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

Combined Financial Statements, Single Audit Reports, and Supplementary Information

June 30, 2022

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Montoya, P.C.

Certified Public Accountants

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

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Certified Public Accountants

Independent Auditor's Report

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

Opinion

We have audited the accompanying combined financial statements of Catholic Charities and Community Services of the Archdiocese of Denver, Inc. and affiliates (Catholic Charities) which comprise the combined statement of financial position as of June 30, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Charities and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

475 Lincoln Street, Suite 200 • Denver, CO 80203
Phone 303-534-5953 • Fax 303-892-7776 • Website kcmdenver.cpa

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and supplementary information included on pages 31-34 are presented for purposes of additional analysis and are 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 14, 2022 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 the effectiveness of 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.

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

Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Kundinger, Corder & Montoya, P.C.

November 14, 2022

Catholic Charities and Community Services of
the Archdiocese of Denver, Inc.
Combined Statement of Financial Position
June 30, 2022
(With Summarized Comparative Totals for 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 3,709,160	6,227,151
Accounts receivable, net	478,053	213,845
Contributions and grants receivable (note 3)	2,846,601	2,655,332
Cash restricted for reserves, FLHC (note 4)	682,946	617,883
Funds held on behalf of others	826,602	–
Development fees receivable–affiliates (note 17)	392,354	392,354
Investments (notes 5 and 6)	3,476,599	3,755,034
Other assets	1,939,223	554,155
Investment in subsidiaries (note 7)	507,446	1,180,937
Beneficial interest in assets held by others (notes 6 and 8)	1,335,573	1,509,536
Notes and accrued interest receivable (note 9)	3,263,662	1,564,390
Cash restricted for capital projects	172,082	–
Property and equipment, net (notes 10 and 12)	22,842,045	21,238,298
Total assets	$ 42,472,346	39,908,915
Liabilities		
Accounts payable	$ 549,269	885,510
Accrued expenses	2,281,272	1,647,625
Funds held on behalf of others	826,602	–
Refundable advances	442,626	190,382
Liabilities under annuity agreements (note 11)	195,474	207,909
Notes payable (note 12)	882,266	872,582
Total liabilities	5,177,509	3,804,008
Net Assets		
Net assets without donor restrictions		
Property and equipment, net of related debt	21,959,779	20,365,716
Development fees, notes, and subsidiaries	4,163,462	3,137,681
Undesignated	7,409,669	9,552,725
Total net assets without donor restrictions	33,532,910	33,056,122
Net assets with donor restrictions (note 13)	3,761,927	3,048,785
Total net assets	37,294,837	36,104,907
Commitments and contingencies (notes 15 through 19)		
Total liabilities and net assets	$ 42,472,346	39,908,915

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, 2022
(With Summarized Comparative Totals for 2021)

	Without donor restrictions	With donor restrictions	2022 Total	2021 Total
Public support, revenue and gains				
Public support				
Direct contributions	$ 2,306,726	9,368,055	11,674,781	9,367,258
Wills and bequests	917,618	265,543	1,183,161	468,784
Contributed nonfinancial assets (note 14)	1,762,097	–	1,762,097	1,301,578
Archbishop's Catholic Appeal and other (note 17)	–	1,200,000	1,200,000	1,200,000
Government and private grants	14,164,500	3,463,142	17,627,642	12,236,920
Forgiveness of Paycheck Protection Program loan	–	–	–	3,240,000
Federated campaigns	39,037	152,000	191,037	281,565
Change in net present value of annuities	(23,866)	–	(23,866)	(26,072)
Fund raising events revenue	–	317,823	317,823	172,380
Direct benefits to donors	–	(453,642)	(453,642)	(168,968)
Net assets released from restrictions (note 13)	13,427,825	(13,427,825)	–	–
Total public support	32,593,937	885,096	33,479,033	28,073,445
Revenue and gains				
Program service fees	6,681,434	–	6,681,434	6,284,316
Rental income and subsidy	809,687	–	809,687	839,732
Investment return (note 5)	(33,561)	(171,954)	(205,515)	622,850
Net gain on disposal of property	17,572	–	17,572	96,195
Contributions of partnership interests	–	–	–	796,975
Equity in loss of subsidiaries (note 7)	(673,491)	–	(673,491)	(216,288)
Miscellaneous income	81,312	–	81,312	64,263
Total revenue and gains	6,882,953	(171,954)	6,710,999	8,488,043
Total public support, revenue and gains	39,476,890	713,142	40,190,032	36,561,488
Expenses				
Program services				
Family & Children Services	12,601,523	–	12,601,523	11,872,496
Shelter & Community Outreach Services	13,871,947	–	13,871,947	9,946,760
Western Slope	1,149,669	–	1,149,669	1,161,527
Weld County	2,114,435	–	2,114,435	2,456,090
Larimer County	1,849,208	–	1,849,208	1,733,067
Farm Labor Housing Corporation	950,027	–	950,027	914,357
Archdiocesan Housing, Inc.	324,537	–	324,537	441,457
Total program services	32,861,346	–	32,861,346	28,525,754
Supporting services				
General and administrative	3,541,913	–	3,541,913	3,371,821
Fund raising	2,596,843	–	2,596,843	2,638,052
Total supporting services	6,138,756	–	6,138,756	6,009,873
Total expenses	39,000,102	–	39,000,102	34,535,627
Change in net assets	476,788	713,142	1,189,930	2,025,861
Net assets at beginning of year	33,056,122	3,048,785	36,104,907	34,079,046
Net assets at end of year	$ 33,532,910	3,761,927	37,294,837	36,104,907

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, 2022

(With Summarized Comparative Totals for 2021)

