

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

**Combined Financial Statements, Single Audit Reports, and
Supplementary Information**

June 30, 2023

(With Independent Auditor's Report Thereon)

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

Table of Contents

Independent Auditor’s Report	1
Combined Statement of Financial Position, June 30, 2023	4
Combined Statement of Activities, Year Ended June 30, 2023	5
Combined Statement of Functional Expenses, Year Ended June 30, 2023.....	6
Combined Statement of Cash Flows, Year Ended June 30, 2023	7
Notes to Combined Financial Statements.....	8

Supplementary Information

Combining Schedule of Financial Position, June 30, 2023	29
Schedule of Activities, Catholic Charities and Community Services, Year Ended June 30, 2023	30
Schedule of Activities, Farm Labor Housing Corporation, Year Ended June 30, 2023	31
Schedule of Activities, Archdiocesan Housing, Inc., Year Ended June 30, 2023	32
Schedule of Activities, Marisol Health, Inc., Year Ended June 30, 2023.....	33

Single Audit Reports

Schedule of Expenditures of Federal Awards, Year Ended June 30, 2023	34
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 <i>Government Auditing Standards</i>.....	38
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	40
Schedule of Findings and Questioned Costs, Year Ended June 30, 2023	43
Summary Schedule of Prior Audit Findings.....	44



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, 2023, 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, 2023, 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Emphasis of Matter – Restatement

As described in note 20 to the combined financial statements, Catholic Charities' accounts receivable, grant revenue and expenses for the year ended June 30, 2022 have been restated to reflect a gift and certain expenses that were not previously recorded. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, 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, which 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.

Board of Directors

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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, which 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 other supplementary information is 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Board of Directors

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023 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.

Report on Summarized Comparative Information

We have previously audited Catholic Charities' 2022 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Kundinger, Corder & Montoya, P.C.

November 20, 2023

**Catholic Charities and Community Services of
the Archdiocese of Denver, Inc.**
Combined Statement of Financial Position
June 30, 2023
(With Summarized Comparative Totals for 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 18,946,602	3,662,977
Accounts receivable, net	1,637,348	1,172,711
Contributions and grants receivable (note 3)	2,656,201	2,846,601
Cash restricted for reserves, FLHC (note 4)	729,246	682,946
Funds held on behalf of others	–	826,602
Development fees receivable–affiliates (note 17)	1,176,583	392,354
Investments (notes 5 and 6)	943,611	3,476,599
Other assets	1,340,522	1,939,223
Investment in subsidiaries (note 7)	128,033	507,446
Beneficial interest in assets held by others (notes 6 and 8)	1,439,150	1,335,573
Notes and accrued interest receivable (note 9)	4,165,115	3,263,662
Cash restricted for capital projects	1,458,581	172,082
Property and equipment, net (notes 10 and 13)	23,107,470	22,842,045
Operating lease right-of-use assets (note 11)	1,193,032	–
Total assets	\$ 58,921,494	43,120,821
Liabilities		
Accounts payable	\$ 699,944	601,269
Accrued expenses	2,043,079	2,281,272
Funds held on behalf of others	–	826,602
Refundable advances	261,853	442,626
Liabilities under annuity agreements (note 12)	195,166	195,474
Operating lease liabilities (note 11)	1,245,270	–
Notes payable (note 13)	828,415	882,266
Total liabilities	5,273,727	5,229,509
Net Assets		
Net assets without donor restrictions		
Property and equipment, net of related debt	22,279,055	21,959,779
Development fees, notes, and subsidiaries	5,469,731	4,163,462
Undesignated	19,966,236	8,006,144
Total net assets without donor restrictions	47,715,022	34,129,385
Net assets with donor restrictions (note 14)	5,932,745	3,761,927
Total net assets	53,647,767	37,891,312
Commitments and contingencies (notes 16 through 19)		
Total liabilities and net assets	\$ 58,921,494	43,120,821

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, 2023
(With Summarized Comparative Totals for 2022)

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Public support, revenue and gains				
Public support				
Direct contributions	\$ 2,159,678	9,154,092	11,313,770	11,674,781
Wills and bequests	2,804,972	2,146,444	4,951,416	1,183,161
Contributed nonfinancial assets (note 15)	2,518,877	–	2,518,877	1,762,097
Archbishop's Catholic Appeal and other (note 17)	–	1,200,000	1,200,000	1,200,000
Government and private grants	25,102,349	3,608,876	28,711,225	18,276,117
Federated campaigns	52,465	154,477	206,942	191,037
Change in net present value of annuities	(24,780)	–	(24,780)	(23,866)
Fund raising events revenue	–	362,259	362,259	317,823
Direct benefits to donors	–	(478,617)	(478,617)	(453,642)
Net assets released from restrictions (note 14)	14,094,081	(14,094,081)	–	–
Total public support	46,707,642	2,053,450	48,761,092	34,127,508
Revenue and gains				
Program service fees	7,910,283	–	7,910,283	6,681,434
Development fees	1,204,326	–	1,204,326	–
Rental income and subsidy	890,146	–	890,146	809,687
Investment return (note 5)	228,446	117,368	345,814	(205,515)
Net gain on disposal of property	301,702	–	301,702	17,572
Equity in loss of subsidiaries (note 7)	(561,467)	–	(561,467)	(673,491)
Miscellaneous income	351,129	–	351,129	81,312
Total revenue and gains	10,324,565	117,368	10,441,933	6,710,999
Total public support, revenue and gains	57,032,207	2,170,818	59,203,025	40,838,507
Expenses				
Program services				
Family & Children Services	13,753,980	–	13,753,980	12,601,523
Shelter & Community Outreach Services	17,222,182	–	17,222,182	13,871,947
Western Slope	961,583	–	961,583	1,149,669
Weld County	2,022,720	–	2,022,720	2,114,435
Larimer County	1,747,138	–	1,747,138	1,849,208
Farm Labor Housing Corporation	970,032	–	970,032	950,027
Archdiocesan Housing, Inc.	512,887	–	512,887	376,537
Marisol Health, Inc.	55,948	–	55,948	–
Total program services	37,246,470	–	37,246,470	32,913,346
Supporting services				
General and administrative	3,214,135	–	3,214,135	3,541,913
Fund raising	2,985,965	–	2,985,965	2,596,843
Total supporting services	6,200,100	–	6,200,100	6,138,756
Total expenses	43,446,570	–	43,446,570	39,052,102
Change in net assets	13,585,637	2,170,818	15,756,455	1,786,405
Net assets at beginning of year	34,129,385	3,761,927	37,891,312	36,104,907
Net assets at end of year	\$ 47,715,022	5,932,745	53,647,767	37,891,312

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, 2023
(With Summarized Comparative Totals for 2022)

