person* and accordingly, is subject to its Canonical Statutes. Catholic Charities operates various programs to assist and promote charitable, welfare, educational, health, and social services in the Denver-Metropolitan area, Weld and Larimer counties and in Western Slope counties within the territory of the Archdiocese of Denver (the Archdiocese). Some of the major programs in operation are:

Family and Children Services – Denver Metro provides adoptive, child welfare, and counseling services to birth parents with unplanned pregnancies. It also provides services and referrals to relatives raising children as well as services to the elderly and disabled. In addition, Family and Children Services provide daycare programs and Head Start in metro Denver through several child care centers including the *Margery Reed Mayo Center, Child Development Center, and the Mariposa Center*.

Shelter and Community Outreach Services – Denver Metro provides temporary shelter and meals as well as case management for homeless persons and homeless Veterans. It also provides employment referrals and assistance, transitional housing services to individuals and families, and immigration assistance. In addition, emergency assistance is provided to individuals and families in need of basic necessities in metro Denver.

Catholic Charities – Western Slope provides family transitional housing services, immigration assistance and advocacy, and emergency assistance to individuals and families in need of basic necessities including food, rent, and utilities to clients in the Glenwood Springs and surrounding western slope of Colorado.

Catholic Charities – Weld County provides temporary shelter and meals as well as case management for homeless persons at the *Guadalupe Shelter* in Greeley. In addition, it also provides services to low-income seniors, and emergency assistance to individuals and families in need of basic necessities in Weld County and the surrounding area.

Catholic Charities – Larimer County provides temporary shelter and meals as well as case management for homeless persons at *The Mission* in Fort Collins. In addition, it also provides transitional housing services, services to low-income seniors, and emergency assistance to individuals and families in need of basic necessities in Larimer County and the surrounding area.

Farm Labor Housing Corporation (FLHC) is a not-for-profit corporation, formed in 1993 to provide farm labor housing that is safe, clean and affordable and to act as a catalyst to building more farm labor housing. The initial project for FLHC, *Plaza del Milagro,* consists of a 40-unit housing complex, which includes a community center and child-care center located in Greeley, Colorado. *Plaza del Sol* consists of 42 independent housing units, housing up to 144 single occupants, and is located adjacent to *Plaza del Milagro*. FLHC is controlled by Catholic Charities through the selection of FLHC board members.

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Archdiocesan Housing, Inc. (AHI) is a Colorado nonprofit corporation incorporated on December 17, 1968 to provide affordable housing for low- and moderate-income families and seniors where no adequate housing exists for such persons. AHI is controlled by Catholic Charities as they are the sole voting member of AHI. Included with the accounts of AHI are the following wholly-owned subsidiaries (of which AHI is the sole member): AHI Development, LLC; AHI Trust, LLC; AHI Development Silverthorne, LLC; AHI Development Guadalupe, LLC; and AHI Mount Loretto, LLC.

AHI is also affiliated with, but does not consolidate in its financial statements, the following Colorado nonprofit entities because AHI does not have both control and an economic interest in the entities.

- Archdiocesan Family Housing, Inc. (Denver Family Sites)
- Cathedral Plaza, Inc. (Cathedral)
- Colorado Affordable Catholic Housing Corporation (CACHC)
- Golden Spike, Inc. (Golden Spike)
- Higgins Plaza, Inc. (Higgins)
- Holy Cross Village, Inc. (Holy Cross)
- Holy Family Plaza, Inc. (Holy Family)
- Housing Management Services, Inc. (HMS)
- Immaculata Plaza, Inc. (IMM)
- Machebeuf Apartments, Inc. (Machebeuf)
- Madonna Plaza, Inc. (Madonna)
- Marian Plaza, Inc. (Marian)
- Prairie Rose Plaza (Prairie Rose)
- St. Martin Plaza, Inc. (St. Martin)
- Villas de Santa Lucia, Inc. (VSL)
- Villa Sierra Madre, Inc. (VSM)

AHI Development, LLC is the Managing Member in Courtyard Commons, LLC (Courtyard) at .005% ownership, the General Partner in St. Joseph Golden, LLLP (SJG) at .01% ownership and the General Partner in Broadway Affordable, LLLP (BA) at .01% ownership. AHI is the Administrative Special Limited Partner in The Villas in Southgate, LLLP (VSG) at .005% ownership. AHI Development Silverthorne, LLC is the General Partner in Villa Sierra Madre II LLLP (VSMII) at .01% ownership. AHI Development Guadalupe, LLC is the Managing General Partner in Guadalupe Apartments, LLLP (GA) at .005% ownership, and AHI is the Administrative General Partner in GA at .005% ownership. AHI Mount Loretto, LLC is the substitute Investor Member and Special Member of Mount Loretto, LLC at 99.99% ownership. Each of the above for-profit partnerships in which AHI is the general or managing partner are not consolidated in AHI's financial statements as the limited partners in these partnerships have substantive participating rights in the partnership and, therefore, AHI does not have control.

Due to the insignificant investment balances of the general or managing partner's interest in the for-profit corporations which are not consolidated, AHI accounts for these entities using the cost method of accounting, which approximates the consolidation method of accounting.

(b) Basis of Accounting

The accompanying combined financial statements of Catholic Charities have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(1) Summary of Significant Accounting Policies, Continued

(c) Financial Statement Presentation

Reporting Entity
The accompanying combined financial statements include the accounts of FLHC and AHI, which are separate not-for-profit corporations over which Catholic Charities has control and an economic interest. All material inter-organizational transactions have been eliminated in combination. Management of Catholic Charities annually reassesses the limited partner's rights in the for-profit partnerships (in which AHI is the general partner) to determine whether to consolidate the partnerships.

Basis of Presentation
Catholic Charities is required to present information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Catholic Charities. These net assets may be used at the discretion of Catholic Charities' management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Catholic Charities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(d) Cash and Cash Equivalents and Restricted Cash

Catholic Charities considers all highly liquid investments with an initial maturity of three months or less, and which are not held as part of the investment portfolio or subject to donor restrictions for long-term purposes, to be cash equivalents. Restricted cash consists of cash required to be held in reserve accounts (note 3) and cash restricted by donors for capital projects. Restricted cash is combined with cash and cash equivalents for purposes of the combined statement of cash flows. The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the combined statement of financial position to the total of the same such amounts in the combined statement of cash flows as of June 30, 2020:

Cash and cash equivalents	$ 9,886,466
Cash restricted for reserves, FLHC (note 3)	666,530
Cash restricted for capital projects	1,467,065
Total cash and cash equivalents and restricted cash shown in the combined statement of cash flows	$ 12,020,061

(1) Summary of Significant Accounting Policies, Continued

(e) Concentrations of Credit Risk

Financial instruments which potentially subject Catholic Charities to concentrations of credit risk consist principally of cash, cash equivalents, investments, notes receivable, development fees receivable, accounts receivable and grants and contributions receivable. Investments which potentially subject Catholic Charities to concentrations of credit risk include $351,194 held by the Archdiocese of Denver Irrevocable Revolving Fund Trust (Revolving Fund Trust) and invested on behalf of Catholic Charities. Catholic Charities also holds debt and equity securities that are subject to changes in value due to market factors. In addition, Catholic Charities is subject to concentrations of credit risk resulting from notes receivable and accrued interest totaling $1,698,024 (see note 8), and development fee receivable-affiliates of $419,085 (see note 16).

Catholic Charities places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. At times, a portion of these balances may exceed the limits for insurance by the FDIC or similar entity.

Catholic Charities is subject to the risk of loss from certain government receivables if the government determines that certain amounts are unallowable reimbursements, although this has not happened to date. Credit risk associated with grants and contributions receivable is limited due to the number and creditworthiness of the governments, foundations and individuals that comprise the contributor base.

(f) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position. Fair value is more fully discussed below. Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of Catholic Charities' distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

(g) Fair Value Measurements

Fair value is defined as 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. Generally accepted accounting principles in the U.S. establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

(1) Summary of Significant Accounting Policies, Continued

(g) Fair Value Measurements, Continued

Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not an indication of risk or liquidity.