	Catholic Charities											
	Family & Children Services	Shelter & Community Outreach Services	Western Slope	Weld County	Larimer County	General and administrative	Fund raising	Catholic Charities Total	Farm Labor Housing Corp.	Archdiocesan Housing, Inc.	2022 Total	2021 Total
Salaries	$ 7,499,525	6,741,105	365,164	1,215,689	1,064,509	2,056,073	1,257,506	20,199,571	187,689	198,720	20,585,980	17,942,772
Benefits and payroll taxes	2,210,681	1,617,623	131,514	288,798	287,888	323,093	290,472	5,150,069	70,144	54,604	5,274,817	4,639,838
Food	207,094	628,383	–	65,730	5,830	140	–	907,177	–	–	907,177	634,560
Specific assistance	516,555	2,177,662	586,822	240,899	145,866	2,249	221	3,670,274	–	–	3,670,274	3,875,725
Professional services and contract labor	782,315	530,815	1,106	30,578	122,349	856,928	366,246	2,690,337	97,485	104,013	2,891,835	2,159,832
Rent, utilities and building maintenance	430,798	407,381	18,074	50,258	57,056	214,306	259	1,178,132	300,084	–	1,478,216	1,344,680
Printing	14,173	6,628	321	1,104	1,762	4,520	249,146	277,654	–	–	277,654	263,944
Publicity and marketing	24,050	449	–	–	1,859	4,727	83,712	114,797	–	–	114,797	196,356
Travel and transportation	25,042	23,513	3,175	8,150	2,929	16,846	1,484	81,139	–	–	81,139	41,117
Telephone	92,630	69,103	9,156	19,950	18,117	38,838	100	247,894	–	–	247,894	185,345
Office and program supplies	239,865	408,466	3,846	29,357	44,182	24,319	8,114	758,149	14,089	809	773,047	697,127
Equipment, maintenance and repairs	19,043	135,292	2,483	6,050	20,575	30,509	7,645	221,597	–	–	221,597	255,206
Postage and freight	1,759	2,776	260	705	303	14,824	56,578	77,205	–	–	77,205	74,035
Insurance	66,504	75,643	4,976	29,002	21,843	63,200	–	261,168	53,007	16,319	330,494	234,783
Dues, memberships and subscriptions	7,636	5,475	511	845	370	28,780	56,303	99,920	–	–	99,920	101,096
Interest and bank fees	40,472	60	–	–	–	14,424	154,598	209,554	57,803	–	267,357	283,708
Conferences and training	111,466	86,383	2,814	4,245	5,838	43,388	8,709	262,843	–	573	263,416	163,743
Occupancy allocation	159,551	379,814	–	–	–	(593,087)	53,722	–	–	–	–	–
Other expenses	10,712	41,123	133	6,270	6,117	14,034	455,670	534,059	8,535	26,700	569,294	443,201
Total expenses before depreciation	12,459,871	13,337,694	1,130,355	1,997,630	1,807,393	3,158,111	3,050,485	36,941,539	788,836	401,738	38,132,113	33,537,068
Depreciation	141,652	534,253	19,314	116,805	41,815	219,026	–	1,072,865	248,766	–	1,321,631	1,167,527
Total expenses	12,601,523	13,871,947	1,149,669	2,114,435	1,849,208	3,377,137	3,050,485	38,014,404	1,037,602	401,738	39,453,744	34,704,595
Less expenses netted with revenues on statement of activities	–	–	–	–	–	–	(453,642)	(453,642)	–	–	(453,642)	(168,968)
Total expenses included in expense section in statement of activities	$ 12,601,523	13,871,947	1,149,669	2,114,435	1,849,208	3,377,137	2,596,843	37,560,762	1,037,602	401,738	39,000,102	34,535,627

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, 2022
(With Summarized Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 2,146,493	2,025,861
Equity in loss of subsidiaries	349,905	216,288
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation	1,321,631	1,167,527
Amortization	43,076	45,134
Gain on disposals of property and equipment	(17,572)	(96,195)
Investment return on contributions restricted for long-term purposes	171,954	(313,140)
Forgiveness of Paycheck Protection Program loan	–	(3,240,000)
Contributions restricted for capital projects	(2,806,472)	(909,873)
Realized and unrealized losses (gains) on investments	253,978	(587,444)
Change in net present value of annuities	23,866	26,072
Changes in operating assets and liabilities		
Accounts receivable	(897,185)	72,524
Contributions and grants receivable	397,215	(1,826,959)
Development fees receivable–affiliates	–	26,731
Other assets	(1,386,520)	(166,573)
Accounts payable and accrued expenses	357,406	220,459
Refundable advances	252,244	101,618
Net cash provided by (used in) operating activities	210,019	(3,237,970)
Cash flows from investing activities		
Payments received on notes receivable	96,878	163,000
Issuance of note receivable	(1,794,698)	(29,000)
Contributions of partnership interests	–	(796,975)
Net sales of investments	198,420	420,337
Proceeds from sales of assets	99,068	127,086
Purchases of property and equipment	(3,006,874)	(2,615,604)
Net cash used in investing activities	(4,407,206)	(2,731,156)
Cash flows from financing activities		
Investment return on contributions restricted for long-term purposes	(171,954)	313,140
Proceeds from contributions restricted for capital projects	2,217,988	609,873
Charitable gift annuity activity	(36,301)	(36,769)
Payments on notes payable	(93,392)	(92,145)
Net cash provided by financing activities	1,916,341	794,099
Net decrease in cash and cash equivalents and restricted cash	(2,280,846)	(5,175,027)
Cash and cash equivalents and restricted cash at beginning of year	6,845,034	12,020,061
Cash and cash equivalents and restricted cash at end of year	$ 4,564,188	6,845,034
Supplemental disclosures		
Other cash flow information		
Interest paid	$ 14,796	15,974