	Catholic Charities											2023 Total	2022 Total
	Family & Children Services	Shelter & Community Outreach Services	Western Slope	Weld County	Larimer County	General and admin- istrative	Fund raising	Catholic Charities Total	Farm Labor Housing Corp.	Arch- diocesan Housing, Inc.	Marisol Health, Inc.		
Salaries	\$ 7,975,595	7,588,466	322,669	1,084,349	1,127,460	1,901,114	1,530,174	21,529,827	90,988	234,831	(560)	21,855,086	20,585,980
Benefits and payroll taxes	2,209,512	1,775,692	120,667	266,659	263,927	192,251	325,953	5,154,661	37,928	58,478	–	5,251,067	5,274,817
Food	252,476	1,467,453	–	30,741	10,239	–	–	1,760,909	–	–	–	1,760,909	907,177
Specific assistance	624,444	2,682,608	451,774	307,718	56,842	318	–	4,123,704	–	–	–	4,123,704	3,670,274
Professional services and contract labor	996,284	732,510	2,112	16,794	22,923	851,769	367,272	2,989,664	79,322	261,661	25,359	3,356,006	2,891,835
Rent, utilities and building maintenance	561,304	945,179	23,332	85,373	67,964	168,072	200	1,851,424	465,262	–	10	2,316,696	1,478,216
Printing	8,589	11,364	142	4,466	2,767	3,517	250,431	281,276	–	–	17,437	298,713	277,654
Publicity and marketing	22,479	–	200	–	284	52	115,122	138,137	–	–	21	138,158	114,797
Travel and transportation	38,877	38,491	2,641	7,632	4,359	22,899	2,235	117,134	–	–	–	117,134	81,139
Telephone	64,164	41,394	6,274	23,767	22,048	37,489	–	195,136	–	–	–	195,136	247,894
Office and program supplies	484,906	518,156	674	22,837	40,607	15,187	1,011	1,083,378	12,334	573	850	1,097,135	773,047
Equipment, maintenance and repairs	28,209	134,851	391	4,320	14,952	12,705	4,616	200,044	–	–	–	200,044	221,597
Postage and freight	1,722	1,887	–	671	374	12,220	72,413	89,287	–	–	–	89,287	77,205
Insurance	99,173	106,076	5,819	37,942	28,330	34,355	–	311,695	72,057	16,350	2,500	402,602	330,494
Dues, memberships and subscriptions	24,758	13,893	535	1,920	370	29,350	61,205	132,031	–	–	–	132,031	99,920
Interest and bank fees	39,492	4	–	–	–	8,767	157,354	205,617	54,266	–	–	259,883	267,357
Conferences and training	116,489	129,448	5,296	8,789	9,887	43,487	17,328	330,724	–	734	100	331,558	263,416
Occupancy allocation	40,628	447,561	–	–	–	(574,090)	76,133	(9,768)	–	–	9,768	–	–
Other expenses	17,312	37,503	184	6,810	4,717	17,789	480,792	565,107	8,891	30,727	463	605,188	621,294
Total expenses before depreciation	13,606,413	16,672,536	942,710	1,910,788	1,678,050	2,777,251	3,462,239	41,049,987	821,048	603,354	55,948	42,530,337	38,184,113
Depreciation	147,567	549,646	18,873	111,932	69,088	252,885	2,343	1,152,334	242,516	–	–	1,394,850	1,321,631
Total expenses	13,753,980	17,222,182	961,583	2,022,720	1,747,138	3,030,136	3,464,582	42,202,321	1,063,564	603,354	55,948	43,925,187	39,505,744
Less expenses netted with revenues on statement of activities	–	–	–	–	–	–	(478,617)	(478,617)	–	–	–	(478,617)	(453,642)
Total expenses included in expense section in statement of activities	\$ 13,753,980	17,222,182	961,583	2,022,720	1,747,138	3,030,136	2,985,965	41,723,704	1,063,564	603,354	55,948	43,446,570	39,052,102

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, 2023
(With Summarized Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 15,756,455	1,786,405
Equity in loss of subsidiaries	561,467	673,491
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	1,394,850	1,321,631
Amortization	40,810	43,076
Loss (gain) on disposals of property and equipment	18,298	(17,572)
Operating leases right-of-use assets and liabilities noncash expense	52,238	-
Investment return on contributions restricted for long-term purposes	(117,368)	171,954
Contributions restricted for capital projects	(3,342,163)	(2,806,472)
Realized and unrealized (gains) losses on investments	(132,616)	253,978
Change in net present value of annuities	24,780	23,866
Changes in operating assets and liabilities		
Accounts receivable	(464,637)	(906,866)
Contributions and grants receivable	843,200	397,215
Development fees receivable—affiliates	(784,229)	-
Other assets	597,248	(1,386,520)
Accounts payable and accrued expenses	(139,518)	357,406
Refundable advances	(180,773)	252,244
Net cash provided by operating activities	<u>14,128,042</u>	<u>163,836</u>
Cash flows from investing activities		
Payments received on notes receivable	-	96,878
Issuance of note receivable	(900,000)	(1,794,698)
Investment in subsidiary	(182,054)	-
Net sales of investments	2,562,027	198,420
Proceeds from sales of assets	-	99,068
Purchases of property and equipment	<u>(1,678,573)</u>	<u>(3,006,874)</u>
Net cash used in investing activities	<u>(198,600)</u>	<u>(4,407,206)</u>
Cash flows from financing activities		
Investment return on contributions restricted for long-term purposes	117,368	(171,954)
Proceeds from contributions restricted for capital projects	2,689,363	2,217,988
Charitable gift annuity activity	(25,088)	(36,301)
Payments on notes payable	<u>(94,661)</u>	<u>(93,392)</u>
Net cash provided by financing activities	<u>2,686,982</u>	<u>1,916,341</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	16,616,424	(2,327,029)
Cash and cash equivalents and restricted cash at beginning of year	<u>4,518,005</u>	<u>6,845,034</u>
Cash and cash equivalents and restricted cash at end of year	<u>\$ 21,134,429</u>	<u>4,518,005</u>
Supplemental disclosures		
Noncash investing and financing activity		
Operating leases assets and liabilities noncash expense	\$ <u>52,238</u>	<u>-</u>
Operating leases right-of-use assets	<u>1,193,032</u>	<u>-</u>
Operating leases liabilities	<u>1,245,270</u>	<u>-</u>
Other cash flow information		
Interest paid	\$ <u>13,456</u>	<u>14,796</u>

See the accompanying notes to the combined financial statements.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements
June 30, 2023**

(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.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(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; AHI Mount Loretto, LLC; AHI GP St. Valentine, LLC; and Immaculata Plaza Apartments GP, 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)
- Holy Family Plaza, Inc. (Holy Family)
- Housing Management Services, Inc. (HMS)
- Machebeuf Apartments, Inc. (Machebeuf)
- Madonna Plaza, Inc. (Madonna)
- Marian Plaza, Inc. (Marian)
- Prairie Rose Plaza, Inc. (St. Martin)
- St. Martin Plaza, Inc. (St. Martin)
- Villa de Santa Lucia, Inc. (VSL)
- Villa Sierra Madre, Inc. (VSM)

AHI Development, LLC is the Managing Member in Courtyard Commons, LLC (Courtyard) at .005% ownership, the General Partner in St. Joseph Golden, LLLP (SJG) at .01% ownership and the General Partner in Broadway Affordable, LLLP (BA) at .01% ownership. AHI is the Administrative Special Limited Partner in The Villas in Southgate, LLLP (VSG) at .005% ownership. AHI Development Silverthorne, LLC is the General Partner in Villa Sierra Madre II LLLP (VSMII) at .01% ownership. AHI Development Guadalupe, LLC is the Managing General Partner in Guadalupe Apartments, LLLP (GA) at .005% ownership, and AHI is the Administrative General Partner in GA at .005% ownership. AHI GP St. Valentine, LLC is the General partner in St. Valentine, LLLP at .01% ownership. Immaculata Plaza Apartments GP, LLC is the General Partner in Immaculata Plaza, LLLP (IMM2) 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 consolidates both entities. On March 1, 2022, AHI was assigned a portion of the existing Limited Partner's interest in VSG, such that VSG is now owned by AHI (49%) and the General Partner (51%). AHI accounts for its ownership interest in VSG using the equity method of accounting.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.**
Notes to Combined Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Marisol Health, Inc. is a nonprofit corporation formed in 2023 that consists of a network of women's medical clinics in Colorado. Catholic Charities is the sole voting member of Marisol Health, Inc. and has both control and an economic interest. Therefore, the activities of Marisol Health, Inc. are consolidated with Catholic Charities.