Investments in marketable equity and fixed income securities with readily determinable fair values are reported at fair value based on quoted prices in active markets. Investments held in the Revolving Fund Trust consist of marketable securities that are also valued based on quoted prices in active markets. The market value of Catholic Charities' beneficial interest in assets held at The Catholic Foundation is based on information reported by The Catholic Foundation, which holds the funds.

(h) Property and Equipment

Property and equipment with initial cost or value of more than $5,000 are capitalized at cost or, if donated, the estimated fair market value of the asset at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Equipment leased under capital leases is recorded at the present value of the lease payments. Amortization of capitalized leases is included with depreciation on the combined financial statements.

(i) Revenue Recognition

Public support
Public support on the combined statement of activities mainly consists of contributions and grants revenue. Contributions and grants are recognized when cash, securities or other assets, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Should Catholic Charities substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, Catholic Charities has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as refundable advances in the combined statement of financial position. At June 30, 2020, refundable advances totaled $88,764.

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

Public support, continued
Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Contributions and grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Catholic Charities uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible contributions and grant receivable at June 30, 2020 and all receivables are expected to be collected within one year.

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2020, conditional contributions relating to these grants, totaling $1,265,726, for which no amounts have been received in advance, have not been recognized in the accompanying combined financial statements.

Special events revenue
Special events revenue consists of ticket sales and sponsorships for various special events. Ticket sales and sponsorships may be received in advance of the event taking place and are recorded as deferred revenue. These amounts are recorded as revenue the day the event takes place.

In-kind contributions
In-kind contributions are recorded as contributions and corresponding expenses in the accompanying statements at their estimated values at date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Catholic Charities. In-kind contributions received for the year ended June 30, 2020 are as follows:

Program supplies	$ 810,960
Food and food preparation materials	1,145,185
Professional services	27,213
Building space	1,970
Total in-kind revenue and expense	$ 1,985,328

In-kind expenses are recorded under various categories on the combined statement of functional expenses, according to their classification. Many individuals volunteer their time and perform a variety of tasks that assist Catholic Charities in its programs and general operations. However, the value of this contributed time is not reflected in the accompanying combined financial statements as it does not meet the criteria of recognition under accounting principles.

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

Fund raising events revenue
Special events revenue consists of ticket sales and sponsorships for various special events. Ticket sales and sponsorships may be received in advance of the event taking place and are recorded as deferred revenue. These amounts are recorded as revenue the day the event takes place.

Program service fees
Program service fees consist of fee-for-service and other contract revenue earned as a result of childcare, counseling, housing and other services provided by Catholic Charities. This revenue is earned primarily from certain government agencies, private organizations and the general public. Program service fees are deemed to be earned and are reported as revenue when Catholic Charities has performed services in compliance with the provisions of the respective service agreements. Cash received for contracts in advance of being earned is recorded as unearned revenue.

Accounts receivable represent amounts due resulting from the performance of these services to other organizations or individuals. The allowance for doubtful accounts is based on past experience and on analysis of the collectability of current accounts receivable. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms. At June 30, 2020, accounts receivable includes an allowance of $2,714. Management believes the existing allowance for doubtful accounts at June 30, 2020 is adequate.

Development fees
AHI has agreements with affiliates and/or entities managed or controlled by affiliates whereby they earn development fees for services rendered in connection with the investigation, due diligence, development, financing, construction and permitting of related affordable housing projects. These development fees are recognized as revenue when the performance obligations are met. Fees received in advance are reported as deferred revenue until earned.

Rental income and subsidy
FLHC's primary sources of revenue consist of rental income received from tenants and rental subsidies received from the USDA under leases of residential property of one year or less. Lease agreements require tenants to contribute a portion of the contract rent based on formulas prescribed by the USDA. The difference from the rental rate and calculated tenant contribution is then subsidized by the USDA. FLHC accounts for the rental subsidies received from the USDA as third-party payments on behalf of identified customers to existing exchange transactions. As such, revenue from both parties is recognized when performance obligations are complete, or when housing is provided to tenants in accordance with lease agreements. Any amounts received prior to completing performance obligations are reported as deferred revenue in the statement of financial position. At June 30, 2020, FLHC has no deferred revenue.

Catholic Charities does earn rental income on portions of its buildings that are rented for program purposes. This rental income is recognized when housing is provided to tenants in accordance with lease agreements.

(1) Summary of Significant Accounting Policies, Continued

(j) Advertising

Catholic Charities uses advertising to promote certain programs and products. The costs of advertising are expensed as incurred. During fiscal year 2020, advertising costs totaled $48,750.

(k) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the combined statement of functional expenses. Catholic Charities incurs expenses that directly relate to, and can be assigned to, specific programs or supporting activities. Catholic Charities also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fund raising and general and administrative activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

(l) Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(m) Income Taxes

Catholic Charities, FLHC, and AHI are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code through their inclusion in the United States Conference of Catholic Bishops group ruling and listing in the Official Catholic Directory. Accordingly, contributions to the above mentioned organizations qualify for the charitable contribution deduction. Income from activities not directly related to Catholic Charities', FLHC's, or AHI's tax exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income subject to tax in the current year.

Management is required to evaluate tax positions taken by Catholic Charities and recognize a tax liability (or asset) if Catholic Charities has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements and determined there are none. Catholic Charities is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Catholic Charities' tax returns for the three previous tax years remain subject to examination.

(1) Summary of Significant Accounting Policies, Continued

(n) Prior Period Information

The accompanying combined financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Catholic Charities' combined financial statements for the year ended June 30, 2019, from which the summarized information was derived.

(o) Subsequent Events

Management has evaluated subsequent events through November 16, 2020, the date the financial statements were available to be issued. Although the effects of the COVID-19 pandemic are continuing beyond the date of the financial statements, management does not anticipate significant adverse effects on the operations of Catholic Charities during fiscal year 2021. See also note 19.

(p) New Accounting Pronouncements

Effective July 1, 2019, Catholic Charities adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Catholic Charities has applied the standard using the modified prospective transition method. The update clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of ASU No. 2018-08 did not significantly impact Catholic Charities' combined statement of activities or combined statement of financial position.

Effective July 1, 2019, Catholic Charities adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* using the modified retrospective method. The update supersedes the revenue recognition requirement in *Revenue Recognition (Topic 605)* and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Analysis of various provisions of this standard resulted in no significant changes in the way Catholic Charities recognizes revenue, and, therefore, no cumulative adjustments to beginning net assets were required as a result of adoption.

Effective July 1, 2019, Catholic Charities adopted ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The update requires entities to include restricted cash in the total of cash and cash equivalents when presenting the change during the year in the combined statement of cash flows. Additionally, this guidance requires that entities disclose a reconciliation to the combined statement of financial position either on the face of the combined statement of cash flows or in the footnotes. The nature of material restrictions are disclosed at note 1(d).

(2) Liquidity and Availability of Financial Assets

The following reflects the financial assets as of June 30, 2020 that are available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or when restricted by donors for purposes more limited than general expenditures.

Financial assets at year-end	
Cash and cash equivalents	$ 9,886,466
Accounts receivable, net	286,369
Contributions and grants receivable	528,373
Investments	3,909,806
Beneficial interest in assets held by others	1,187,657
Total financial assets	15,798,671
Less endowment funds	(1,453,626)
Financial assets available for expenditure within one year	$ 14,345,045

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, Catholic Charities invests cash in excess of daily requirements in short-term investments. To manage liquidity, Catholic Charities maintains a $3,000,000 revolving line of credit with a bank that is drawn upon as needed during the year to manage cash flows (as further discussed in note 15). Catholic Charities considers donor restricted contributions for on-going programs to be available for expenditure, provided they are available for expenditure within the next twelve months.

