



Called to Serve as Christ Campaign Fund

Financial Statements
Year Ended June 30, 2020 and the
Period from November 6, 2017
(inception) to June 30, 2019

Called to Serve as Christ Campaign Fund

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Called to Serve as Christ Campaign Fund

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Independent Auditor's Report

Most Reverend Paul D. Etienne
Roman Catholic Archbishop of Seattle
and the Board of Directors
Called to Serve as Christ Campaign Fund
Seattle, Washington

Report on Financial Statements

We have audited the accompanying financial statements of Called to Serve as Christ Campaign Fund, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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Opinion

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

Other Matter - Prior-Period Financial Statements

The financial statements of the Called to Serve as Christ Campaign Fund as of June 30, 2019, and for the period from November 6, 2017 (inception) to June 30, 2019, were audited by Peterson Sullivan LLP, whose partners and professional staff joined BDO USA, LLP as of November 1, 2019, and has subsequently ceased operations. Peterson Sullivan LLP expressed an unmodified opinion on those statements in their report dated October 14, 2019.

BDO USA, LLP

October 22, 2020

Financial Statements

Called to Serve as Christ Campaign Fund

Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,531,000	\$ 1,644,000
Contributions receivable	11,834,000	8,371,000
Other receivables	38,000	22,000
Total Current Assets	14,403,000	10,037,000
Contributions receivable, net of current portion	9,807,000	9,868,000
Total Assets	\$ 24,210,000	\$ 19,905,000
Liabilities and Net Assets		
Current Liabilities		
Beneficiaries payable	\$ 1,970,000	\$ 1,151,000
Accounts payable	176,000	214,000
Total Current Liabilities	2,146,000	1,365,000
Net Assets		
Without donor restrictions	423,000	301,000
With donor restrictions	21,641,000	18,239,000
Total Net Assets	22,064,000	18,540,000
Total Liabilities and Net Assets	\$ 24,210,000	\$ 19,905,000

See accompanying notes to financial statements.

Called to Serve as Christ Campaign Fund

Statements of Activities

	Year Ended June 30, 2020			Period from November 6, 2017 (inception) to June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	\$ 14,616,000	\$ 3,402,000	\$ 18,018,000	\$ 13,931,000	\$ 18,239,000	\$ 32,170,000
In-kind contributions	35,000	-	35,000	30,000	-	30,000
Total Revenue and Support	14,651,000	3,402,000	18,053,000	13,961,000	18,239,000	32,200,000
Functional Expenses						
Program services	13,210,000	-	13,210,000	9,985,000	-	9,985,000
Management and general	50,000	-	50,000	30,000	-	30,000
Fundraising	1,269,000	-	1,269,000	3,645,000	-	3,645,000
Total Functional Expenses	14,529,000	-	14,529,000	13,660,000	-	13,660,000
Change in Net Assets	122,000	3,402,000	3,524,000	301,000	18,239,000	18,540,000
Net Assets, beginning of year (period)	301,000	18,239,000	18,540,000	-	-	-
Net Assets, end of year (period)	\$ 423,000	\$ 21,641,000	\$ 22,064,000	\$ 301,000	\$ 18,239,000	\$ 18,540,000

See accompanying notes to financial statements.

Called to Serve as Christ Campaign Fund

Statements of Functional Expenses

	Year Ended June 30, 2020				Period from November 6, 2017 (inception) to June 30, 2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Beneficiary grants								
Priest pension plan	\$ 5,477,000	\$ -	\$ -	\$ 5,477,000	\$ 4,028,000	\$ -	\$ -	\$ 4,028,000
Women religious	3,352,000	-	-	3,352,000	2,473,000	-	-	2,473,000
Parish share	2,183,000	-	-	2,183,000	1,849,000	-	-	1,849,000
Clergy medical plan	2,057,000	-	-	2,057,000	1,512,000	-	-	1,512,000
Priest orders	141,000	-	-	141,000	123,000	-	-	123,000
Professional fees	-	50,000	608,000	658,000	-	30,000	2,658,000	2,688,000
Printing and publication	-	-	179,000	179,000	-	-	510,000	510,000
Salaries and related expense	-	-	259,000	259,000	-	-	271,000	271,000
Travel	-	-	156,000	156,000	-	-	112,000	112,000
Meetings	-	-	50,000	50,000	-	-	57,000	57,000
Postage and shipping	-	-	2,000	2,000	-	-	25,000	25,000
Other expense	-	-	15,000	15,000	-	-	12,000	12,000
Total Functional Expenses	\$ 13,210,000	\$ 50,000	\$ 1,269,000	\$ 14,529,000	\$ 9,985,000	\$ 30,000	\$ 3,645,000	\$ 13,660,000

See accompanying notes to financial statements.