(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, AHI, and Marisol Health, Inc., 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.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(1) Summary of Significant Accounting Policies, Continued

(d) Cash and Cash Equivalents and Restricted Cash, Continued

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, 2023:

Cash and cash equivalents	\$ 18,946,602
Cash restricted for reserves, FLHC (note 4)	729,246
Cash restricted for capital projects	<u>1,458,581</u>
Total cash and cash equivalents and restricted cash shown in the combined statement of cash flows	\$ <u>21,134,429</u>

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

(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 \$369,606 held by the Archdiocese of Denver Irrevocable Revolving Fund Trust (Revolving Fund Trust) and \$1,439,150 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 \$4,165,115 (see note 9), and development fee receivable-affiliates of \$1,176,583 (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.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(1) Summary of Significant Accounting Policies, Continued

(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 (GAAP) establish 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). 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) Leases

During the year ended June 30, 2023, Catholic Charities adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. In accordance with the standard, Catholic Charities has elected not to record in the combined statement of financial position a lease whose term is twelve months or less and does not include a purchase option that Catholic Charities is reasonably certain to exercise. Catholic Charities has elected to use the risk-free rate of return as of the lease commencement date to determine the present value of the lease payments for the purpose of calculating the right of use asset and lease liability. In addition, Catholic Charities has elected the practical expedient not to separate lease and non-lease components (see note 1(q)).

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(1) Summary of Significant Accounting Policies, Continued

(j) Revenue Recognition, Continued

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, 2023, conditional contributions relating to these grants, totaling \$23,602, have not been recognized in the accompanying combined financial statements.

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, 2023.

Government grants are treated as contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2023, conditional contributions relating to government grants, totaling \$6,219,137, have not been recognized in the accompanying combined financial statements. Amounts received in advance under these grants have been recognized in refundable advances on the combined statement of financial position.

Contributed nonfinancial assets

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 GAAP. See also note 15.

Fund raising events revenue

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

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.**
Notes to Combined Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Revenue Recognition, Continued

Program service fees

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

Accounts receivable represent amounts due resulting from the performance of these services to other organizations or individuals. The allowance for doubtful accounts is based on past experience and on analysis of the collectability of current accounts receivable. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms. At June 30, 2023, accounts receivable includes an allowance of \$3,287. Management believes the existing allowance for doubtful accounts at June 30, 2023 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 combined statement of financial position. At June 30, 2023, 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.

(k) Advertising

Catholic Charities uses advertising to promote certain programs and products. The costs of advertising are expensed as incurred. During fiscal year 2023, advertising costs totaled \$138,158

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.**
Notes to Combined Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) 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.

(m) Estimates

The preparation of combined financial statements in conformity with GAAP 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.

(n) Income Taxes

Catholic Charities, FLHC, AHI, and Marisol Health, Inc. 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, AHI's, or Marisol Health, Inc.'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.

(o) 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 GAAP. Accordingly, such information should be read in conjunction with Catholic Charities' combined financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(1) Summary of Significant Accounting Policies, Continued

(p) Subsequent Events

Management has evaluated subsequent events through November 20, 2023, the date the combined financial statements were available to be issued.

(q) Adoption of New Accounting Pronouncement

Effective July 1, 2022, the Catholic Charities adopted ASU No. 2016-02, *Leases (Topic 842)*, and its related amendments. The standard requires lessees to recognize in the statement of financial position the assets and liabilities that arise from leases. Adoption of the standard resulted in the recognition of operating lease right-of-use assets totaling \$1,193,032 as well as operating lease liabilities totaling \$1,242,270 as of June 30, 2023. Catholic Charities elected to adopt the transition relief provisions from ASU No. 2018-11 and recorded the impact of adoption as of July 1, 2022. The related policy elections made by Catholic Charities can be found in note 1(i) and the additional lease disclosures can be found in note 7. No cumulative effect adjustment to the beginning net assets was required in connection with the implementation of the standard.

(2) Liquidity and Availability of Financial Assets

The following reflects the financial assets as of June 30, 2023 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	\$ 18,946,602
Accounts receivable, net	1,637,348
Contributions and grants receivable	2,656,201
Investments	943,611
Beneficial interest in assets held by others	<u>1,439,150</u>
Total financial assets	25,622,712
Less contribution receivable due greater than one year	(438,394)
Less endowment funds	<u>(1,453,626)</u>
Financial assets available for expenditure within one year	\$ <u>23,730,692</u>

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.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(3) Contributions and Grants Receivable

Contributions and grants receivable consist of the following at June 30, 2023:

	<u>Due in one year</u>	<u>Due in two to five years</u>	<u>Total</u>
Government grants receivable	\$ 1,695,115	–	1,695,115
Capital campaign contributions receivable			
Samaritan House	158,286	150,000	308,286
Marisol Health, Inc.	<u>364,406</u>	<u>288,394</u>	<u>652,800</u>
Total	<u>\$ 2,217,807</u>	<u>438,394</u>	<u>2,656,201</u>

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, 2023, payments totaling \$16,667 were made to the account. No withdrawals were made from this reserve account during 2023. 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 \$29,167 were made to the *Plaza del Sol* reserve during the year ended June 30, 2023; no withdrawals were made in 2023.

The following is a summary of the required reserve accounts at June 30, 2023:

<i>Plaza del Milagro</i>	\$ 407,142
<i>Plaza del Sol</i>	<u>322,104</u>
Total reserve cash	\$ <u>729,246</u>

(5) Investments

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

Cash and cash equivalents	\$ 101,055
Exchange traded funds (ETFs)	177,775
Investments with the Revolving Fund Trust	369,606
Equities	44,046
Fixed income	132,485
Mutual funds invested in fixed income	26,025
Mutual funds invested in equities	<u>92,619</u>
	\$ <u>943,611</u>

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(5) Investments, Continued

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, 2023:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash and cash equivalents	\$ 101,055	101,055	-	-
Exchange traded funds	177,775	177,775	-	-
Revolving Fund Trust	369,606	369,606	-	-
Equities	44,046	44,046	-	-
Fixed income	132,485	-	132,485	-
Mutual funds invested in fixed income	26,025	26,025	-	-
Mutual funds invested in equities	<u>92,619</u>	<u>92,619</u>	<u>-</u>	<u>-</u>
Subtotal	943,611	811,126	132,485	-
Investments held at The Catholic Foundation	<u>1,439,150</u>	<u>-</u>	<u>1,439,150</u>	<u>-</u>
Total	<u>\$ 2,382,761</u>	<u>811,126</u>	<u>1,571,635</u>	<u>-</u>

(7) Investment in Subsidiaries

AHI's investment in subsidiaries were \$200 for AHI Development, LLC, and \$600,050 for AHI Development Guadalupe, LLC, at June 30, 2023 and 2022. AHI's investment in Immaculata Plaza Apartments GP, LLC was \$182,054 and \$0 at June 30, 2023 and 2022. Investment in these entities is accounted for under the cost method by AHI.