(3) Reserve Cash

FLHC is required to make monthly payments to a reserve account for *Plaza del Milagro* until the balance reaches $400,000. The funds may be used with the approval of the USDA for repair, replacement, or improvement of the property, to meet payments on loan obligations, or to promote the loan or grant purpose. For fiscal year 2020, no payments were made to this reserve account as the balance exceeded $400,000 throughout the year. Withdrawals totaling $14,126 were made from this reserve account in 2020. A similar account is required at *Plaza del Sol*. FLHC was originally required to make annual payments of $41,380 to the reserve account for the *Plaza del Sol* until the balance reaches $413,800; however, the USDA has reduced the annual payment requirement to $25,000. Payments totaling $25,000 were made to the *Plaza del Sol* reserve during the year ended June 30, 2020; withdrawals totaling $15,544 were made in 2020.

The following is a summary of the required reserve accounts at June 30, 2020:

Plaza del Milagro	$ 409,452
Plaza del Sol	257,078
Total reserve cash	$ 666,530

(4) Investments

Investments are comprised of the following at June 30, 2020:

Cash and cash equivalents	$ 1,717,908
Exchange traded funds (ETFs)	1,611,307
Investments with the Revolving Fund Trust	351,194
Equities	123,560
Mutual funds invested in equities	85,924
Mutual funds invested in fixed income	19,913
	$ 3,909,806

Investment return for the year ended June 30, 2020, is summarized as follows:

Interest and dividend income	$ 29,190
Realized and unrealized gains on investments	62,885
Total from investments	92,075
Change in value of beneficial interest in assets held by others (note 7)	47,917
Total investment return	$ 139,992

The Revolving Fund Trust enables parishes and other Catholic entities within the territory of the Archdiocese to pool financial resources to obtain competitive terms for depositing, withdrawing and borrowing money. The Revolving Fund Trust holds title to the assets of the trust. However, the equitable and beneficial ownership of the assets of the trust belong to and are owned by each entity participating in the Revolving Fund Trust pursuant to the terms and conditions of the trust agreement.

(5) Fair Value Measurements

The following table summarizes Catholic Charities' investments by the fair value hierarchy levels as of June 30, 2020:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 1,717,908	1,717,908	–	–
Exchange traded funds	1,611,307	1,611,307	–	–
Revolving Fund Trust	351,194	351,194	–	–
Equities	123,560	123,560	–	–
Mutual funds invested in equities	85,924	85,924	–	–
Mutual funds invested in fixed income	19,913	19,913	–	–
Subtotal	3,909,806	3,909,806	–	–
Investments held at The Catholic Foundation	1,187,657	–	1,187,657	–
Total	$ 5,097,463	3,909,806	1,187,657	–

(6) Investment in Subsidiaries

AHI Development, LLC and AHI Development Silverthorne, LLC were formed to acquire, construct, own, and operate low- and moderate-income housing complexes in Colorado. AHI Development, LLC owns .01% of St. Joseph Golden, LLLP and AHI which owns .005% as the Administrative Special Limited Partner in The Villas in Southgate, LLLP, neither of which has a cost basis of acquisition. AHI Development Silverthorne, LLC is the General Partner in Villa Sierra Madre II, LLLP and owns .01% of the partnership. AHI is the Administrative General Partner in Guadalupe Apartments, LLLP at .005% ownership, and AHI Development Guadalupe, LLC is the Managing General Partner in Guadalupe Apartments, LLLP at .005% ownership. AHI Mount Loretto LLC is the substitute Investor Member and Special Member in Mount Loretto LLC at 99.99% ownership. Investment in the project entities is accounted for under the equity method by the corporations. Accordingly, the corporations recognize the earnings and losses of the partnerships to the extent of their respective ownership interests. AHI's investment in subsidiaries at June 30, 2020 was $200 in AHI Development, LLC and $600,050 in AHI Development Guadalupe, LLC.

AHI has agreements with the affiliated partnerships to oversee the development and construction of their respective low- and moderate-income housing complexes. At June 30, 2020, AHI had guaranteed any general partner calls for capital contributions by the limited partnerships for operations. Since inception of the partnerships, there have been no additional cash contributions required from the general partner corporations.

(7) Beneficial Interest in Assets Held by Others

Catholic Charities has entered into an agreement with The Catholic Foundation for the Roman Catholic Church in Northern Colorado (the Foundation), to hold and invest certain endowed funds, originally valued at $1,100,000. The funds deposited at the Foundation are to be held in perpetuity by the Foundation, to which variance power has been given. The Foundation shall distribute annually to Catholic Charities as much of the net income of the fund as Catholic Charities requests and the Foundation deems consistent with the agreement and the distribution policies of the Foundation. At June 30, 2020, the investments had a fair market value of $1,187,657.

(8) Notes and Accrued Interest Receivable

AHI

At June 30, 2020, AHI had notes receivable and accrued interest receivable consisting of the following:

	Interest rate	Date due	Note receivable	Interest receivable
Broadway Affordable, LLLP	3.94%	June 30, 2050	$ 774,621	345,771
Allowance–BA			–	(332,246)
Villa Sierra Madre II, LLLP	6.00%	December 31, 2045	350,000	141,315
Allowance–VSMII			–	(141,315)
Guadalupe Apartments, LLLP	6.50%	December 31, 2056	300,000	59,147
Allowance – GA			–	(59,147)
Immaculata Plaza	3.00%	August 16, 2026	96,878	2,548
Allowance – IMM			–	(2,548)
Housing Management Services	N/A	N/A	163,000	–
			$ 1,684,499	13,525

(8) Notes and Accrued Interest Receivable, Continued

AHI's $774,621 note from Broadway Affordable LLLP earns interest at 3.94%, compounded annually, and is unsecured. The note requires payments of principal and interest made annually, 90 days following the end of each fiscal year of Broadway Affordable LLLP, solely from and to the extent of cash flow remaining, if any, in the priority set forth in the Third Amended and Restated Agreement of Limited Partnership. If not paid sooner, the principal sum and all interest accrued thereon is due and payable in full on June 30, 2050. Interest earned on this note during the year ended June 30, 2020 was $42,872. An allowance was recorded for $42,872 for interest earned in fiscal year 2020, due to the cash flow calculation for Broadway Affordable, LLLP historically reflecting no funds being available to pay the interest. No payments were made in 2020.

AHI's $350,000 note from Villa Sierra Madre II, LLLP earns interest at 6%, compounded annually, and is secured by the property, subordinate to the mortgage. The note requires payments of 100% of the available cash flow as defined in the related Partnership Agreement. If not paid sooner, the principal sum and all interest accrued thereon is due and payable in full on December 31, 2045. Interest earned on this note during the year ended June 30, 2020 was $28,335. An allowance was recorded for $28,335 for interest earned in fiscal year 2020, due to the cash flow calculation for Villa Sierra Madre II, LLLP reflecting no funds being available to pay the interest.

In June 2018, AHI acquired a $300,000 note from Guadalupe Apartments, LLLP which earns interest at 6.50%. The note requires payments of the available cash flow as defined in the related Partnership Agreement. Principal and accrued interest are due and payable on December 31, 2056. Interest earned on this note during the year ended June 30, 2020 was $21,920. An allowance was recorded for $21,920 for interest earned on this note during the year ended June 30, 2020, due to the cash flow calculation for Guadalupe Apartments, LLLP reflecting no funds being available to pay the interest.

On August 16, 2019, AHI entered into a $96,878 note from Immaculata Plaza, Inc. that earns interest at 3%, compounded annually, and is unsecured. The note requires payments to the extent of cash flow remains after paying reasonable and ordinary expenses required to operate the business. If not paid sooner, the principal sum and all interest accrued thereon is due and payable in full on August 16, 2026. Interest earned on this note during the year ended June 30, 2020 was $2,548. An allowance was recorded for $2,548 for interest earned in fiscal year 2020 due to the cash flow calculation for Immaculata Plaza, Inc. reflecting no funds being available to pay the interest.

On June 30, 2020, AHI advanced $163,000, interest free, to HMS to cover a year-end operating cash deficit. The advance will be paid back as cash is available.

Catholic Charities

On April 4, 2006, Catholic Charities sold its property at 1122 Pearl Street, Denver, known as Courtyard Commons. The property was sold to Courtyard Commons, LLC, a limited liability company whose managing member is AHI Development, LLC. The property was sold for $840,000 comprised of $202,731 in payment of the existing CHFA mortgages on the property, and a promissory note of $637,269. The promissory note bears interest of 4.79%, and requires that Courtyard Commons LLC make annual payments of $1,000, cash flows permitting. Because payment of the note is uncertain, Catholic Charities has determined that a gain on sale will be recorded under the cost recovery method only when payments are received. The balance of the note ($483,526 at June 30, 2020) and accrued interest ($295,728 at June 30, 2020) are due and payable in full in 2045.