Called to Serve as Christ Campaign Fund

Statements of Cash Flows

	Year Ended June 30, 2020	Period from November 6, 2017 (inception) to June 30, 2019
Cash Flows for Operating Activities		
Cash received from contributions	\$ 14,600,000	\$ 13,909,000
Cash paid to beneficiaries	(12,391,000)	(8,834,000)
Cash paid for salaries and benefits	(246,000)	(213,000)
Cash paid to other vendors	(1,076,000)	(3,218,000)
Net cash flows for operating activities and net change in cash and cash equivalents	887,000	1,644,000
Cash and Cash Equivalents, beginning of year (period)	1,644,000	-
Cash and Cash Equivalents, end of year (period)	\$ 2,531,000	\$ 1,644,000

See accompanying notes to financial statements.

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization

Called to Serve as Christ Campaign Fund (“Called to Serve” or “CTSC”) is a nonprofit corporation that was initiated to provide long-term funding for the retirement and medical needs of priests and women religious and to support individual parishes. The Archbishop of Seattle is the sole member and appoints Called to Serve’s Board of Directors.

The objective of the campaign is to raise \$100 million. Through June 30, 2020, more than \$50 million has been pledged. The campaign has been structured with a goal established for each parish based on a percentage of their ordinary giving income over a three-year historical timeframe. The campaign is being run in four parish waves. The first three waves of the campaign have already been conducted, and the final wave of the campaign will occur during the second half of the 2020 calendar year. Donors make pledges that typically range from three to five years. Many pledges are also one-time up-front gifts. Payments are then made against those pledges. As money is received each quarter, the Board of Directors meets quarterly to approve distributions to the beneficial recipients after expenses are paid and any reserves are determined.

	<i>Parishes Served by Archdiocesan Priests</i>	<i>Parishes Served by Ordered Priests</i>
Allocations		
Priest pension plan	40.0%	20.0%
Clergy medical plan	15.0	7.5
Women religious	24.0	24.0
Parish share*	15.0	15.0
Priest orders**	-	27.5
Fundraising expense	6.0	6.0
Total	100.0%	100.0%

* Once a parish achieves the goal, on a cash basis, they receive 85% share

** Priest orders receive one-half the allocation for priest pension and medical

Priest Retirement and Medical Needs

The Archdiocese of Seattle has a canonical responsibility to provide senior priests with a pension and medical benefits. The present “pay-as-you-go” model for the priest pension and medical plans was sustainable when there was a large number of active priests paying into the plan and a relatively small number of those receiving benefits. Now, with the shortage of priests in active ministry and a large and growing number of retired priests, the “pay-as-you-go” model is no longer sustainable. Called to Serve will use funds from this campaign to build up the priest pension and medical plans and fund them for the foreseeable future.

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

Support for Women Religious

The Archdiocese of Seattle celebrates a rich history supported by women religious in many ministries. From schools to hospitals, stretching from the Columbia River to the Canadian border, the positive impact and reach of their work is undeniable. Aiding the sisters' pension and healthcare needs will allow them to continue their ministries, sharing God's love and presence with others.

Parish Share

Parishes are the cornerstones and gathering places for the faith community. To follow the example of Jesus, the Archdiocese must support its parishes in their mission to serve parishioners in their daily lives. As part of the campaign, 15% of the cash raised by each parish will be retained for local needs. Each parish has a goal, and if they exceed their goal, based on cash collected, 85% of that excess then goes to the parish.

Use of Estimates

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

Financial Statement Presentation

Called to Serve reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Current donor-imposed restrictions are temporary in nature and will be met by the passage of time. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the campaign considers cash in checking and savings accounts to be cash and cash equivalents.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at fair value, which is measured at the present value of the future cash flows. The discount is computed using risk-adjusted interest rates applicable to the years in which the pledges are received. The discount rate used during the year and period ended June 30, 2020 and 2019, was 3.5% and 3%, respectively. Amortization of the discount is netted with contributions revenue in the statement of activities.

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

Revenue Recognition

Contributions and bequests received are recorded as with or without donor-imposed restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and bequests with donor-imposed restrictions are then reclassified to net assets without restrictions when the restrictions are met. If a restriction is met in the period the contribution is received, the contribution is recorded under net assets without donor restrictions.

Contribution revenues are recognized when the unconditional promise to give is made.

Bequests are recognized when Called to Serve is informed that it will receive a bequest and the amount to be received is known by Called to Serve, which is generally after completion of the probate process.