Effective March 1, 2022, a 49% ownership interest in The Villas in Southgate, LLLP (VSG) was contributed to AHI. As VSG had a net deficit at date of donation, and at June 30, 2023 and 2022, no amounts have been recorded in the accompanying consolidated financial statements for this investment which is accounted for on the equity method. AHI recognizes the earnings and losses of its equity method partnerships to the extent of its respective ownership interests.

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 balances at June 30, 2023 and 2022, respectively, were (\$522,412) and (\$113,069). Equity in loss of subsidiary for the years ended June 30, 2023 and 2022 was (\$409,343) and (\$448,389), respectively.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(7) Investment in Subsidiaries, Continued

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 balances at June 30, 2023 and 2022, respectively, were (\$131,859) and \$20,265. Equity in loss of subsidiary for the years ended June 30, 2023 and 2022 was (\$152,124) and (\$225,102), respectively.

(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, 2023, the investments had a fair market value of \$1,439,150.

(9) Notes and Accrued Interest Receivable

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

	<u>Interest rate</u>	<u>Date due</u>	<u>Note receivable</u>	<u>Interest receivable</u>
Broadway Affordable, LLLP	3.94%	June 30, 2050	\$ 774,621	481,315
Allowance-BA			-	(467,790)
Villa Sierra Madre II, LLLP	6.00%	December 31, 2045	350,000	236,225
Allowance-VSMII			-	(236,225)
Guadalupe Apartments, LLLP	6.50%	December 31, 2056	300,000	129,180
Allowance-GA			-	(129,180)
Immaculata Plaza Apartments, LLLP	3.11%	June 30, 2038	2,694,698	55,815
Allowance-IMM2			-	(55,815)
Prairie Rose, Plaza, Inc.	5.00%	N/A	<u>29,000</u>	<u>3,271</u>
			<u>\$ 4,148,319</u>	<u>16,796</u>

AHI's \$774,621 note from Broadway Affordable LLLP (BA) 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 BA, 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 years ended June 30, 2023 and 2022 was \$44,613 and \$46,352, respectively. An allowance was recorded for \$44,613 and \$46,352 for interest earned in fiscal years 2023 and 2022, respectively, due to the cash flow calculation for BA historically reflecting no funds being available to pay the interest. No payments were made in .

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(9) Notes and Accrued Interest Receivable, Continued

AHI's \$350,000 note from Villa Sierra Madre II, LLLP (VSMII) 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 years ended June 30, 2023 and 2022 was \$32,434 and \$32,173, respectively. An allowance was recorded for \$32,434 and \$32,173 for interest earned in fiscal years 2023 and 2022, due to the cash flow calculation for VSMII reflecting no funds being available to pay the interest.

In June 2018, AHI acquired a \$300,000 note from Guadalupe Apartments, LLLP (GA) 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, 2023 and 2022 was \$22,609 and \$24,814, respectively. An allowance was recorded for \$22,609 and \$24,814 for interest earned on this note during the years ended June 30, 2023 and 2022, respectively, due to the cash flow calculation for GA reflecting no funds being available to pay the interest.

On June 30, 2022, Immaculata Plaza, Inc. (IMM) 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 IMM2 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 AHI, which effectively liquidated IMM on that date. 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. In June, 2023, a \$900,000 loan with the same terms was issued to IMM2. Interest earned on the two IMM2 notes during the years ended June 30, 2023 and 2022 was \$55,815 and \$0, respectively. An allowance was recorded for \$55,815 and \$0 for interest earned on this note during the years ended June 30, 2023 and 2022, respectively, due to the cash flow calculation for IMM2 reflecting no funds being available to pay the interest.

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 has no due date. Interest earned on this note during the years ended June 30, 2023 and 2022 was \$1,452 and \$1,452, respectively.

Catholic Charities

On April 4, 2006, Catholic Charities sold its property at 1122 Pearl Street, Denver, known as Courtyard Commons. The property was sold to Courtyard Commons, LLC, a limited liability company whose managing member is AHI Development, LLC. The property was sold for \$840,000 comprised of \$202,731 in payment of the existing CHFA mortgages on the property, and a promissory note of \$637,269. The promissory note bears interest of 4.79% and requires that Courtyard Commons LLC make annual payments of \$1,000, cash flows permitting. Because payment of the note is uncertain, Catholic Charities has determined that a gain on sale will be recorded under the cost recovery method only when payments are received. The balance of the note (\$483,526 at June 30, 2023) and accrued interest (\$342,785 at June 30, 2023) are due and payable in full in 2045.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(10) Property and Equipment

Property and equipment used in continuing operations consisted of the following at June 30, 2023:

	Catholic Charities	FLHC	Marisol Health, Inc.	Total
Land and land improvements	\$ 4,187,791	1,252,359	–	5,440,150
Buildings	25,861,867	7,164,491	–	33,026,358
Furniture and equipment	<u>3,814,053</u>	<u>502,243</u>	<u>–</u>	<u>4,316,296</u>
	33,863,711	8,919,093	–	42,782,804
Less accumulated depreciation	<u>(15,103,795)</u>	<u>(5,599,198)</u>	<u>–</u>	<u>(20,702,993)</u>
Construction in progress	<u>5,777</u>	<u>–</u>	<u>1,021,882</u>	<u>1,027,659</u>
Property and equipment, net	\$ <u>18,765,693</u>	<u>3,319,895</u>	<u>1,021,882</u>	<u>23,107,470</u>

(11) Leases

Catholic Charities leases certain facilities and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through June 2032. The leases do not provide renewal options. Certain leases do provide for increases in future minimum annual rental payments. Under certain facilities agreements, Catholic Charities is required to pay for certain operating costs.

The weighted-average discount rate is based on the discount rate implicit in the lease. Catholic Charities has elected the option to use the risk-free rate determined during a period comparable to the lease terms as the discount rate where the implicit rate is not readily determinable. The risk-free rate option has been applied to all classes of assets.

Total lease expenses for the years ended June 30, 2023 and 2022 were \$415,469 and \$455,643, respectively.

The weighted-average term and discount rates for the operating leases outstanding as of June 30, 2023 are as follows:

Weighted-average term (years)	3.30
Weighted-average discount rate	2.79%

Future payments due under the operating leases as of June 30, 2023 are as follows:

Undiscounted cash flows due in:

2023	\$ 168,257
2024	337,657
2025	262,631
2026	225,183
2027	211,119
Thereafter	<u>304,930</u>
Total undiscounted cash flows	1,509,777
Impact of present value discount	<u>(264,507)</u>
Lease liability	\$ <u>1,245,270</u>

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(12) 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 \$195,166 at June 30, 2023.