(9) Property and Equipment

Property and equipment used in continuing operations consisted of the following at June 30, 2020:

	Catholic Charities	FLHC	Total
Land and land improvements	$ 4,172,391	1,182,649	5,355,040
Buildings	20,669,900	7,164,491	27,834,391
Furniture and equipment	2,728,639	464,459	3,193,098
	27,570,930	8,811,599	36,382,529
Less accumulated depreciation	(12,060,782)	(4,853,633)	(16,914,415)
Construction in progress	352,998	–	352,998
Property and equipment, net	$ 15,863,146	3,957,966	19,821,112

(10) Charitable Gift Annuities

Catholic Charities has received several charitable gift annuity contracts. These contracts require Catholic Charities to make fixed payments to the beneficiaries over their lifetimes. The obligation to make the periodic disbursements to the beneficiary becomes a general obligation of Catholic Charities. This liability is recorded at the net present value of the expected future payments, discounted at interest rates ranging from 1% to 6% over the expected lives of the beneficiaries, and totaled $218,606 at June 30, 2020.

(11) Paycheck Protection Program Loan

In April 2020, Catholic Charities received a $3,240,000 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The loan is being treated as a refundable advance of a conditional contribution until such time that the loan has been explicitly forgiven by the SBA. At such time that the loan is forgiven, the conditions will be considered met and Catholic Charities will recognize contribution revenue in the amount of the loan forgiveness.

In the case that the loan is not forgiven in its entirety, the outstanding balance is payable in equal amounts required to fully amortize the principal amount outstanding on the note by the maturity date of April 1, 2022. The loan is unsecured, and interest is charged at 1% per annum.

(12) Notes Payable

FLHC has received five loans with interest rates below market. These notes have been discounted, depending on the market rate for similar loans at the time of borrowing. The discounts have been deducted from the face value of the notes, and were recorded as restricted contributions in the years in which the loans were received. The discount totals $373,987 at June 30, 2020. As this discount is amortized, a corresponding amount is released from temporarily restricted net assets. At June 30, 2020, notes payable consisted of the following:

Note payable to USDA Rural Development, interest at 1%, monthly payments of $1,575 to be made through September 2031, secured by first lien on property-*Plaza del Milagro*	$ 199,604
Note payable to Weld County, interest at 3%, monthly payments of $1,194 through June 2033, secured by deed of trust -*Plaza del Milagro*	154,122
Note payable to USDA Rural Development, including accrued interest, interest at 1%, monthly payments of $4,078 to be made over 33 years, secured by deed of trust–*Plaza del Sol*	674,358
Note payable to Weld County, interest at 3%, monthly payments of $555, secured by deed of trust-*Plaza del Sol*	26,060
Note payable to Colorado Housing and Finance Authority, interest at 1%, monthly payments of $1,608 to be made over 30 years -*Plaza del Sol*	239,436
Face value of below market rate notes payable	1,293,580
Less discount	(373,987)
	919,593
Note payable to Catholic Charities, at 0% interest, payable in annual installments of $10,000 beginning in 2004-*Plaza del Sol* (inter-organizational transaction has been eliminated in consolidation)	60,000
Net notes payable	$ 979,593

The future undiscounted principal payments on these notes for years ending June 30 are:

2021	$ 92,145
2022	93,393
2023	94,663
2024	93,027
2025	91,657
Later years	888,695
	1,353,580
Less discount	(373,987)
Net notes payable	$ 979,593

(13) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 consist of the following:

Catholic Charities:	
Contributions restricted by donors, but not yet expended	$ 1,651,296
Contributions restricted for capital projects	1,467,065
Unspent endowment earnings	128,066
Endowment funds	1,453,626
Subtotal	4,700,053
FLHC:	
Unamortized loan discount (note 12)	373,987
AHI:	
Improvements at Marian Plaza	15,496
Total net assets with donor restrictions	$ 5,089,536

Net assets released from restrictions during fiscal year 2020 consisted of the following:

Catholic Charities:	
Restricted contributions expended per donor instructions	$ 11,974,133
FLHC:	
Amortization of below market rate note payable	45,770
Total net assets released	$ 12,019,903

In addition, net assets without donor restriction generated by FLHC projects are restricted for use by that particular housing project.

Endowment Funds

Net assets with donor restrictions include endowment fund assets that are subject to restrictions requiring that the principal be invested in perpetuity and only the income be used. Endowment net assets consist of the following funds at June 30, 2020:

Catholic Charities Endowment Fund-Samaritan House	$ 1,000,000
Catholic Charities Endowment Fund-operations	100,000
General Endowment	50,000
South West Emergency Assistance	26,707
Marjory Reed Mayo - equipment	25,000
Samaritan House - capital improvements	251,919
Total endowment net assets	$ 1,453,626

(13) Net Assets with Donor Restrictions, Continued

Endowment Funds, Continued

Catholic Charities follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Catholic Charities has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation and in the absence of explicit donor stipulations to the contrary, Catholic Charities classifies as net assets with donor restrictions (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The unspent portion of the donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

(1) The duration and preservation of the fund
(2) The purposes of Catholic Charities and the donor-restricted endowment funds
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other Catholic Charities resources
(7) The investment policies of Catholic Charities.

Following are the changes in the endowment net assets for the year ended June 30, 2020:

Endowment net assets at beginning of year	$ 1,527,824
Investment return, net	53,868
Contributions	–
Expenditure of endowment earnings	–
Endowment net assets at end of year	$ 1,581,692

Return Objectives and Risk Parameters

Catholic Charities' assets include donor-restricted funds that Catholic Charities must hold in perpetuity. Catholic Charities has adopted investment policies for endowment assets that attempt to provide a reasonable, predictable, stable and sustainable level of income that supports current needs and provides for growth in assets and income over time. Catholic Charities' spending policies reflect donor restrictions on the original gift.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Catholic Charities relies on a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). In addition, Catholic Charities relies on the strategies of the Catholic Foundation where a portion of the endowment is held. Catholic Charities targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

(13) Net Assets with Donor Restrictions, Continued

Distribution Policy and How the Investment Objectives Relate to Distribution Policy
Catholic Charities has a policy of appropriating for distribution each year that amount of investment income which it deems prudent. No distributions were made during 2020.

(14) Operating Leases

Catholic Charities rents office space for administrative and program needs in various locations. Total minimum rental commitments under these written lease agreements are as follows for the years ending June 30:

2021	$ 327,426
2022	304,229
2023	85,761
2024	17,517
2025	7,853
	$ 742,786

In addition, Catholic Charities rents space for various programs on a month-to-month basis. Total rent expense for the year ended June 30, 2020 was $341,312.

(15) Line of Credit

Catholic Charities has a $3,000,000 revolving line of credit with a bank that expires January 24, 2022. Borrowings on the line bear interest at the Wall Street Journal Prime rate minus .75%. At June 30, 2020, no amounts were outstanding on the line of credit.

(16) Related Party Transactions – Archdiocese and Related Organizations

Catholic Charities has as its general purpose, the promotion of the charitable causes of the Archdiocese. In addition to investments in the Revolving Fund Trust, the following related party transactions existed with the Archdiocese and other related organizations for the year ended June 30, 2020:

(a) The Archdiocese of Denver contributed $1,200,000 to Catholic Charities through the Archbishop's Catholic Appeal and other support.
(b) Effective July 1, 2014, Catholic Charities discontinued their self-insurance program and was admitted to The Archdiocese of Denver Welfare Benefits Trust Plan. Expense for the insurance plan for the year totaled $2,880,407.
(c) Archdiocesan Housing, Inc. and its affiliates share a building with Catholic Charities and use Catholic Charities' payroll services for their employees. AHI and affiliates reimbursed Catholic Charities a total of $5,736,166 for salaries and related expenses, including $173,501 in employer matching under their 403(b) retirement plan. Also included in this total are charges amounting to $706,625 related to health insurance provided by the Archdiocese of Denver (see note (b) above). Furthermore, AHI and affiliates paid Catholic Charities $54,573 for shared occupancy costs. The senior housing sites, through AHI, also contracted with Catholic Charities to provide case management services, for a total of $65,710.
(d) The Archdiocese of Denver Risk Management and Property/Casualty Insurance Trust (the Trust) currently procures worker's compensation, property and general liability insurance coverage for Catholic Charities. Catholic Charities paid $481,691 to the Trust during the year ended June 30, 2020.