Donated Services

The Archdiocese of Seattle donates accounting and recordkeeping services. Called to Serve records these donated professional services at the fair value for the services received.

Volunteers contribute a significant amount of time to Called to Serve's program services, administration, and fundraising and development activities. These donated services do not meet the requirements for recognition in the financial statements and have not been recorded.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Amounts on the statement of functional expenses of Called to Serve are recognized on a direct basis. Salaries and related expenses are allocated to CTSC by the Archdiocese of Seattle on the basis of estimates of time and effort. All other expense classifications are made based on direct usage.

Income Taxes

CTSC is a nonprofit organization and is exempt from federal income taxes.

Subsequent Events

Management of CTSC has evaluated subsequent events through the date these financial statements were available to be issued, which was October 22, 2020.

2. Liquidity and Availability of Resources

Called to Serve receives contributions and bequests without donor restrictions and contributions with time restrictions.

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

Called to Serve considers contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include fundraising expenses and program grant expenses. As such, all cash and current receivables are considered available for general expenditure at June 30, 2020 and 2019.

A summary of Called to Serve's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2020	2019
Cash	\$ 2,531,000	\$ 1,644,000
Current portion of contribution receivables	11,834,000	8,371,000
Other receivables expected to be collected within one year	38,000	22,000
Financial assets available to meet general expenditures within one year	\$ 14,403,000	\$ 10,037,000

As part of the CTSC liquidity management plan, at the end of each quarter, the board reserves estimated fundraising expenses for the upcoming quarter. The remaining balance of cash is used to make program grants.

3. Contributions Receivable

Contributions receivable consist of the following at June 30:

	2020	2019
Receivable in less than one year	\$ 13,373,000	\$ 9,180,000
Receivable in one to five years	10,190,000	10,265,000
Receivable in five or more years	639,000	540,000
	24,202,000	19,985,000
Discount (3.5% for 2020; 3.0% for 2019)	(551,000)	(559,000)
Allowance for doubtful accounts	(2,010,000)	(1,187,000)
	\$ 21,641,000	\$ 18,239,000

Contributions receivable, net of discount, and allowance, are presented in the statement of financial position as follows as of June 30:

	2020	2019
Contributions receivable, current portion	\$ 11,834,000	\$ 8,371,000
Contributions receivable, non-current portion	9,807,000	9,868,000
	\$ 21,641,000	\$ 18,239,000

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

Approximately 10% of the total contributions receivable balance was due from one donor at June 30, 2019. No one donor comprised more than 10% of contributions receivable as of June 30, 2020.

4. Related Parties

Called to Serve operates as an independent affiliate to the Archdiocese of Seattle. Called to Serve received \$0 and \$325,000 in contributions from the Archdiocese and \$35,000 and \$30,000 in in-kind contributions for accounting services for the year and period ended June 30, 2020 and 2019, respectively.

Called to Serve also received contributions from board members totaling \$5,000 and \$209,000 for the year and period ended June 30, 2020 and 2019, \$86,000 and \$125,000 of which was still outstanding as pledge receivables at year-end, respectively.

Called to Serve distributes funds raised to the Archdiocese priest pension and medical plans and related religious organizations, per the purpose of the campaign. During the year and period ended June 30, 2020 and 2019, Called to Serve granted a total of \$9,101,000 and \$6,533,000 to 136 and 131 affiliated organizations, respectively. Of this amount, \$1,473,000 and \$856,000 was outstanding as a payable to affiliated organizations at year-end.

5. Commitments

The Campaign has an outstanding commitment for professional fundraising consulting for the duration of the campaign totaling \$348,000 and \$822,000 as of June 30, 2020 and 2019, respectively. If certain fundraising benchmarks are met, additional bonus payments will become due. Total possible bonus payments outstanding as of June 30, 2020 and 2019, are \$325,000.

6. COVID-19 Pandemic

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. While many businesses and nonprofits have been shut down, Called to Serve continues to operate during the COVID-19 outbreak and, as of this report date, has not experienced significant impacts to its financial condition or liquidity. However, given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Called to Serve is not able to estimate the effects of the pandemic on its future operations, financial condition or liquidity for fiscal year 2021. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, supplies, industry, and workforce.

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” The CARES Act, among other things, includes provision relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to the tax depreciation methods for qualified improvement property.

It also appropriated funds for the Small Business Administration Paycheck Protection Program (“PPP”) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small business and nonprofits harmed by COVID-19. Called to Serve did not apply for or receive a PPP loan.

Management has examined the impact that the CARES Act may have on Called to Serve and believes it will be minimal.