(13) 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 \$244,967 at June 30, 2023. As this discount is amortized, a corresponding amount is released from net assets with donor restrictions. 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- <i>Plaza del Milagro</i>	\$ 148,148
Note payable to Weld County, interest at 3%, monthly payments of \$1,194 through June 2033, secured by deed of trust - <i>Plaza del Milagro</i>	123,686
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- <i>Plaza del Sol</i>	545,917
Note payable to Weld County, interest at 3%, monthly payments of \$555, secured by deed of trust- <i>Plaza del Sol</i>	7,647
Note payable to Colorado Housing and Finance Authority, interest at 1%, monthly payments of \$1,608 to be made over 30 years - <i>Plaza del Sol</i>	<u>187,984</u>
Face value of below market rate notes payable	1,013,382
Less discount	<u>(244,967)</u>
	768,415
Note payable to Catholic Charities, at 0% interest, payable in annual installments of \$10,000 beginning in 2004- <i>Plaza del Sol</i> (inter- organizational transaction has been eliminated in combination)	<u>60,000</u>
Net notes payable	<u>\$ 828,415</u>

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

	<u>Principal</u>	<u>Interest and amortization</u>	<u>Total</u>
2024	\$ 67,605	50,514	118,119
2025	66,013	46,560	112,573
2026	70,748	40,716	111,464
2027	75,968	35,495	111,463
2028	77,455	34,009	111,464
Later years	<u>470,626</u>	<u>106,583</u>	<u>577,209</u>
	<u>\$ 828,415</u>	<u>313,877</u>	<u>1,142,292</u>

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(13) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 consist of the following:

<i>Catholic Charities</i>	
Restricted for program activities, but not yet expended	\$ 1,456,808
Unspent endowment earnings	386,640
Endowment funds	<u>1,453,626</u>
Subtotal	3,297,074
<i>FLHC</i>	
Unamortized loan discount (note 13)	244,967
<i>AHI</i>	
Improvements at Marian Plaza	15,496
<i>Marisol Health, Inc.</i>	
Restricted for capital projects	<u>2,375,208</u>
Total net assets with donor restrictions	<u>\$ 5,932,745</u>

Net assets released from restrictions during fiscal year 2023 consisted of the following:

<i>Catholic Charities</i>	
Restricted contributions expended per donor instructions	\$ 13,693,523
<i>FLHC</i>	
Amortization of below market rate note payable	40,810
<i>Marisol Health, Inc.</i>	
Capital project expenditures	<u>359,748</u>
Total net assets released from restrictions	<u>\$ 14,094,081</u>

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, 2023:

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	<u>251,919</u>
Total endowment net assets	<u>\$ 1,453,626</u>

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(14) 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, 2023:

Endowment net assets at beginning of year	\$ 1,722,898
Investment return, net	117,368
Contributions	—
Expenditure of endowment earnings	<u>—</u>
Endowment net assets at end of year	\$ <u>1,840,266</u>

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.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(14) 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 2023.

(15) Contributed Nonfinancial Assets

During the year ended June 30, 2023, Catholic Charities received the following contributed nonfinancial assets:

Food	\$ 695,888
Program supplies	1,815,961
Professional services	500
Building space	<u>6,528</u>
Total	<u>\$2,518,877</u>

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.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(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, 2023, 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, 2023:

- (a) The Archdiocese of Denver contributed \$1,200,000 to Catholic Charities through the Archbishop's Catholic Appeal and other support.
- (b) CACHC contributed \$10,000,000 to Catholic Charities during 2023.
- (c) 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 \$3,113,737.
- (d) 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 \$5,652,917 for salaries and related expenses, including \$183,669 in employer matching under their 403(b) retirement plan. Also included in this total are charges amounting to \$629,630 related to health insurance provided by the Archdiocese of Denver (see note (b) above).
- (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 \$549,112 to the Trust during the year ended June 30, 2023.
- (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, 2023, Catholic Charities incurred \$200,000 in expense for these services.
- (f) AHI performs management services for Villas in Southgate, LLLP and those fees totaled \$16,047 in 2023 and \$15,813 in 2022. AHI performs management services for Courtyard Commons, LLC and those fees totaled \$5,295 in 2023 and \$5,218 in 2022. AHI also provides management services to Villa Sierra Madre II and those fees totaled \$7,500 in 2023 and 2022.
- (g) AHI has agreements with affiliates and/or entities managed or controlled by affiliates whereby AHI earns development fees for services rendered in connection with the investigation, due diligence, development, financing, construction and permitting of related affordable housing projects. The development fees are paid dependent upon third party investor agreements (which may include interest) and amounts due at June 30, 2023 totaled \$392,354 due from Guadalupe Apartments, LLLP and \$784,229 due from IMM2. Amounts due at June 30, 2022 totaled \$392,354 due from Guadalupe Apartments, LLLP. During the years ended June 30, 2023 and 2022, development fees earned from affiliates totaled \$1,204,326 and \$15,498.
- (h) At June 30, 2023, Broadway Affordable, LLLP owed AHI \$774,621 and net accrued interest of \$13,525. See note 9.
- (i) At June 30, 2023, Villa Sierra Madre II, LLLP owed AHI \$350,000. See note 9.
- (j) At June 30, 2023, Guadalupe Apartments, LLLP owed AHI \$300,000. See note 9.
- (k) At June 30, 2023, IMM2 owed AHI \$1,794,698. See note 9.
- (l) At June 30, 2023, Prairie Rose Plaza, Inc. owed AHI \$29,000 and net accrued interest of \$3,271. See note 9.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

(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 \$545,883 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.

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 13). The loans require that the *Plaza del Milagro* and *Plaza del Sol* be maintained as low-income housing.

AHI

AHI has agreements with certain affiliated partnerships to oversee the development and construction of their respective low- and moderate-income housing complexes. At June 30, , 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.

AHI has received funding over time from various sources to build and maintain low-income housing projects (including Mount Loretto, St. Joseph, Courtyard Commons, Broadway Affordable, Prairie Rose Plaza, and Villa Sierra Madre II) that must be rented to low-income occupants for varying periods of time ranging up to 50 years. Should this condition not be met during the required period, the grants received for the respective project must be repaid by AHI.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Notes to Combined Financial Statements, Continued**

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

Mount Loretto, LLC

AHI has assumed from CCCS the responsibility for the Mount Loretto project and has agreed to indemnify CCCS for any claims made against the project.

St. Joseph Golden, LLLP

AHI has assumed from CCCS the joint responsibility (along with CACHC) for the St. Joseph Golden project and has agreed to indemnify CCCS for any claims made against the project.

St. Valentine Apartments, LLLP

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. AHI's share of the development consultation services fee shall be equal to 50%, or \$768,000, of the \$1,536,000 developer fee included in the low-income housing tax credit (LIHTC) application for the project. The LIHTC was awarded in May 2021. The financing for this project closed on July 15, 2022, and construction on the project began on that date. BlueLine and AHI were each paid \$201,000 of their share of the developer fee at closing of the construction loan. Development of the property has not yet been fully completed.