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 childcare centers including the *Margery Reed Mayo Center, Child Development Center, Mariposa Center, and Quigg Newton 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 Courtyard Commons, LLC; 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)
- Catholic Charities & Community Svcs. of the Archdiocese of Denver, Inc. (CCCS)
- Colorado Affordable Catholic Housing Corporation (CACHC)
- Golden Spike, Inc. (Golden Spike)
- Higgins Plaza, Inc. (Higgins)
- Holy Cross Village, Inc. (Holy Cross)
- Villa Sierra Madre, Inc. (VSM)
- Holy Family Plaza, Inc. (Holy Family)
- Housing Management Services, Inc. (HMS)
- Immaculata Plaza, Inc. (IMM)
- Immaculata Plaza Apartments, LLLP (IMM2)
- Machebeuf Apartments, Inc. (Machebeuf)
- Madonna Plaza, Inc. (Madonna)
- Marian Plaza, Inc. (Marian)
- Prairie Rose Plaza, Inc. (Prairie Rose)
- St. Martin Plaza, Inc. (St. Martin)
- Villas de Santa Lucia, Inc. (VSL)

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.

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.

AHI Mount Loretto, LLC became the Substitute Member of Mount Loretto LLC at 99.99% ownership, effective July 1, 2020. AHI Courtyard Commons, LLC became the Investor Member of Courtyard Commons, LLC at 99.99% ownership, effective December 31, 2020. AHI accounts for both of these entities using the equity method of accounting.

(1) Summary of Significant Accounting Policies, Continued

(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.

(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 4) 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, 2022:

Cash and cash equivalents	$ 3,709,160
Cash restricted for reserves, FLHC (note 4)	682,946
Cash restricted for capital projects	172,082
Total cash and cash equivalents and restricted cash shown in the combined statement of cash flows	$ 4,564,188

Funds held on behalf of others consists of cash that is being held to administer a program on behalf of the Archdiocese of Denver.

(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 contributions and grants receivable. Investments which potentially subject Catholic Charities to concentrations of credit risk include $355,087 held by the Archdiocese of Denver Irrevocable Revolving Fund Trust (Revolving Fund Trust) and $1,335,573 held at The Catholic Foundation, 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 $3,263,662 (see note 9), and development fee receivable-affiliates of $392,354 (see note 17).

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 contributions and grant 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, 2022, conditional contributions relating to these grants, totaling $646,240, for which no amounts have been received in advance, have not been recognized in the accompanying combined financial statements.

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

<u>Public support, continued</u>
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, 2022.

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2022, conditional contributions relating to government grants, totaling $6,118,318, have not been recognized in the accompanying combined financial statements. Amounts received in advance under these grants, totaling $442,626, has been recognized in refundable advances on the combined statement of financial position.

<u>Contributed nonfinancial assets</u>
Contributed nonfinancial assets 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. 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. See also note 14.

<u>Fund raising events revenue</u>
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.

<u>Program service fees</u>
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.

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

Program service fees, continued
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, 2022, accounts receivable includes an allowance of $2,714. Management believes the existing allowance for doubtful accounts at June 30, 2022 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, 2022, 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.

(j) Advertising

Catholic Charities uses advertising to promote certain programs and products. The costs of advertising are expensed as incurred. During fiscal year 2022, advertising costs totaled $114,797.

(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.

(1) Summary of Significant Accounting Policies, Continued

(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 these 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.

(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, 2021, from which the summarized information was derived.

(o) Subsequent Events

Management has evaluated subsequent events through November 14, 2022, the date the combined financial statements were available to be issued.

(p) Adoption of New Accounting Pronouncement

During the year ended June 30, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard is aimed at increasing transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. See note 14. The amendments under this accounting standard update do not change the recognition and measurement requirements for contributed nonfinancial assets. Accordingly, there is no effect on net assets in connection with the implementation of ASU No. 2020-07.

(2) Liquidity and Availability of Financial Assets

The following reflects the financial assets as of June 30, 2022 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	$ 3,709,160
Accounts receivable, net	1,111,030
Contributions and grants receivable	2,846,601
Investments	3,476,599
Beneficial interest in assets held by others	1,335,573
Total financial assets	12,478,963
Less contribution receivable due greater than one year	(619,193)
Less endowment funds	(1,453,626)
Financial assets available for expenditure within one year	$ 10,406,144

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 $3,250,000 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 16). 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) Contributions and Grants Receivable

Contributions and grants receivable consist of the following at June 30, 2022:

	Due in one year	Due in two to five years	Total
Government grants receivable	$ 1,958,117	–	1,958,117
Capital campaign contributions receivable	269,291	619,193	888,484
Total	$ 2,227,408	619,193	2,846,601

Amounts due in more than one year have not been discounted to net present value as it was determined by management that this did not have a material effect in the combined financial statements.

(4) 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 the year ended June 30, 2022, payments totaling $40,000 were made to the account. No withdrawals were made from this reserve account during 2022. 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, 2022; no withdrawals were made in 2022.

The following is a summary of the required reserve accounts at June 30, 2022:

Plaza del Milagro	$ 390,210
Plaza del Sol	292,736
Total reserve cash	$ 682,946

(5) Investments

Investments are comprised of the following at June 30, 2022:

Cash and cash equivalents	$ 778,448
Exchange traded funds (ETFs)	168,044
Investments with the Revolving Fund Trust	355,087
Equities	46,786
Fixed income	1,906,013
Mutual funds invested in equities	222,221
	$ 3,476,599

Investment return for the year ended June 30, 2022, is summarized as follows:

Interest and dividend income	$ 48,463
Realized and unrealized gains on investments	(80,016)
Total from investments	(31,553)
Change in value of beneficial interest in assets held by others (note 7)	(173,962)
Total investment return	$ (205,515)

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.