(16) Related Party Transactions – Archdiocese and Related Organizations, Continued

(e) Catholic Charities has contracted with the Archdiocese of Denver's Office of Development to provide certain fundraising and donor development services to Catholic Charities. During the year ended June 30, 2020, Catholic Charities incurred $200,000 in expense for these services.

(f) During the year ended June 30, 2020, Catholic Charities received a contribution totaling $1,000,000 from Colorado Affordable Catholic Housing Corporation, an affiliate to Archdiocesan Housing, Inc.

(g) During the year ended June 30, 2020, Catholic Charities received a contribution totaling $1,000,000 from AHI which has been eliminated in the combined financial statements.

(h) AHI, AHI Development, LLC, and AHI Development Silverthorne, LLC have agreements with affiliates and/or entities managed or controlled by affiliates whereby they earn development fees for services rendered in connection with the investigation, due diligence, development, financing, construction and permitting of related affordable housing projects. During the year ended June 30, 2020, fees earned on separate projects and affiliates were $1,000,000. Because the development fees are paid dependent upon third party investor agreements (which may include interest), the amounts due at June 30, 2020 were as follows:

Guadalupe	$ 392,354
Villa Sierra Madre II, LLLP	26,731
Total development fees receivable – affiliates	$ 419,085

Interest earned on the Guadalupe development fee during the year ended June 30, 2020 was $37,322. An allowance was recorded for $37,322 for interest earned on this note during the year ended June 30, 2020 due to the cash flow calculation for Guadalupe Apartments, LLLP reflecting no funds being available to pay the interest.

(i) At June 30, 2020, Broadway Affordable, LLLP owed AHI $774,621 and net accrued interest of $13,525. See note 8.

(j) At June 30, 2020, Villa Sierra Madre II, LLLP owed AHI $350,000. See note 8.

(k) At June 30, 2020, Guadalupe Apartments, LLLP owed AHI $300,000. See note 8.

(l) At June 30, 2020, Immaculata Plaza, Inc. owed AHI $96,878 See note 8.

(m) At June 30, 2020, Housing Management Services owed AHI $163,000 interest free. See note 8.

(n) During the year ended June 30, 2020, AHI made a contribution of $197,022 to Mount Loretto LLC in the form of debt forgiveness.

(17) Retirement Plan

Catholic Charities has established a retirement plan under section 403(b) of the Internal Revenue Service Code that is available to employees. Catholic Charities contributes 4% of employee salaries for employees with a year or more service. In addition, Catholic Charities matches 50% of the employee's elective deferral amount that does not exceed 2% of the total employee's compensation. Total employer contributions under this plan for Catholic Charities employees were $476,802 for the year ended June 30, 2020.

(18) Land Use Restrictions, Project Guarantees, and Commitments

Guadalupe Shelter
Catholic Charities received grants totaling $600,000 from Greeley Urban Renewal Authority (GURA) for the purchase of land and construction of the new Guadalupe Center Homeless Shelter. If Catholic Charities ceases to use the property for this purpose, Catholic Charities must transfer the property to GURA or reimburse GURA for the fair market value of the portion of the property attributable to this grant at the time the property ceases to be used for this purpose. Additionally, the project received funding from the State of Colorado totaling $600,000 with the commitment to provide housing for moderate, low and very low income persons for 30 years after the close out of the project. A portion of the property was sold to an affiliated entity during 2016, who intends to continue using the property for the specified purpose.

Mission Building-Fort Collins
In conjunction with the renovation of the Mission building in Ft. Collins that was partially funded by a grant of $46,235 from the City of Ft. Collins in 2006, Catholic Charities has agreed to continue to operate the building as a Community Development Block Grant eligible public facility for 90 years or refund the grant.

Smith Road
On October 12, 2016, Catholic Charities purchased property at 6240 Smith Road in Denver, for $2,500,000, to be used as an overnight shelter space and short-term transitional housing for women. Part of the property also serves as an office building for administration. Catholic Charities received $1,000,000 in funding from the City and County of Denver, which was applied to the purchase. Repayment of the loan shall be deferred as long as the property is used as a non-profit community facility for a term of 35 years. Should this condition not be met during the 35-year period, the $1,000,000 must be repaid.

Farm Labor Housing Corporation
FLHC has received various loans with interest at rates below market (see note 12). The loans require that the *Plaza del Milagro* and *Plaza del Sol* be maintained as low-income housing.

Mount Loretto, LLC
Under an agreement with Catholic Charities, AHI has assumed responsibility for the guarantees made for the Mount Loretto, LLC housing project by Catholic Charities and has agreed to indemnify Catholic Charities for any claims made against those guarantees. AHI also assumed the covenant that the project will rent to qualified low-income occupants for the 40-year guaranty period, which expires in 2045. Should the project lose its low-income housing status, grants received from local agencies through Catholic Charities to the project construction totaling $1,494,000 would have to be repaid.

St. Joseph, LLLP
Under an agreement effective December 16, 2009 with AHI Development, LLC, general partner of the St. Joseph Golden, LLLP, AHI has assumed joint responsibility with CACHC for guarantees made for the St. Joseph Golden, LLLP housing project by AHI Development, LLC and has agreed to indemnify AHI Development, LLC for any claims made against those guarantees. AHI also assumed the covenant that the project will rent to qualified low-income occupants for the 20-year guaranty period, which expires in 2029. Should the project lose its low-income housing status, the loans received from a local governmental agency through AHI for the project construction totaling $612,236 would have to be repaid.

(18) Land Use Restrictions, Project Guarantees, and Commitments, Continued

Villas in Southgate, LLLP

AHI is the Administrative Special Limited Partner of Villas in Southgate, LLLP. If, at any time or from time to time after the redemption of the Series B Bonds, an operating deficit exists, then the Administrative Special Limited Partner is required to lend funds (an operating deficit loan) to the Partnership in an amount equal to the amount of the operating deficit. The Administrative Special Limited Partner's obligation to make these loans will terminate at the close of the fiscal year in which certain requirements are satisfied. The Administrative Special Limited Partner's obligation to make operating deficit loans is limited to an amount equal to $300,000. Operating deficit loans are repayable without interest. No operating deficits have been experienced as of June 30, 2020.

AHI has a partnership agreement with The Villas in Southgate, LLLP whereby The Villas at Southgate, LLLP must pay AHI a management fee in connection with management of the project commencing the first year the Project is 95% occupied by qualified tenants, provided that such fee shall be payable only to the extent The Villas in Southgate, LLLP has cash from operations remaining after payment of obligations having a higher priority as set forth in the partnership agreement. If cash flow is not sufficient to pay the fee provided above, any unpaid fee shall accrue and shall be payable out of the next available cash flow. During the year ended June 30, 2020, The Villas in Southgate, LLLP paid management fees totaling $32,171.

Courtyard Commons, LLC

AHI Development, LLC is the Managing Member of Courtyard Commons, LLC. If, at any time or from time to time an operating deficit exists, then the Managing Member shall lend funds (an operating deficit loan) to Courtyard Commons, LLC in an amount equal to the amount of the operating deficit. The Managing Member's obligation to make these loans will terminate at the close of the fiscal year in which certain requirements are satisfied. Operating deficit loans are repayable with interest at the applicable federal rate for long term obligations. No operating deficits have been experienced.

AHI Development, LLC has an operating agreement with Courtyard Commons, LLC whereby Courtyard Commons, LLC must pay AHI Development, LLC a management fee in connection with management of the project commencing the first year the Project is 95% occupied by qualified tenants. During the year ended June 30, 2020, Courtyard Commons, LLC paid management fees totaling $4,919.