All Saints Apartments LLLP

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 is \$1,300,000 which is due at closing. AHI intends to develop the option property with 75 units of low-income senior apartments. Subsequent to year-end, on August 23, 2023, the lease option was exercised, the construction financing closed, \$929,734 of the predevelopment costs were reimbursed to AHI and a development fee of \$125,000 of the \$325,000 total fee was paid to AHI. Development of the property has not yet been fully completed.

(20) Prior Period Adjustments

During the year ended June 30, 2023, AHI management determined that a \$648,475 receivable from Immaculata Plaza, Inc. was not properly recognized at June 30, 2022. Also, an adjustment was made to the AHI financials to reflect a \$52,000 payable owed to an affiliate that was not reflected in the consolidated financials. Finally, a reclassification was made between cash and cash equivalents and accounts receivable. Corrections to accounts for June 30, 2022 were made resulting in the following restated balances.

	As originally stated	Change	Restated
<u>Statement of financial position</u>			
Cash and cash equivalents	\$ 3,709,160	(46,183)	3,662,977
Accounts receivable, net	478,053	694,658	1,172,711
Accounts payable	549,269	52,000	601,269
Net assets	37,294,837	596,475	37,891,312
<u>Statement of activities</u>			
Government and private grants	\$ 17,627,642	648,475	18,276,117
Archdiocesan Housing, Inc. expenses	324,537	52,000	376,537
Change in net assets	1,189,930	596,475	1,786,405

**Catholic Charities and Community Services of
the Archdiocese of Denver, Inc.**
Combining Schedule of Financial Position
June 30, 2023

	Catholic Charities	Farm Labor Housing Corporation	Archdio- cesan Hous- ing, Inc.	Marisol Health, Inc.	Total
Assets					
Cash and cash equivalents	\$ 16,743,162	130,797	2,072,643	–	18,946,602
Accounts receivable, net	783,262	11,968	842,118	–	1,637,348
Contributions and grants receivable	2,003,401	–	–	652,800	2,656,201
Cash restricted for reserves, FLHC	–	729,246	–	–	729,246
Development fees receivable	–	–	1,176,583	–	1,176,583
Due from (to) other fund	363,615	(60,000)	–	(303,615)	–
Investments	943,611	–	–	–	943,611
Other assets	205,070	7,052	1,128,400	–	1,340,522
Investment in subsidiaries	–	–	128,033	–	128,033
Beneficial interest in assets held by others	1,439,150	–	–	–	1,439,150
Notes and accrued interest receivable	–	–	4,165,115	–	4,165,115
Cash restricted for capital projects	–	–	–	1,458,581	1,458,581
Property and equipment, net	18,765,693	3,319,895	–	1,021,882	23,107,470
Operating lease right-of-use assets	1,193,032	–	–	–	1,193,032
Total assets	<u>\$ 42,439,996</u>	<u>4,138,958</u>	<u>9,512,892</u>	<u>2,829,648</u>	<u>58,921,494</u>
Liabilities					
Accounts payable	\$ 284,866	191,415	99,990	123,673	699,944
Accrued expenses	1,976,702	13,136	29,218	24,023	2,043,079
Refundable advances	261,853	–	–	–	261,853
Liabilities under annuity agreements	195,166	–	–	–	195,166
Operating lease liabilities	1,245,270	–	–	–	1,245,270
Notes payable	–	828,415	–	–	828,415
Total liabilities	<u>3,963,857</u>	<u>1,032,966</u>	<u>129,208</u>	<u>147,696</u>	<u>5,273,727</u>
Net Assets					
Net assets without donor restrictions					
Property and equipment, net of related debt	18,765,693	2,491,480	–	1,021,882	22,279,055
Development fees, notes, and subsidiaries	–	–	5,469,731	–	5,469,731
Undesignated	16,413,372	369,545	3,898,457	(715,138)	19,966,236
Total net assets without donor restrictions	<u>35,179,065</u>	<u>2,861,025</u>	<u>9,368,188</u>	<u>306,744</u>	<u>47,715,022</u>
Net assets with donor restrictions	<u>3,297,074</u>	<u>244,967</u>	<u>15,496</u>	<u>2,375,208</u>	<u>5,932,745</u>
Total net assets	<u>38,476,139</u>	<u>3,105,992</u>	<u>9,383,684</u>	<u>2,681,952</u>	<u>53,647,767</u>
Total liabilities and net assets	<u>\$ 42,439,996</u>	<u>4,138,958</u>	<u>9,512,892</u>	<u>2,829,648</u>	<u>58,921,494</u>

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, 2023
(With Summarized Comparative Totals for 2022)

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Public support, revenue and gains				
Public support				
Direct contributions	\$ 2,159,678	6,419,436	8,579,114	11,674,731
Wills and bequests	2,804,972	2,146,444	4,951,416	1,183,161
In-kind contributions	2,518,877	–	2,518,877	1,762,097
Archbishop's Catholic Appeal and other support	–	1,200,000	1,200,000	1,200,000
Government and private grants	23,768,935	3,608,576	27,377,511	16,460,921
Federated campaigns	52,465	154,477	206,942	191,037
Change in net present value of annuities	(24,780)	–	(24,780)	(23,866)
Fund raising events revenue	–	362,259	362,259	317,823
Direct benefits to donors	–	(478,617)	(478,617)	(453,642)
Net assets released from restrictions	13,693,523	(13,693,523)	–	–
Total public support	<u>44,973,670</u>	<u>(280,948)</u>	<u>44,692,722</u>	<u>32,312,262</u>
Revenue and gains				
Program service fees	7,881,595	–	7,881,595	6,652,902
Rental income	97,206	–	97,206	51,189
Investment return	225,502	117,368	342,870	(205,515)
Net loss on disposal of property	(18,298)	–	(18,298)	17,572
Miscellaneous income	46,893	–	46,893	26,646
Total revenue and gains	<u>8,232,898</u>	<u>117,368</u>	<u>8,350,266</u>	<u>6,542,794</u>
Total public support, revenue and gains	<u>53,206,568</u>	<u>(163,580)</u>	<u>53,042,988</u>	<u>38,855,056</u>
Expenses				
Program services				
Family & Children Services	13,753,980	–	13,753,980	12,601,523
Shelter & Community Outreach Services	17,222,182	–	17,222,182	13,871,947
Western Slope	961,583	–	961,583	1,149,669
Weld County	2,022,720	–	2,022,720	2,114,435
Larimer County	1,747,138	–	1,747,138	1,849,208
Total program services	<u>35,707,603</u>	<u>–</u>	<u>35,707,603</u>	<u>31,586,782</u>
Supporting services				
General and administrative	3,030,136	–	3,030,136	3,377,137
Fund raising	2,985,965	–	2,985,965	2,596,843
Total supporting services	<u>6,016,101</u>	<u>–</u>	<u>6,016,101</u>	<u>5,973,980</u>
Total expenses	<u>41,723,704</u>	<u>–</u>	<u>41,723,704</u>	<u>37,560,762</u>
Change in net assets	11,482,864	(163,580)	11,319,284	1,294,294
Net assets at beginning of year	<u>23,696,201</u>	<u>3,460,654</u>	<u>27,156,855</u>	<u>25,862,561</u>
Net assets at end of year	<u>\$ 35,179,065</u>	<u>3,297,074</u>	<u>38,476,139</u>	<u>27,156,855</u>

See the accompanying independent auditor's report.