(6) Fair Value Measurements

The following table summarizes Catholic Charities' investments by the fair value hierarchy levels as of June 30, 2022:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Cash and cash equivalents	$ 778,448	778,448	–	–
Exchange traded funds	168,044	168,044	–	–
Revolving Fund Trust	355,087	355,087	–	–
Equities	46,786	46,786	–	–
Fixed income	1,906,013	–	1,906,013	–
Mutual funds invested in equities	222,221	222,221	–	–
Subtotal	3,476,599	1,570,586	1,906,013	–
Investments held at The Catholic Foundation	1,335,573	–	1,335,573	–
Total	$ 4,812,172	1,570,586	3,241,586	–

(7) Investment in Subsidiaries

AHI Development, LLC, AHI Development Silverthorne, LLC, and AHI Development Guadalupe, 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 owns .01% of Broadway Affordable, LLLP. AHI Development Silverthorne, LLC owns .01% of Villa Sierra Madre II, LLLP. AHI and AHI Development Guadalupe, LLC each have a .005% ownership in Guadalupe Apartments, LLLP. AHI owns .005% of The Villas in Southgate, LLLP.

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, 2022 and 2021, respectively, was $200 in AHI Development, LLC, $600,050 in AHI Development Guadalupe, LLC.

Effective July 1, 2020, AHI Mount Loretto, LLC became the Substitute Member in Mount Loretto, LLC and a 99.99% ownership interest was contributed on that day totaling $480,324. The investment balance at June 30, 2022 was ($113,069). Equity in loss of subsidiary for the year ended June 30, 2022 was ($448,389).

Effective December 31, 2020, AHI Courtyard Commons, LLC became the Investor Member in Courtyard Commons, LLC and a 99.99% ownership interest was contributed on that day totaling $316,651. The investment balance at June 30, 2022 was $20,265. Equity in loss of subsidiary for the year ended June 30, 2022 was ($225,102).

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, 2022, 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.

(8) 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, 2022, the investments had a fair market value of $1,335,573.

(9) Notes and Accrued Interest Receivable

At June 30, 2022, 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	436,701
Allowance–BA			–	(423,177)
Villa Sierra Madre II, LLLP	6.00%	December 31, 2045	350,000	203,791
Allowance–VSMII			–	(203,791)
Guadalupe Apartments, LLLP	6.50%	December 31, 2056	300,000	106,571
Allowance–GA			–	(106,571)
Immaculata Plaza Apartments, LLLP-IMM2	3.11%	June 30, 2038	1,794,698	–
Prairie Rose, Plaza, Inc.	5.00%	February 1, 2023	29,000	1,819
			$ 3,248,319	15,343

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, 2022 was $46,352. An allowance was recorded for $46,352 for interest earned in fiscal year 2022, 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 2022.

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, 2022 was $32,173. An allowance was recorded for $32,173 for interest earned in fiscal year 2022, due to the cash flow calculation for Villa Sierra Madre II, LLLP reflecting no funds being available to pay the interest.

(9) Notes and Accrued Interest Receivable, Continued

In June 2018, AHI acquired a $300,000 note from Guadalupe Apartments, LLLP which earns interest at 6.5%. 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, 2022 was $24,814. An allowance was recorded for $24,814 for interest earned on this note during the year ended June 30, 2022, 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 earned interest at 3%, compounded annually, and was unsecured. The note required payments to the extent of cash flow remaining after paying reasonable and ordinary expenses required to operate the business. If not paid sooner, the principal sum and all interest accrued thereon was due and payable in full on August 16, 2026. This loan was paid off on June 30, 2022, during the sale of Immaculata Plaza, Inc. to Immaculate Plaza, LLLP. Interest earned on the note during the year ended June 30, 2022 was $3,072. AHI was assigned a note for $1,794,698 resulting from the sale of Immaculate Plaza, Inc. to Immaculate Plaza, LLLP. The note bears interest at 3.11% and principal and interest on the note are due within 90 days after the earlier of (1) the date the property ceases to be a low-income building (as defined) or (2) June 30, 2038.

On June 30, 2022, AHI was advanced $54,000, interest free, by HMS to cover a year-end operating cash deficit.

On January 19, 2021, AHI entered into a residual receipts note with Prairie Rose Plaza, Inc. that bears interest at 5% per annum. Payments due under this note are payable only from residual receipts, sources other than Prairie Rose income or assets. The balance of principal plus accrued interest is payable in full on February 1, 2023. Interest earned on this note during the year ended June 30, 2022 was $1,452.

<u>Catholic Charities</u>
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, 2022) and accrued interest ($330,469 at June 30, 2022) are due and payable in full in 2045.

(10) Property and Equipment

Property and equipment used in continuing operations consisted of the following at June 30, 2022:

	Catholic Charities	FLHC	Total
Land and land improvements	$ 4,187,791	1,252,359	5,440,150
Buildings	23,083,233	7,164,491	30,247,724
Furniture and equipment	3,623,980	495,024	4,119,004
	30,895,004	8,911,874	39,806,878
Less accumulated depreciation	(13,983,491)	(5,356,682)	(19,340,173)
Construction in progress	2,375,340	–	2,375,340
Property and equipment, net	$ 19,286,853	3,555,192	22,842,045

(11) 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 $195,474 at June 30, 2022.

(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 $285,777 at June 30, 2022. As this discount is amortized, a corresponding amount is released from net assets with donor restrictions.