During the year ended June 30, 2007, AHI received funding totaling $240,000 from the State of Colorado for the necessary rehabilitation of Courtyard Commons. As a condition to the receipt of this funding, a covenant has been recorded to ensure that the housing is to be rented to low-income occupants for a term of 50 years. Should this condition not be met during the 50-year period, the $240,000 must be repaid. Similarly, during the year ended June 30, 2008 AHI received a grant of $350,000 from the City and County of Denver, and a grant of $200,000 from the Federal Home Loan Bank of Topeka. The terms of these grants require that the property be rented to low-income occupants for terms of 40 and 15 years, respectively. These grants were funded directly to Courtyard Commons and are not reflected on the AHI financial statements except as the guarantee commitment. In turn, Courtyard Commons has entered into promissory notes with AHI for repayment of the grants. Should the project lose its low-income housing status, grants received from the agencies through AHI to the project construction totaling $790,000 would have to be repaid.

(18) Land Use Restrictions, Project Guarantees, and Commitments, Continued

Broadway Affordable, LLLP
During the year ended June 30, 2010, AHI received funding totaling $497,000 from the City and County of Denver. Repayment of the loan shall be deferred so long as the housing is rented to low-income occupants for a term of 40 years. Should this condition not be met during the 40-year period, the $497,000 must be repaid. The loan was funded directly to Broadway Affordable, LLLP and is not reflected on the AHI financial statements except as the guarantee commitment. In turn, Broadway Affordable, LLLP has entered into a promissory note with AHI for repayment of the loan. Should the project lose its low-income housing status, the loan received from the City through AHI to the project totaling $497,000 would have to be repaid. As a General Partner, AHI Development, LLC and its affiliated entity, CACHC, provide certain operating deficit and other related guaranties for the benefit of Broadway Affordable, LLLP.

Prairie Rose Plaza
During the year ended June 30, 2011, AHI received funding totaling $190,000 from the State of Colorado for acquisition and construction of the Prairie Rose Plaza apartments. Repayment of the loan shall be deferred so long as the property continues to be used primarily to provide housing for eligible beneficiaries at affordable rents for a term of 40 years. Should this condition not be met during the 40-year period, the $190,000 must be repaid.

Villa Sierra Madre II, LLLP
AHI Development Silverthorne, LLC is the general partner of Villa Sierra Madre II, LLLP. If, at any time prior to the date that all conditions for the funding of the investor limited partner's final installment have been satisfied and the investor limited partner has funded the final installment (Period 1), an operating deficit exists, the general partner shall fund the operating deficit without limitation as to amount through operating deficit loans. At any time during a minimum of thirty-six months after Period 1 until dissolution and liquidation of the partnership, the general partner's obligation to fund operating deficits through operating deficit loans shall continue in an additional amount (i.e., not reduced by any operating deficit loans made in Period 1) not to exceed $250,000 in the aggregate. Funds in the operating reserve may be used to pay operating deficits occurring after the last day of Period 1 before the general partner is required to make operating deficit loans. All operating deficit loans shall bear interest at the prime interest rate, compounded annually, and shall be repayable from cash flow or net proceeds as provided in the partnership agreement. No operating deficits have been experienced.

AHI also assumed the covenant that the project will rent to qualified low-income occupants for a term of at least 40 years, which expires in 2055. Should the project lose its low-income housing status, a grant received from a local government agency through AHI to the project totaling $350,000 may have to be repaid.

AHI Development Silverthorne, LLC has an agreement with Villa Sierra Madre II, LLLP whereby Villa Sierra Madre II, LLLP must pay AHI Development Silverthorne, LLC an annual asset management fee of $7,500 in connection with management of the project. During the year ended June 30, 2020, Villa Sierra Madre II, LLLP paid management fees totaling $7,500.

(18) Land Use Restrictions, Project Guarantees, and Commitments, Continued

Guadalupe Apartments, LLLP
AHI, as guarantor for the project, has guaranteed the due and punctual payment and performance of all of the obligations set forth in the partnership agreement. In addition, AHI is the guarantor of operating deficits of the partnership limited to the maximum cumulative amount of $175,641.

During the year ended June 30, 2017, AHI received funding totaling $750,000 from First Bank for acquisition, construction and development of Guadalupe Apartments. Repayment of the loan shall be deferred so long as the property continues to be used to provide low-income housing for a term of 15 years. Should this condition not be met during the 15-year period, the $750,000 must be repaid.

During the year ended June 30, 2017, AHI received funding totaling $250,000 from the Greeley Urban Renewal Authority for the purpose of assisting with infrastructure costs associated with the construction of Guadalupe Apartments. This loan will be forgiven so long as the property continues to be used to provide low-moderate income housing for a term of five years. Should this condition not be met during the five-year period, the $250,000 must be repaid.

(19) Subsequent Events

On July 7, 2020, AHI entered into an agreement with Medici Consulting Group, Inc. for management consultation services related to the development of new construction of an estimated 29 units of affordable housing in Greeley, Colorado, along with the renovation of an existing 25-unit senior facility, Immaculata Plaza, adjacent to the new construction project. The development consultation services fee shall be equal to 45%, or $438,750, of the $975,000 budgeted developer fee for the project. However, if a 4% tax credit is not awarded to the project, none of the consultation fee is payable.

On June 25, 2020, AHI entered into an agreement with Medici Consulting Group, Inc. for management consultation services related to the development of 75 units of affordable housing on Willits Bend in Eagle County, Colorado. The development consultation services fee shall be equal to 31%, or $689,750, of the $2,225,000 budgeted developer fee for the project. However, if a 4% tax credit is not awarded to the project, none of the consultation fee is payable. Tax credit had not been awarded at June 30, 2020.

On May 5, 2020, AHI entered into an agreement with Kephart to provide land planning and architecture for an apartment project located in Willits Bend, Colorado. At June 30, 2020, the balance remaining on the contract was $368,800.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Combining Schedule of Financial Position

June 30, 2020

		Catholic Charities	Farm Labor Housing Corporation	Archdiocesan Housing, Inc.	Total
Assets					
Cash and cash equivalents	$	6,051,175	233,073	3,602,218	9,886,466
Accounts receivable, net		220,236	7,260	58,873	286,369
Contributions and grants receivable		528,373	–	–	528,373
Cash restricted for reserves, FLHC		–	666,530	–	666,530
Development fees receivable		–	–	419,085	419,085
Due from (to) other fund		60,000	(60,000)	–	–
Investments		3,909,806	–	–	3,909,806
Other assets		200,192	5,632	182,124	387,948
Investment in subsidiaries		–	–	600,250	600,250
Beneficial interest in assets held by others		1,187,657	–	–	1,187,657
Notes and accrued interest receivable		–	–	1,698,024	1,698,024
Cash restricted for capital projects		1,467,065	–	–	1,467,065
Property and equipment, net		15,863,146	3,957,966	–	19,821,112
Total assets	$	29,487,650	4,810,461	6,560,574	40,858,685
Liabilities					
Accounts payable	$	251,526	91,147	10,111	352,784
Accrued expenses		1,934,034	13,186	12,672	1,959,892
Refundable advances		88,764	–	–	88,764
Liabilities under annuity agreements		218,606	–	–	218,606
Paycheck Protection Program loan		3,240,000	–	–	3,240,000
Notes payable		–	919,593	–	919,593
Total liabilities		5,732,930	1,023,926	22,783	6,779,639
Net Assets					
Net assets without donor restrictions					
Property and equipment, net of related debt		15,863,146	3,038,373	–	18,901,519
Development fees, notes, and subsidiaries		–	–	2,717,359	2,717,359
Undesignated		3,191,521	374,175	3,804,936	7,370,632
Total net assets without donor restrictions		19,054,667	3,412,548	6,522,295	28,989,510
Net assets with donor restrictions		4,700,053	373,987	15,496	5,089,536
Total net assets		23,754,720	3,786,535	6,537,791	34,079,046
Total liabilities and net assets	$	29,487,650	4,810,461	6,560,574	40,858,685