Farm Labor Housing Corporation
Schedule of Activities
Year Ended June 30, 2023
(With Summarized Comparative Totals for 2022)

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Revenue and support				
Contributions and grants	\$ —	—	—	50
Rental income, tenants	577,484	—	577,484	594,765
Rental subsidy, USDA	215,456	—	215,456	163,733
Interest income	533	—	533	86
Miscellaneous income	30,450	—	30,450	29,554
Net assets released from restrictions	40,810	(40,810)	—	—
Total revenue and support	<u>864,733</u>	<u>(40,810)</u>	<u>823,923</u>	<u>788,188</u>
Expenses				
Program services				
Plaza del Sol operations	509,063	—	509,063	491,960
Plaza del Milagro operations	460,969	—	460,969	458,067
Total program services expenses	<u>970,032</u>	<u>—</u>	<u>970,032</u>	<u>950,027</u>
Supporting services				
General and administrative	93,532	—	93,532	87,575
Total expenses	<u>1,063,564</u>	<u>—</u>	<u>1,063,564</u>	<u>1,037,602</u>
Change in net assets	(198,831)	(40,810)	(239,641)	(249,414)
Net assets at beginning of year	<u>3,059,856</u>	<u>285,777</u>	<u>3,345,633</u>	<u>3,595,047</u>
Net assets at end of year	<u>\$ 2,861,025</u>	<u>244,967</u>	<u>3,105,992</u>	<u>3,345,633</u>

See the accompanying independent auditor's report.

Archdiocesan Housing, Inc.
Schedule of Activities
Year Ended June 30, 2023
(With Summarized Comparative Totals for 2022)

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Revenue				
Contributions	\$ 1,333,414	–	1,333,414	1,747,698
Development fees	1,204,326	–	1,204,326	15,498
Gain on sale of land	320,000	–	320,000	–
Partnership management fees	28,688	–	28,688	28,532
Interest income	36,585	–	36,585	14,961
Other income	236,668	–	236,668	10,065
Equity in loss of subsidiaries	<u>(561,467)</u>	<u>–</u>	<u>(561,467)</u>	<u>(673,491)</u>
Total revenue	<u>2,598,214</u>	<u>–</u>	<u>2,598,214</u>	<u>1,143,263</u>
Expenses				
Program services				
Development activities	<u>512,887</u>	<u>–</u>	<u>512,887</u>	<u>324,537</u>
Total program services	<u>512,887</u>	<u>–</u>	<u>512,887</u>	<u>324,537</u>
Supporting services—general and administrative	<u>90,467</u>	<u>–</u>	<u>90,467</u>	<u>77,201</u>
Total expenses	<u>603,354</u>	<u>–</u>	<u>603,354</u>	<u>401,738</u>
Change in net assets	1,994,860	–	1,994,860	741,525
Net assets at beginning of year	<u>7,373,328</u>	<u>15,496</u>	<u>7,388,824</u>	<u>6,647,299</u>
Net assets at end of year	<u>\$ 9,368,188</u>	<u>15,496</u>	<u>9,383,684</u>	<u>7,388,824</u>

See the accompanying independent auditor's report.

Marisol Health, Inc.
Schedule of Activities
Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Public support, revenue and gains				
Public support				
Direct contributions	\$ —	2,734,656	2,734,656	—
Government and private grants	—	300	300	—
Net assets released from restrictions	359,748	(359,748)	—	—
Total public support	<u>359,748</u>	<u>2,375,208</u>	<u>2,734,956</u>	<u>—</u>
Revenue and gains				
Investment return	2,944	—	2,944	—
Total revenue and gains	<u>2,944</u>	<u>—</u>	<u>2,944</u>	<u>—</u>
Total public support, revenue and gains	<u>362,692</u>	<u>2,375,208</u>	<u>2,737,900</u>	<u>—</u>
Expenses				
Program services				
Larimer County	55,948	—	55,948	—
Total program services	<u>55,948</u>	<u>—</u>	<u>55,948</u>	<u>—</u>
Total expenses	<u>55,948</u>	<u>—</u>	<u>55,948</u>	<u>—</u>
Change in net assets	306,744	2,375,208	2,681,952	—
Net assets at beginning of year	—	—	—	—
Net assets at end of year	<u>\$ 306,744</u>	<u>2,375,208</u>	<u>2,681,952</u>	<u>—</u>

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, 2023

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	Assistance listing number	Expend- itures
<i>U.S. Department of Health and Human Services</i>				
<i>Direct grant</i>				
Early Head Start	N/A	7/1/22 - 6/30/23	93.600	\$ 1,195,836
Early Head Start - COVID-19	N/A	4/1/21 - 3/31/23	93.600	33,793
Passed through City and County of Denver				
Head Start	202262465	7/1/22 - 6/30/23	93.600	1,832,555
Head Start - COVID-19	202161596	7/1/21 - 6/30/22	93.600	194,018
Total Head Start			Total 93.600	<u>3,256,202</u>
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	7/1/22 - 6/30/23	93.048	54,600
Total Discretionary Projects			Total 93.048	<u>54,600</u>
Passed through Denver Regional Council of Governments				
National Family Caregiver Support	EX21051	7/1/22 - 6/30/23	93.052	155,964
Total National Family Caregiver Support			Total 93.052	<u>155,964</u>
Passed through the Weld County Department of Human Services				
Promoting Safe and Stable Families	CMS170690	10/1/21 - 9/30/22	93.556	621
Promoting Safe and Stable Families	2022-3287	10/1/22 - 9/30/23	93.556	36,187
Total Promoting Safe and Stable Families Grants			Total 93.556	<u>36,808</u>
Passed through Weld County Department of Human Services				
Community Services Block Grant	2022-0090	1/1/22 - 12/31/22	93.569	1,425
Community Services Block Grant	2022-3408	1/1/23 - 12/31/23	93.569	9,050
Total Community Services Block Grant			Total 93.569	<u>10,475</u>
Passed through Colorado Department of Human Services				
Child Care and Development Block Grant	N/A	1/1/22 - 1/31/23	93.575	101,828
Child Care and Development Block Grant	N/A	1/1/22 - 1/31/23	93.575	62,612
Child Care and Development Block Grant	N/A	8/1/22 - 4/30/23	93.575	23,550
Child Care and Development Block Grant	N/A	8/1/22 - 4/30/23	93.575	5,780
Child Care and Development Block Grant	N/A	9/1/22 - 6/30/23	93.575	6,000
Child Care and Development Block Grant	N/A	10/1/22 - 9/30/23	93.575	39,000
Total Community Services Block Grant			Total 93.575	<u>238,770</u>
<i>Total U.S. Department of Health and Human Services</i>				
<u>3,752,819</u>				
<i>U.S. Department of Housing and Urban Development</i>				
Passed through the City of Fort Collins				
CDBG - Senior Services	N/A	10/1/22 - 9/30/23	14.218	22,406
CDBG - Shelter	N/A	10/1/21 - 9/30/22	14.218	24,138
CDBG - Shelter	N/A	10/1/22 - 9/30/23	14.218	53,476
Passed through the City of Greeley:				
Community Development Block Grant	N/A	10/1/21 - 9/30/23	14.218	2,500
Community Development Block Grant	N/A	10/1/22 - 9/30/23	14.218	7,500
Total Community Development Block Grants/Entitlement Grants			Total 14.218	<u>\$ 110,020</u>