(12) Notes Payable, Continued

At June 30, 2022, 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*	$ 165,472
Note payable to Weld County, interest at 3%, monthly payments of $1,194 through June 2033, secured by deed of trust -*Plaza del Milagro*	134,137
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*	589,159
Note payable to Weld County, interest at 3%, monthly payments of $555, secured by deed of trust-*Plaza del Sol*	13,969
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*	205,306
Face value of below market rate notes payable	1,108,043
Less discount	(285,777)
	822,266
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 combination)	60,000
Net notes payable	$ 882,266

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

	Principal	Interest and amortization	Total
2023	$ 63,822	54,297	118,119
2024	67,605	50,514	118,119
2025	66,030	46,543	112,573
2026	70,748	40,716	111,464
2027	75,968	35,495	111,463
Later years	538,093	140,579	678,672
	$ 882,266	368,144	1,250,410

(13) Net Assets with Donor Restrictions

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

Catholic Charities	
Restricted for program activities, but not yet expended	$ 1,019,694
Restricted for capital projects	718,082
Unspent endowment earnings	269,252
Endowment funds	1,453,626
Subtotal	3,460,654
FLHC	
Unamortized loan discount (note 12)	285,777
AHI	
Improvements at Marian Plaza	15,496
Total net assets with donor restrictions	$ 3,761,927

Net assets released from restrictions during fiscal year 2022 consisted of the following:

Catholic Charities	
Restricted contributions expended per donor instructions	$ 13,384,749
FLHC	
Amortization of below market rate note payable	43,076
Total net assets released from restrictions	$ 13,427,825

In addition, net assets without donor restrictions 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, 2022:

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, 2022:

Endowment net assets at beginning of year	$ 1,894,832
Investment return, net	(171,954)
Contributions	–
Expenditure of endowment earnings	–
Endowment net assets at end of year	$ 1,722,878

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.

(13) Net Assets with Donor Restrictions, Continued

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.

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 2022.

(14) Contributed Nonfinancial Assets

During the year ended June 30, 2022, Catholic Charities received the following contributed nonfinancial assets:

Food	$ 889,706
Program supplies	866,991
Professional services	4,000
Building space	1,400
Total	$ 1,762,097

All contributed nonfinancial assets were utilized as part of Catholic Charities' programs. There were no donor-imposed restrictions associated with the contributed nonfinancial assets. Catholic Charities does not sell contributed nonfinancial assets and only uses the contributed nonfinancial assets for its own programs. Donated supplies and food are valued at the price the organization would have paid if it had purchased a similar quantity of the same product from a local vendor.

Catholic Charities receives donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

Catholic Charities also receives the use of donated facilities for its program operations. Fair value is estimated using the average price per square foot of rental listing in the service area.

(15) 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:

2023	$ 177,205
2024	92,994
2025	58,113
2026	44,758
	$ 373,070

In addition, Catholic Charities rents space for various programs on a month-to-month basis. Total rent expense for the year ended June 30, 2022 was $407,713.

(16) Line of Credit

Catholic Charities has a $3,250,000 revolving line of credit with a bank that expires January 24, 2024. Borrowings on the line bear interest at the Wall Street Journal Prime rate minus .75%. At June 30, 2022, no amounts were outstanding on the line of credit.

(17) 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, 2022:

(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 $3,316,531.
(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 $5,894,945 for salaries and related expenses, including $190,152 in employer matching under their 403(b) retirement plan. Also included in this total are charges amounting to $748,585 related to health insurance provided by the Archdiocese of Denver (see note (b) above). Furthermore, AHI and affiliates paid Catholic Charities $65,927 for shared occupancy costs.
(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 $519,418 to the Trust during the year ended June 30, 2022.

(17) 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, 2022, Catholic Charities incurred $200,000 in expense for these services.

(f) 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. Because the development fees are paid dependent upon third party investor agreements (which may include interest), the amounts due at June 30, 2022 consist of $392,354 for Guadalupe. Interest earned on the Guadalupe development fee during the year ended June 30, 2022 was $8,971. An allowance was recorded for $8,971 for interest earned on this note during the year ended June 30, 2022 due to the cash flow calculation for Guadalupe Apartments, LLLP reflecting no funds being available to pay the interest. During the year ended June 30, 2022, $15,498 of development fees were earned from affiliates.

(g) At June 30, 2022, Broadway Affordable, LLLP owed AHI $774,621 and net accrued interest of $13,524. See note 9.

(h) At June 30, 2022, Villa Sierra Madre II, LLLP owed AHI $350,000. See note 9.

(i) At June 30, 2022, Guadalupe Apartments, LLLP owed AHI $300,000. See note 9.

(j) At June 30, 2022, Immaculata Plaza Apartments, LLLP owed AHI $1,794,698. See note 9.

(k) At June 30, 2022, Prairie Rose Plaza, Inc. owed AHI $29,000 and net accrued interest of $1,819. See note 9.

(18) 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 $601,082 for the year ended June 30, 2022.

(19) 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.

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.

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

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.

Villas in Southgate, LLLP
AHI is the Administrative Special Limited Partner of Villas in Southgate, LLLP (VSG). 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, 2022.

AHI has a partnership agreement with VSG whereby VSG 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 VSG 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, 2022, VSG paid management fees totaling $15,813.

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

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, 2022, Courtyard Commons, LLC paid management fees totaling $5,218.

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.

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, Inc.
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.

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

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, 2022, Villa Sierra Madre II, LLLP paid management fees totaling $7,500.

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.

Immaculata Plaza, Inc.
On July 7, 2020, AHI entered into an agreement with Medici Consulting Group, Inc. for management consultation services related to the development and new construction of an estimated 30 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 $500,170, of the $1,111,488 developer fee used in the low income housing tax credit (LIHTC) application for the project. The LIHTC was awarded in June 2021. The balance due at June 30, 2022 was $390,170.

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

Immaculata Plaza, Inc., Continued

On June 30, 2022, Immaculata Plaza, Inc entered into an agreement to sell its property – both the existing structure and related cash flows, the adjacent land, liabilities and remaining net assets – to Immaculata Plaza Apartments, LLLP, for $2,940,000. Of that amount, IMM received $1,145,302 in cash to settle both of its debt obligations with the balance of $1,794,698 taken back as a seller-financed note. At that same date, IMM assigned the $1,794,698 note receivable to its sole member – AHI – which effectively liquidated IMM on that date. The transaction resulted in a contribution to AHI of $1,161,721 during the year ended June 30, 2022.