See the accompanying independent auditor's report.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.
Schedule of Activities
Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

	Without donor restrictions	With donor restrictions	2020 Total	2019 Total
Public support, revenue and gains				
Public support				
Direct contributions	$ 2,859,368	9,038,063	11,897,431	7,302,109
Wills and bequests	2,139,580	245,116	2,384,696	118,410
In-kind contributions	1,985,328	–	1,985,328	2,123,602
Archbishop's Catholic Appeal and other support	–	1,200,000	1,200,000	1,400,000
Government and private grants	7,715,899	3,768,069	11,483,968	9,426,089
Federated campaigns	41,525	260,816	302,341	294,910
Change in net present value of annuities	(23,698)	–	(23,698)	72,636
Fund raising events revenue	–	347,322	347,322	380,445
Direct benefits to donors	(9,484)	(258,420)	(267,904)	(295,835)
Net assets released from restrictions	11,974,133	(11,974,133)	–	–
Total public support	26,682,651	2,626,833	29,309,484	20,822,366
Revenue and gains				
Program service fees	5,899,632	–	5,899,632	4,888,137
Rental income	50,592	–	50,592	50,954
Investment return	86,124	53,868	139,992	96,343
Net gain (loss) on disposal of property	–	–	–	(3,181)
Miscellaneous income	46,635	–	46,635	147,775
Total revenue and gains	6,082,983	53,868	6,136,851	5,180,028
Total public support, revenue and gains	32,765,634	2,680,701	35,446,335	26,002,394
Expenses				
Program services				
Family & Children Services	10,263,974	–	10,263,974	10,103,398
Shelter & Community Outreach Services	8,656,476	–	8,656,476	7,800,772
Western Slope	821,146	–	821,146	621,554
Weld County	2,221,604	–	2,221,604	1,907,208
Larimer County	1,693,013	–	1,693,013	1,440,082
Total program services	23,656,213	–	23,656,213	21,873,014
Supporting services				
General and administrative	3,311,009	–	3,311,009	3,332,640
Fund raising	2,440,313	–	2,440,313	2,441,963
Total supporting services	5,751,322	–	5,751,322	5,774,603
Total expenses	29,407,535	–	29,407,535	27,647,617
Change in net assets	3,358,099	2,680,701	6,038,800	(1,645,223)
Net assets at beginning of year	15,696,568	2,019,352	17,715,920	19,361,143
Net assets at end of year	$ 19,054,667	4,700,053	23,754,720	17,715,920

See the accompanying independent auditor's report.

Farm Labor Housing Corporation
Schedule of Activities
Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

	Without donor restrictions	With donor restrictions	2020 Total	2019 Total
Revenue and support				
Contributions and grants	$ 500	–	500	500
Rental income, tenants	503,223	–	503,223	507,967
Rental subsidy, USDA	260,946	–	260,946	295,876
Interest income	342	–	342	124
Miscellaneous income	31,973	–	31,973	35,502
Net assets released from restrictions	45,770	(45,770)	–	–
Total revenue and support	842,754	(45,770)	796,984	839,969
Expenses				
Program services				
Plaza del Sol operations	467,275	–	467,275	486,842
Plaza del Milagro operations	396,775	–	396,775	402,357
Total program services expenses	864,050	–	864,050	889,199
Supporting services				
General and administrative	94,539	–	94,539	89,863
Total expenses	958,589	–	958,589	979,062
Change in net assets	(115,835)	(45,770)	(161,605)	(139,093)
Net assets at beginning of year	3,528,383	419,757	3,948,140	4,087,233
Net assets at end of year	$ 3,412,548	373,987	3,786,535	3,948,140

See the accompanying independent auditor's report.

Archdiocesan Housing, Inc.
Schedule of Activities
Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)

	Without donor restrictions	With donor restrictions	2020 Total	2019 Total
Revenue				
Grant income	$ 5,325	–	5,325	6,225
Development fees	1,000,000	–	1,000,000	1,548,700
Partnership management fees	49,590	–	49,590	27,314
Interest income	42,103	–	42,103	71,676
Other income	137	–	137	49
Total revenue	1,097,155	–	1,097,155	1,653,964
Expenses				
Program services				
Development activities	279,057	–	279,057	275,420
Contributions to related entities	1,197,022	–	1,197,022	–
Total program services	1,476,079	–	1,476,079	275,420
Supporting services–general and administrative	73,487	–	73,487	70,785
Total expenses	1,549,566	–	1,549,566	346,205
Change in net assets	(452,411)	–	(452,411)	1,307,759
Net assets at beginning of year	6,974,706	15,496	6,990,202	5,682,443
Net assets at end of year	$ 6,522,295	15,496	6,537,791	6,990,202

See the accompanying independent auditor's report.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	CFDA number	Expend-itures
U.S. Department of Health and Human Services				
Direct grant				
Early Head Start	N/A	7/1/19 - 6/30/20	93.600	$ 1,108,376
Passed through City and County of Denver				
Head Start	201948395	7/1/19 - 6/30/20	93.600	1,280,683
Total Head Start			Total 93.600	2,389,059
Passed through Weld County Dept. of Human Services Division of Aging and Adult Services				
Special Programs for the Aging Title IV & Title II				
Discretionary Projects	2015-1914	7/1/19 - 6/30/20	93.048	24,000
Passed through Denver Regional Council of Governments				
National Family Caregiver Support	EX17015	7/1/19 - 6/30/20	93.052	203,301
Passed through the Weld County Department of Human Services				
Promoting Safe and Stable Families	CMS1237	10/1/18 - 9/30/19	93.556	21,032
Promoting Safe and Stable Families	CMS1237	10/1/19 - 9/30/20	93.556	58,274
Total Promoting Safe and Stable Families Grants			Total 93.556	79,306
Passed through Eagle County Department of Human Services				
Community Services Block Grant	N/A	1/1/19 - 12/31/19	93.569	19,556
Passed through Weld County Department of Human Services				
Community Services Block Grant	N/A	1/1/120 12/31/20	93.569	10,000
Total Community Services Block Grants			Total 93.569	29,556
Total U.S. Department of Health and Human Services				2,725,222
U.S. Department of Housing and Urban Development				
Passed through the City of Fort Collins				
Community Development Block Grant	N/A	10/1/18 - 9/30/19	14.218	15,905
Community Development Block Grant	N/A	10/1/19 - 9/30/20	14.218	77,000
Passed through the City of Greeley:				
Community Development Block Grant	N/A	7/1/18 - 9/30/19	14.218	3,750
Community Development Block Grant	N/A	10/1/19 - 9/30/20	14.218	11,250
Total Community Development Block Grants/Entitlement Grants			Total 14.218	107,905
Passed through the State of Colorado				
Emergency Shelter Grant	H9ESG18960	4/1/19 - 3/31/20	14.231	12,153
Emergency Shelter Grant	H9ESG18960	4/1/20 - 3/31/21	14.231	7,667
Emergency Shelter Grant-Weld County	H9ESG18915	4/1/19 - 3/31/20	14.231	15,605
Emergency Shelter Grant-Larimer County	H9ESG18952	4/1/19 - 3/31/20	14.231	17,294
Emergency Shelter Grant	H9ESG18959	4/1/19 - 3/31/20	14.231	10,000
Total Emergency Solutions Grants Program			Total 14.231	62,719
Passed through the Colorado Coalition for the Homeless				
Continuum of Care Program	CO-0007-L8T-001710	10/1/18 - 9/30/19	14.267	12,496
Continuum of Care Program	CO-0007-L8T-001710	10/1/19 - 9/30/20	14.267	28,457
Total Continuum of Care Program			Total 14.267	40,953
Total U.S. Department of Housing and Urban Development				$ 211,577

(Continued)