(Continued)

**Catholic Charities and Community Services of
the Archdiocese of Denver, Inc.**
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2023

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	Assistance listing number	Expend- itures
<i>U.S. Department of Housing and Urban Development (Continued)</i>				
Passed through the State of Colorado				
Emergency Shelter Grant-Samaritan House - COVID-19	H1ESG91457	8/1/22 - 8/31/23	14.231	\$ 110,000
Emergency Shelter Grant-Weld County	H2ESG31924	4/1/22 - 3/31/23	14.231	17,141
Emergency Shelter Grant-Larimer County	H2ESG31925	4/1/22 - 3/31/23	14.231	13,768
Emergency Shelter Grant-Larimer County - COVID-19	NOCOCOCESGCV2.3-030	7/1/22 - 6/30/23	14.231	24,650
Emergency Shelter Grants-WS - COVID-19	H1ESG91230	4/1/21 - 8/31/23	14.231	11,863
Emergency Shelter Grants-WS - COVID-19	H1ESG91230	4/1/22 - 8/31/23	14.231	136,597
Emergency Shelter Grants-WS - COVID-19	H1ESG91230	6/7/22 - 8/31/23	14.231	52,156
Emergency Shelter Grants-WS - COVID-19	H1ESG90030	4/1/21 - 8/31/23	14.231	63,146
Total Emergency Solutions Grants Program			Total 14.231	<u>429,321</u>
Passed through the Colorado Coalition for the Homeless				
Continuum of Care Program	CO-0006-L8T-002114	7/1/22 - 6/30/23	14.267	124,725
Total Continuum of Care Program			Total 14.267	<u>124,725</u>
<i>Total U.S. Department of Housing and Urban Development</i>				<u>664,066</u>
<i>U.S. Department of Homeland Security</i>				
Emergency Food and Shelter National Board Program				
Passed through the National/Local FEMA Boards				
Adams County	LRO ID 096800-026	1/1/22 - 12/31/23	97.024	186,601
Arapahoe County	LRO ID 098000-002	1/1/22 - 12/31/23	97.024	239,704
Denver County	LRO ID 101200-015	1/1/22 - 12/31/23	97.024	260,131
Jefferson County	LRO ID 104200-002	1/1/22 - 12/31/23	97.024	182,914
Weld County	LRO ID 111600-009	1/1/22 - 12/31/23	97.024	129,500
Western Slope	LRO ID 107900-018	1/1/22 - 12/31/23	97.024	850
Total Emergency Food and Shelter National Board Program			Total 97.024	<u>999,700</u>
Passed through Asian Pacific Development Center				
Citizenship Education and Training	DHS-22-CIS-010-002	10/1/22 - 9/30/24	97.010	31,805
Total Citizenship Education and Training			Total 97.010	<u>31,805</u>
<i>Total U.S. Department of Homeland Security</i>				<u>1,031,505</u>
<i>U.S. Department of Justice</i>				
Passed through the State of Colorado Department of Public Safety, Division of Criminal Justice				
Victim Assistance Program	2020-VA-21-590-02	1/1/22 - 12/31/23	16.575	115,064
Victim Assistance Program	2022-VA-23-275-02	1/1/23 - 12/31/23	16.575	90,272
Total Victim Assistance Program			Total 16.575	<u>205,336</u>
<i>Total U.S. Department of Justice</i>				<u>205,336</u>
<i>U.S. Department of Veteran's Affairs</i>				
<i>Direct grants</i>				
VA Homeless Providers Grant and Per Diem Program	CCC0679-1482-554-PD-21-0	10/1/21 - 9/30/22	64.024	149,764
VA Homeless Providers Grant and Per Diem Program	CCC0679-4822-554-PD-24	10/1/22 - 9/30/23	64.024	\$ 391,393

(Continued)

**Catholic Charities and Community Services of
the Archdiocese of Denver, Inc.**
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2023

Federal grantor/pass-through grantor/ program title	Pass-through Identifying Number	Grant award year	Assistance listing number	Expend- itures
<i>U.S. Department of Veteran's Affairs, Continued</i>				
VA Homeless Providers Grant and Per Diem Program -Special Needs	21-374-CO	10/1/21 - 9/30/22	64.024	\$ 48,589
VA Homeless Providers Grant and Per Diem Program -Special Needs	CCCO679-2480-554-SN-22	10/1/22 - 9/30/23	64.024	60,804
Total VA Homeless Providers Grant and Per Diem Program			Total 64.024	<u>650,550</u>
<i>Total U.S. Department of Veteran's Affairs</i>				<u>650,550</u>
<i>U.S. Department of Agriculture</i>				
Passed through Colorado Department of Public Health and Environment				
Child and Adult Care Food Program	CFP1116300	10/1/21 - 9/30/22	10.558	60,115
Child and Adult Care Food Program	CFP0010050	10/1/22 - 9/30/23	10.558	160,540
Child and Adult Care Food Program	CFP1114639	10/1/21 - 9/30/22	10.558	42,189
Child and Adult Care Food Program	CFP1114639	10/1/22 - 9/30/23	10.558	148,881
Total Child and Adult Care Food Program			Total 10.558	<u>411,725</u>
<i>Total U.S. Department of Agriculture</i>				<u>411,725</u>
<i>U.S. Department of Treasury</i>				
Passed through the City of Fort Collins				
Coronavirus Relief Fund - COVID-19	SLFRP0415	9/1/21 - 12/31/22	21.019	27,000
Total Coronavirus Relief Fund			Total 21.019	<u>27,000</u>
Passed through the City of Fort Collins				
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	SLFRP0415	1/1/23 - 12/31/23	21.027	49,199
Total Coronavirus State and Local Recovery Funds			Total 21.027	<u>49,199</u>
<i>Total U.S. Department of Treasury</i>				<u>76,199</u>
<i>Total Expenditures of Federal Awards</i>				<u>\$ 6,792,200</u>

(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, 2023. 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.

**Catholic Charities and Community Services of
the Archdiocese of Denver, Inc.**
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2023

(5) Farm Labor Housing Corporation (FLHC)

Catholic Charities' combined financial statements include the operations of Farm Labor Housing Corporations (FLHC), which expended \$970,087 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.



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, 2023, 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 20, 2023.

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*.

**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 20, 2023



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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Catholic 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 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.

December 11, 2023

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

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 Emergency Shelter Grants Program (Assistance Listing No. 14.231) and the Emergency Food and Shelter National Board Program (Assistance Listing No. 97.024).
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Catholic Charities was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None.

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

None.

**Catholic Charities and Community Services
of the Archdiocese of Denver, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

There were no findings reported in the audit for the year ended June 30, 2022.