



Called to Serve as Christ Campaign Fund

Financial Statements
Years Ended June 30, 2021 and 2020

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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

Opinion

We have audited the financial statements of Called to Serve as Christ Campaign Fund (the Campaign), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Campaign as of June 30, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Campaign and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an



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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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Campaign's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Campaign's 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.

BDO USA, LLP

September 30, 2021

Financial Statements

Called to Serve as Christ Campaign Fund

Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,072,200	\$ 2,530,900
Contributions receivable	8,776,400	11,834,100
Other receivables	23,500	38,300
Total Current Assets	11,872,100	14,403,300
Contributions receivable, net of current portion	4,657,700	9,806,300
Total Assets	\$ 16,529,800	\$ 24,209,600
Liabilities and Net Assets		
Current Liabilities		
Beneficiaries payable	\$ 2,974,400	\$ 1,970,200
Accounts payable	82,300	175,600
Total Current Liabilities	3,056,700	2,145,800
Net Assets		
Without donor restrictions	39,000	422,200
With donor restrictions	13,434,100	21,641,600
Total Net Assets	13,473,100	22,063,800
Total Liabilities and Net Assets	\$ 16,529,800	\$ 24,209,600

See accompanying notes to financial statements.

Called to Serve as Christ Campaign Fund

Statements of Activities

<i>Year Ended June 30,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Contributions	\$ 9,881,900	\$ -	\$ 9,881,900	\$ 14,616,000	\$ 3,401,800	\$ 18,017,800
In-kind contributions	-	-	-	35,300	-	35,300
Net assets released from restrictions	8,207,500	(8,207,500)	-	-	-	-
Total Revenue and Support	18,089,400	(8,207,500)	9,881,900	14,651,300	3,401,800	18,053,100
Functional Expenses						
Program services	17,487,500	-	17,487,500	13,210,000	-	13,210,000
Management and general	14,000	-	14,000	49,700	-	49,700
Fundraising	971,100	-	971,100	1,269,800	-	1,269,800
Total Functional Expenses	18,472,600	-	18,472,600	14,529,500	-	14,529,500
Change in Net Assets	(383,200)	(8,207,500)	(8,590,700)	121,800	3,401,800	3,523,600
Net Assets, beginning of year	422,200	21,641,600	22,063,800	300,400	18,239,800	18,540,200
Net Assets, end of year	\$ 39,000	\$13,434,100	\$13,473,100	\$ 422,200	\$ 21,641,600	\$ 22,063,800

See accompanying notes to financial statements.

Called to Serve as Christ Campaign Fund

Statements of Functional Expenses

Year Ended June 30,	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Beneficiary grants								
Priest pension plan	\$ 7,343,500	\$ -	\$ -	\$ 7,343,500	\$ 5,476,900	\$ -	\$ -	\$ 5,476,900
Women religious	4,515,200	-	-	4,515,200	3,352,100	-	-	3,352,100
Clergy medical plan	2,757,400	-	-	2,757,400	2,056,600	-	-	2,056,600
Parish share	2,634,900	-	-	2,634,900	2,183,400	-	-	2,183,400
Priest orders	236,500	-	-	236,500	141,000	-	-	141,000
Professional fees	-	14,000	548,100	562,100	-	49,700	608,400	658,100
Printing and publication	-	-	239,500	239,500	-	-	178,900	178,900
Salaries and related expense	-	-	165,500	165,500	-	-	259,400	259,400
Travel and meetings	-	-	-	-	-	-	206,000	206,000
Mailings and other expenses	-	-	18,000	18,000	-	-	17,100	17,100
Total Functional Expenses	\$ 17,487,500	\$ 14,000	\$ 971,100	\$ 18,472,600	\$ 13,210,000	\$ 49,700	\$ 1,269,800	\$ 14,529,500

See accompanying notes to financial statements.

Called to Serve as Christ Campaign Fund

Statements of Cash Flows

<i>Year Ended June 30,</i>	2021	2020
Cash Flows for Operating Activities		
Cash received from contributions	\$ 18,103,000	\$ 14,600,400
Cash paid to beneficiaries	(16,483,300)	(12,390,800)
Cash paid for salaries and benefits	(105,500)	(246,000)
Cash paid to other vendors	(972,900)	(1,076,300)
Net cash flows for operating activities and net change in cash and cash equivalents	541,300	887,300
Cash and Cash Equivalents, beginning of year	2,530,900	1,643,600
Cash and Cash Equivalents, end of year	\$ 3,072,200	\$ 2,530,900

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 was to raise \$100 million. Through June 30, 2021, more than \$65 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 ran in four parish waves. As of June 30, 2021, all four waves have been conducted. Donors made pledges that typically ranged from three to five years. Payments are then made against those pledges. Many pledges were also one-time up-front gifts. As money is received each quarter, the Board of Directors meet 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 historical "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 was no longer sustainable. Called to Serve was created to generate funds 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 supports 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.