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2020

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	CFDA number	Expend-itures
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program				
Passed through the National/Local FEMA Boards				
Adams County	LRO ID 096800-026	4/1/19 - 3/31/20	97.024	$ 10,500
Arapahoe County	LRO ID 098000-002	4/1/19 - 3/31/20	97.024	15,000
Denver County	LRO ID 101200-015	4/1/19 - 3/31/20	97.024	20,500
Garfield County	LRO ID 102800-099	4/1/19 - 3/31/20	97.024	1,305
Jefferson County	LRO ID 104200-002	4/1/19 - 3/31/20	97.024	10,000
Larimer County	LRO ID 105800-002	4/1/19 - 3/31/20	97.024	41,001
Weld County	LRO ID 111600-009	4/1/19 - 3/31/20	97.024	30,000
Total Emergency Food and Shelter National Board Program			Total 97.024	128,306
Total U.S. Department of Homeland Security				128,306
U.S. Department of Justice				
Passed through the State of Colorado Department of Public Safety, Division of Criminal Justice				
Victim Assistance Program	2018-VA-19-029-02	1/1/19 - 12/31/19	16.575	85,666
Victim Assistance Program	2018-VA-19-029-02	1/1/20 - 12/31/20	16.575	65,986
Total Victim Assistance Program			Total 16.575	151,652
Total U.S. Department of Justice				151,652
U.S. Department of Veteran's Affairs				
Direct grants				
VA Homeless Providers Grant and Per Diem Program - GPD Service	CCC0679-0346-554-SI-18-0	10/1/18 - 9/30/19	64.024	172,391
VA Homeless Providers Grant and Per Diem Program - GPD Service	CCC0679-0346-554-SI-19-0	10/1/19 - 9/30/20	64.024	471,171
VA Homeless Providers Grant and Per Diem Program - GPD Clinical	CCCO679-0347-554-CT-18-0	10/1/18 - 9/30/19	64.024	32,536
VA Homeless Providers Grant and Per Diem Program - GPD Clinical	CCCO679-0347-554-CT-19-0	10/1/19 - 9/30/20	64.024	52,001
VA Homeless Providers Grant and Per Diem Program - GPD Hospital	CCCO679-0348-554-HH-18-0	10/1/18 - 9/30/19	64.024	15,297
VA Homeless Providers Grant and Per Diem Program - GPD Hospital	CCCO679-0348-554-HH-19-0	10/1/19 - 9/30/20	64.024	21,360
VA Homeless Providers Grant and Per Diem Program -Special Needs	18-374-CO	10/1/18 - 9/30/19	64.024	60,867
VA Homeless Providers Grant and Per Diem Program -Special Needs	19-374-CO	10/1/19 - 9/30/20	64.024	230,457
Total VA Homeless Providers Grant and Per Diem Program			Total 64.024	1,056,080
Total U.S. Department of Veteran's Affairs				$ 1,056,080

(Continued)

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2020

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	CFDA number	Expend-itures
U.S. Department of Agriculture				
Passed through Colorado Department of Public Health and Environment				
Child and Adult Care Food Program	CFP1116300	10/1/18 - 9/30/19	10.558	$ 21,485
Child and Adult Care Food Program	CFP1116300	10/1/19 - 6/30/20	10.558	74,946
Child and Adult Care Food Program	CFP1114639	10/1/18 - 9/30/19	10.558	45,080
Child and Adult Care Food Program	CFP1114639	10/1/19 - 9/30/20	10.558	103,558
Total Child and Adult Care Food Program			Total 10.558	245,069
Total U.S. Department of Agriculture				245,069
Total Expenditures of Federal Awards				$ 4,517,906

(1) Basis of Presentation
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Catholic Charities and Community Services of the Archdiocese of Denver, Inc. (Catholic Charities) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Catholic Charities, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Catholic Charities.

(2) Summary of Significant Accounting Policies
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate
Catholic Charities has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Subrecipient Awards
There were no awards passed through by Catholic Charities to subrecipients.

(5) Farm Labor Housing Corporation (FLHC)
Catholic Charities' combined financial statements include the operations of Farm Labor Housing Corporations (FLHC), which expended $1,193,685 in federal awards, which is not included in this schedule. This audit does not include the operations of FLHC because a separate audit of FLHC was performed in accordance with the requirements of the Uniform Guidance.

Kundinger, Corder & Engle, P.C.

Certified Public Accountants
475 Lincoln Street, Suite 200
Denver, Colorado 80203

Phone (303) 534-5953
Fax (303) 892-7776
www.kcedenver.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Catholic Charities and Community Services of the
Archdiocese of Denver, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities and Community Services of the Archdiocese of Denver, Inc. (Catholic Charities), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2020.

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

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

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

Board of Directors
Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

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

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

Kundinger, Cordia & Cogle, P.C.

November 16, 2020

Kundinger, Corder & Engle, P.C.

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Denver, Colorado 80203

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Catholic Charities and Community Services of the
Archdiocese of Denver, Inc.

Report on Compliance for Each Major Federal Program
We have audited Catholic Charities and Community Services of the Archdiocese of Denver, Inc.'s (Catholic Charities) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catholic Charities' major federal programs for the year ended June 30, 2020. Catholic Charities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Catholic Charities' combined financial statements include the operations of Farm Labor Housing Corporation (FLHC), which received $1,193,685 in federal awards, which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of FLHC because a separate audit of FLHC was performed in accordance with the OMB Compliance Supplement.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

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

Board of Directors
Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Opinion on Each Major Federal Program
In our opinion, Catholic Charities complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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

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

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

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

Kundinger, Cordia & Cogle, P.C.

November 16, 2020

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Catholic Charities and Community Services of the Archdiocese of Denver, Inc. (Catholic Charities) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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.*
3. No instances of noncompliance material to the financial statements of Catholic Charities, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.*
5. The auditor's report on compliance for the major federal award programs for Catholic Charities expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings relating to major programs that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The major programs tested were Head Start (CFDA No. 93.600) and the Child and Adult Care Food Program (CFDA No. 10.558).
8. The threshold used for distinguishing between Type A and B programs was $750,000.
9. Catholic Charities was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

There were no findings reported in the audit for the year ended June 30, 2019.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Communication with Those Charged with Governance Regarding the June 30, 2020 Audit

AREA	COMMENT
Our Responsibility Under U.S. Generally Accepted Auditing Standards (GAAS)	Audit performed in accordance with GAAS. The objective of an audit is reasonable, but not absolute, assurance about whether the financials are free of material misstatement. Our audit does not relieve you or management of your responsibilities.
Other Information in Documents Containing Audited Financials	The combined financial statements include the accounts of Farm Labor Housing Corporation and Archdiocesan Housing, Inc. Combining schedules are included at the end of the financial statements. The combined financial statements also include Single Audit required information for the year ended June 30, 2020.
Planned Scope and Timing of Audit	The audit was performed according to the planned scope and timing previously communicated to you in our engagement letter dated June 24, 2020.
Significant Audit Findings	1. Management has the responsibility for selection and use of appropriate accounting policies. The significant policies used are listed in Note 1 to the combined financial statements. 2. Three new accounting standards were adopted during the year. See note 1(p) in the audited combined financial statements. 3. We noted no transactions that were entered into in 2020 with an absence of authoritative guidance or consensus. 4. There were no significant transactions recognized in a different period than when the transaction occurred. 5. Sensitive accounting estimates include the following: the collectability of receivables; the allocation of expenses; valuation of certain investments; valuation of liabilities associated with charitable gift annuities; the valuation of in-kind donations; and the non-consolidation of certain related entities due to their substantive participating rights. 6. Financial statement disclosures are neutral, consistent and clear. Certain disclosures may be sensitive including the Related Party Transactions Note 16.
Difficulties Encountered in Performing the Audit	We encountered no difficulties in dealing with management in performing and completing our audit.
Corrected and Uncorrected Misstatements	There were no corrected or uncorrected misstatements as a result of our audit.

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.

Communication with Those Charged with Governance, Continued Regarding the June 30, 2020 Audit

AREA	COMMENT
Disagreements with Management	No disagreements arose with management during the course of our audit on financial accounting, reporting or auditing matters.
Management Representations	We requested certain representations from management that are included in their representation letter dated November 16, 2020.
Management Consultations with Other Independent Accountants	We are not aware of any consultations by management with other accountants about accounting and auditing matters.
Other Audit Findings or Issues	There were no discussions of the application of certain accounting principles prior to our retention as auditor.

This communication is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

November 16, 2020