Loveland

On January 19, 2021, AHI entered into an agreement with Blueline Development, Inc. for management consultation services related to the development and new construction of 54 units of affordable housing in Loveland, Colorado. The development consultation services fee shall be equal to 50%, or $768,000, of the $1,536,000 developer fee used in the low-income housing tax credit application for the project. The LIHTC was awarded in May 2021. There have been no payments made as of June 30, 2022.

All Saints

On July 28, 2021, AHI entered into a 75-year ground lease option agreement with the Archdiocese of Denver as trustee for the benefit of All Saints Catholic Parish in Denver (All Saints). The purchase price for the lease was $1,200,000. AHI intends to develop the option property with 75 units of low-income senior apartments. The term of the option is two years, with an option to extend for one year with a payment of $50,000, which is nonrefundable but will be credited against the purchase price at closing.

AHI is required to pay $50,000 upon completion of rezoning of the land which is nonrefundable but will be credited against the purchase price at closing. In the event the LIHTC financing is completed prior to the closing of the transaction contemplated in the agreement, AHI must pay $50,000 within ten business days of the announcement of the award, which amount is nonrefundable but will be credited against the purchase price at closing. In addition, at closing AHI must pay $100,000 as compensation for any alterations or improvements to All Saints remaining property, which is due only if lease option is exercised and LIHTC are awarded. Development of the property has not yet been completed.

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

Combining Schedule of Financial Position

June 30, 2022

		Catholic Charities	Farm Labor Housing Corporation	Archdiocesan Housing, Inc.	Total
Assets					
Cash and cash equivalents	$	2,623,501	169,123	916,536	3,709,160
Accounts receivable, net		373,956	15,088	89,009	478,053
Contributions and grants receivable		2,846,601	–	–	2,846,601
Cash restricted for reserves, FLHC		–	682,946	–	682,946
Funds held on behalf of others		826,602	–	–	826,602
Development fees receivable		–	–	392,354	392,354
Due from (to) other fund		60,000	(60,000)	–	–
Investments		3,476,599	–	–	3,476,599
Other assets		202,726	5,613	1,730,884	1,939,223
Investment in subsidiaries		–	–	507,446	507,446
Beneficial interest in assets held by others		1,335,573	–	–	1,335,573
Notes and accrued interest receivable		–	–	3,263,662	3,263,662
Cash restricted for capital projects		172,082	–	–	172,082
Property and equipment, net		19,286,853	3,555,192	–	22,842,045
Total assets	$	31,204,493	4,367,962	6,899,891	42,472,346
Liabilities					
Accounts payable	$	343,061	127,377	78,831	549,269
Accrued expenses		2,239,875	12,686	28,711	2,281,272
Funds held on behalf of others		826,602	–	–	826,602
Refundable advances		442,626	–	–	442,626
Liabilities under annuity agreements		195,474	–	–	195,474
Notes payable		–	882,266	–	882,266
Total liabilities		4,047,638	1,022,329	107,542	5,177,509
Net Assets					
Net assets without donor restrictions					
Property and equipment, net of related debt		19,286,853	2,672,926	–	21,959,779
Development fees, notes, and subsidiaries		–	–	4,163,462	4,163,462
Undesignated		4,409,348	386,930	2,613,391	7,409,669
Total net assets without donor restrictions		23,696,201	3,059,856	6,776,853	33,532,910
Net assets with donor restrictions		3,460,654	285,777	15,496	3,761,927
Total net assets		27,156,855	3,345,633	6,792,349	37,294,837
Total liabilities and net assets	$	31,204,493	4,367,962	6,899,891	42,472,346

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, 2022
(With Summarized Comparative Totals for 2021)

	Without donor restrictions	With donor restrictions	2022 Total	2021 Total
Public support, revenue and gains				
Public support				
Direct contributions	$ 2,306,676	9,368,055	11,674,731	9,367,180
Wills and bequests	917,618	265,543	1,183,161	468,784
In-kind contributions	1,762,097	–	1,762,097	1,301,578
Archbishop's Catholic Appeal and other support	–	1,200,000	1,200,000	1,200,000
Government and private grants	12,997,779	3,463,142	16,460,921	12,226,920
Forgiveness of Paycheck Protection Program Loan	–	–	–	3,240,000
Federated campaigns	39,037	152,000	191,037	281,565
Change in net present value of annuities	(23,866)	–	(23,866)	(26,072)
Fund raising events revenue	–	317,823	317,823	172,380
Direct benefits to donors	–	(453,642)	(453,642)	(168,968)
Net assets released from restrictions	13,384,749	(13,384,749)	–	–
Total public support	31,384,090	928,172	32,312,262	28,063,367
Revenue and gains				
Program service fees	6,652,902	–	6,652,902	6,256,472
Rental income	51,189	–	51,189	58,842
Investment return	(33,561)	(171,954)	(205,515)	622,850
Net gain on disposal of property	17,572	–	17,572	96,195
Miscellaneous income	26,646	–	26,646	28,652
Total revenue and gains	6,714,748	(171,954)	6,542,794	7,063,011
Total public support, revenue and gains	38,098,838	756,218	38,855,056	35,126,378
Expenses				
Program services				
Family & Children Services	12,601,523	–	12,601,523	11,872,496
Shelter & Community Outreach Services	13,871,947	–	13,871,947	9,946,760
Western Slope	1,149,669	–	1,149,669	1,161,527
Weld County	2,114,435	–	2,114,435	2,456,090
Larimer County	1,849,208	–	1,849,208	1,733,067
Total program services	31,586,782	–	31,586,782	27,169,940
Supporting services				
General and administrative	3,377,137	–	3,377,137	3,210,545
Fund raising	2,596,843	–	2,596,843	2,638,052
Total supporting services	5,973,980	–	5,973,980	5,848,597
Total expenses	37,560,762	–	37,560,762	33,018,537
Change in net assets	538,076	756,218	1,294,294	2,107,841
Net assets at beginning of year	23,158,125	2,704,436	25,862,561	23,754,720
Net assets at end of year	$ 23,696,201	3,460,654	27,156,855	25,862,561

See the accompanying independent auditor's report.