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 rates used ranged between 2.6% and 3.5%. Amortization of the discount is netted with contributions revenue in the statement of activities.

The collectability of contribution receivables is determined primarily through analysis of historical collection results, especially that of the initial "pilot" wave, which began in 2018, and collection on this wave is substantially completed. The result of this analysis is a \$2,855,000 allowance on

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

pledges of \$16,528,700, at June 30, 2021. The June 30, 2020 allowance was \$2,010,00 on pledges of \$24,201,100

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 donated accounting and recordkeeping services through the year ended June 30, 2020. Called to Serve records these donated professional services at the fair value for the services received. In the year ended June 30, 2021, Called to Serve reimbursed the Archdiocese of Seattle for all accounting and recordkeeping services used, and no such services were donated to the Campaign.

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.

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 September 30, 2021.

Called to Serve as Christ Campaign Fund

Notes to Financial Statements

2. Liquidity and Availability of Resources

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

Called to Serve considers contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include program grants and fundraising expenses. As such, all cash and current receivables are considered available for general expenditure at June 30, 2021 and 2020.

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:

	2021	2020
Cash	\$ 3,072,200	\$ 2,530,900
Current portion of contribution receivables	8,776,400	11,834,100
Other receivables expected to be collected within one year	23,500	38,300
Financial assets available to meet general expenditures within one year	\$ 11,872,100	\$ 14,403,300

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:

	2021	2020
Receivable in less than one year	\$ 10,609,400	\$ 13,372,100
Receivable in one to five years	5,842,200	10,190,200
Receivable in five or more years	77,100	638,800
	16,528,700	24,201,100
Discount (rates ranging from 2.6% to 3.5%)	(239,600)	(550,700)
Allowance for doubtful accounts	(2,855,000)	(2,010,000)
	\$ 13,434,100	\$ 21,640,400

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Notes to Financial Statements

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

	2021	2020
Contributions receivable, current portion	\$ 8,776,400	\$ 11,834,100
Contributions receivable, non-current portion	4,657,700	9,806,300
	\$ 13,434,100	\$ 21,640,400

No one donor comprised more than 10% of contributions receivable as of June 30, 2021 or 2020.

4. Related Parties

Called to Serve operates as an independent affiliate to the Archdiocese of Seattle. During the year ended June 30, 2021, Called to Serve received \$150,000 in contributions from the Archdiocese and no in-kind contributions for accounting services. During the year ended June 30, 2020, Called to Serve did not receive any contributions from the Archdiocese, but did receive \$35,300 of in-kind contributions for accounting services.

Called to Serve did not receive contributions from board members during the year ended June 30, 2021, however outstanding balances included in pledge receivables at year-end from prior contributions totaled \$57,000. For the year ended June 30, 2020, Called to Serve received contributions from board members totaling \$5,100, with outstanding balances from board members included in pledge receivable totaling \$85,500.

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 years ended June 30, 2021 and 2020, Called to Serve granted a total of \$12,735,800 and \$9,101,500 to 165 and 136 affiliated organizations, respectively. Of this amount, \$2,128,100 and \$1,472,900 was outstanding as a payable to affiliated organizations at year-end.

5. COVID-19 Pandemic

The Seattle metropolitan area saw the first confirmed case of COVID-19 in the United States in January 2020, just as preparations were beginning for the final and largest wave of the campaign. Families in 71 parishes, approximately 50% of all campaign appeals, were slated for the final wave. The pandemic's adverse impact on the liturgical, ministerial, social, operational, and financial life of the archdiocese and its parishes necessitated a reconsideration of how best to implement the final wave of the campaign. Despite best efforts, pledges from the final wave were significantly below the participation rates in the previous waves.

Collections of pledges from the first three waves were also impacted. Many donors requested their Called to Serve pledge payments be delayed, causing the aging of pledges to increase. Called to Serve is not able to estimate the effects of the pandemic on its future operations, financial condition, or liquidity for the fiscal year 2022.