Farm Labor Housing Corporation
Schedule of Activities
Year Ended June 30, 2022
(With Summarized Comparative Totals for 2021)

	Without donor restrictions	With donor restrictions	2022 Total	2021 Total
Revenue and support				
Contributions and grants	$ 50	–	50	78
Rental income, tenants	594,765	–	594,765	579,106
Rental subsidy, USDA	163,733	–	163,733	201,784
Interest income	86	–	86	87
Miscellaneous income	29,554	–	29,554	31,051
Net assets released from restrictions	43,076	(43,076)	–	–
Total revenue and support	831,264	(43,076)	788,188	812,106
Expenses				
Program services				
Plaza del Sol operations	491,960	–	491,960	485,663
Plaza del Milagro operations	458,067	–	458,067	428,694
Total program services expenses	950,027	–	950,027	914,357
Supporting services				
General and administrative	87,575	–	87,575	89,237
Total expenses	1,037,602	–	1,037,602	1,003,594
Change in net assets	(206,338)	(43,076)	(249,414)	(191,488)
Net assets at beginning of year	3,266,194	328,853	3,595,047	3,786,535
Net assets at end of year	$ 3,059,856	285,777	3,345,633	3,595,047

See the accompanying independent auditor's report.

Archdiocesan Housing, Inc.
Schedule of Activities
Year Ended June 30, 2022
(With Summarized Comparative Totals for 2021)

	Without donor restrictions	With donor restrictions	2022 Total	2021 Total
Revenue				
Contributions	$ 1,166,721	–	1,166,721	10,000
Partnership management fees	28,532	–	28,532	27,844
Interest income	14,961	–	14,961	4,405
Other income	10,065	–	10,065	68
Contributions of partnership interests	–	–	–	796,975
Equity in loss of subsidiaries	(673,491)	–	(673,491)	(216,288)
Total revenue	546,788	–	546,788	623,004
Expenses				
Program services				
Development activities	324,537	–	324,537	441,457
Total program services	324,537	–	324,537	441,457
Supporting services−general and administrative	77,201	–	77,201	72,039
Total expenses	401,738	–	401,738	513,496
Change in net assets	145,050	–	145,050	109,508
Net assets at beginning of year	6,631,803	15,496	6,647,299	6,537,791
Net assets at end of year	$ 6,776,853	15,496	6,792,349	6,647,299

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, 2022

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	Assistance listing number	Expend- itures
U.S. Department of Health and Human Services				
Direct grant				
Early Head Start	N/A	7/1/21 - 6/30/22	93.600	$ 1,159,938
Early Head Start - COVID-19	N/A	7/1/21 - 6/30/22	93.600	103,974
Passed through City and County of Denver				
Head Start	08CH010552	7/1/21 - 6/30/22	93.600	1,796,546
Head Start - COVID-19	08HE000797-01-01	7/1/21 - 6/30/22	93.600	103,298
Total Head Start			Total 93.600	3,163,756
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	2019-2186	9/1/21 - 8/31/22	93.048	51,383
Total Discretionary Projects			Total 93.048	51,383
Passed through Denver Regional Council of Governments				
National Family Caregiver Support	EX19026	7/1/20 - 6/30/21	93.052	11,315
National Family Caregiver Support	EX19026	7/1/21 - 6/30/22	93.052	135,609
Total National Family Caregiver Support			Total 93.052	146,924
Passed through the Weld County Department of Human Services				
Promoting Safe and Stable Families	CMS1237	10/1/20 - 9/30/21	93.556	13,832
Promoting Safe and Stable Families	CMS1237	10/1/21 - 9/30/22	93.556	48,393
Total Promoting Safe and Stable Families Grants			Total 93.556	62,225
Passed through Weld County Department of Human Services				
Community Services Block Grant	N/A	1/1/21 - 12/31/21	93.569	1,875
Community Services Block Grant	N/A	1/1/22 - 12/31/22	93.569	8,575
Total Community Services Block Grant			Total 93.569	10,450
Total U.S. Department of Health and Human Services				3,434,738
U.S. Department of Housing and Urban Development				
Passed through the City of Fort Collins				
CDBG - Senior Services	N/A	10/1/20 - 9/30/21	14.218	6,475
CDBG - Senior Services	N/A	10/1/21 - 9/30/22	14.218	27,000
CDBG - Shelter	N/A	10/1/20 - 9/30/21	14.218	13,921
CDBG - Shelter	N/A	10/1/21 - 9/30/22	14.218	35,862
Passed through the City of Greeley:				
Community Development Block Grant	N/A	10/1/20 - 9/30/21	14.218	2,500
Community Development Block Grant	N/A	10/1/21 - 9/30/22	14.218	7,500
Total Community Development Block Grants/Entitlement Grants			Total 14.218	93,258
Passed through the State of Colorado				
Emergency Shelter Grant-Samaritan House	H9ESG18960	4/1/21 - 3/31/22	14.231	22,212
Emergency Shelter Grant-Samaritan House	H2ESG31926	4/1/11 - 3/31/23	14.231	25,000
Emergency Shelter Grant-Weld County	H9ESG18915	4/1/21 - 3/31/22	14.231	21,053
Emergency Shelter Grant-Weld County	H2ESG31924	4/1/22 - 3/31/23	14.231	3,853
Emergency Shelter Grant-Larimer County	H9ESG18952	4/1/21 - 3/31/22	14.231	16,252
Emergency Shelter Grant-Larimer County	H2ESG31925	4/1/22 - 3/31/23	14.231	6,232
Emergency Shelter Grant-Denver	H0ESG19959	4/1/21 - 3/31/22	14.231	20,000
Emergency Shelter Grants-WS - COVID-19	H1ESG91230	4/1/21 - 3/31/22	14.231	136,634
Emergency Shelter Grants-WS - COVID-19	H1ESG91230	4/1/22 - 3/31/23	14.231	$ 61,031

(Continued)

Catholic Charities and Community Services of
the Archdiocese of Denver, Inc.
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2022

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	Assistance listing number	Expend- itures
U.S. Department of Housing and Urban Development (Continued)				
Passed through the State of Colorado (continued)				
Emergency Shelter Grants-WS - COVID-19	H1ESG90030	4/1/21 - 3/31/22	14.231	$ 70,546
Emergency Shelter Grant - COVID-19	N/A	4/1/21 - 3/31/22	14.231	259,420
Total Emergency Solutions Grants Program			Total 14.231	642,233
Passed through the Colorado Coalition for the Homeless				
Continuum of Care Program	CO-0006-L8T-001912	10/1/20 - 9/30/21	14.267	44,749
Total Continuum of Care Program			Total 14.267	44,749
Total U.S. Department of Housing and Urban Development				780,240
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	1/1/22 - 10/31/23	97.024	28,142
Arapahoe County	LRO ID 098000-002	1/1/20 - 10/31/21	97.024	13,505
Arapahoe County	LRO ID 098000-002	1/1/21 - 10/31/22	97.024	10,005
Arapahoe County	LRO ID 098000-002	5/1/22 - 10/31/23	97.024	30,609
Arapahoe County - COVID-19	LRO ID 098000-002	1/27/20 - 10/31/21	97.024	21,000
Denver County	LRO ID 101200-015	5/1/22 - 10/31/23	97.024	25,832
Jefferson County	LRO ID 104200-002	1/1/20 - 10/31/22	97.024	151
Jefferson County	LRO ID 104200-002	5/1/22 - 10/31/23	97.024	8,763
Garfield County	LRO ID 102800-009	1/1/20 - 10/31/21	97.024	11,376
Larimer County	LRO ID 105800-002	1/1/20 - 10/31/21	97.024	8,049
Larimer County - COVID-19	LRO ID 105800-002	1/1/20 - 10/31/21	97.024	18,977
Weld County	LRO ID 111600-009	1/1/20 - 10/31/22	97.024	3,000
Weld County - COVID-19	LRO ID 111600-009	1/27/20 - 10/31/21	97.024	2,610
Total Emergency Food and Shelter National Board Program			Total 97.024	182,019
Total U.S. Department of Homeland Security				182,019
U.S. Department of Justice				
Passed through the State of Colorado Department of Public Safety, Division of Criminal Justice				
Victim Assistance Program	2020-VA-21-590-02	1/1/21 - 12/31/21	16.575	149,885
Victim Assistance Program	2020-VA-21-590-02	1/1/22 - 12/3122	16.575	142,718
Total Victim Assistance Program			Total 16.575	292,603
Total U.S. Department of Justice				292,603
U.S. Department of Veteran's Affairs				
Direct grants				
VA Homeless Providers Grant and Per Diem Program	CCC0679-1482-554-PD-21-0	10/1/20 - 9/30/21	64.024	146,465
VA Homeless Providers Grant and Per Diem Program	CCC0679-1482-554-PD-21-0	101/21 - 9/30/22	64.024	493,200
VA Homeless Providers Grant and Per Diem Program -Special Needs	20-374-CO	10/1/20 - 9/30/21	64.024	125,652
VA Homeless Providers Grant and Per Diem Program -Special Needs	21-374-CO	10/1/21 - 9/30/22	64.024	92,503
Total VA Homeless Providers Grant and Per Diem Program			Total 64.024	857,820
Total U.S. Department of Veteran's Affairs				$ 857,820

(Continued)

Catholic Charities and Community Services of the Archdiocese of Denver, Inc.
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2022

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	Assistance listing number	Expend- itures
U.S. Department of Agriculture				
Passed through Colorado Department of Public Health and Environment				
Child and Adult Care Food Program	CFP1116300	10/1/20 - 9/30/21	10.558	$ 70,845
Child and Adult Care Food Program	CFP1116300	10/1/21 - 9/30/22	10.558	289,574
Total Child and Adult Care Food Program			Total 10.558	360,419
Total U.S. Department of Agriculture				360,419
Total Expenditures of Federal Awards				$ 5,907,839

(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, 2022. 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 $978,328 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 & Montoya, P.C.
Certified Public Accountants

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

Board of 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 combined financial statements of Catholic Charities and Community Services of the Archdiocese of Denver, Inc. (Catholic Charities), which comprise the combined statements of financial position as of June 30, 2022, 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, and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the combined 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 combined 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 combined financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Catholic Charities' combined 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 combined 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.*

475 Lincoln Street, Suite 200 • Denver, CO 80203
Phone 303-534-5953 • Fax 303-892-7776 • Website kcmdenver.cpa

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

Purpose of this Report

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

Kundinger, Corder & Montoya, P.C.

November 14, 2022

Kundinger, Corder & Montoya, P.C.
Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on 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 identified as subject to audit 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, 2022. Catholic Charities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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

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

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

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

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

Kundinger, Corder & Montoya, P.C.

November 14, 2022

Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the combined 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 combined 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 combined 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 (Assistance Listing No. 93.600) and the Victim Assistance Program (Assistance Listing No. 16.575).
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.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

There were no findings reported in the audit for the year ended June 30, 2021.