

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

Financial Statements

For the Years Ended June 30, 2023 and 2022

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Independent Auditor's Report

**To the Most Reverend Paul D. Etienne
Catholic Archbishop of Seattle
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, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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, 2023, 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.

Basis for Opinion

We conducted our audit 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.



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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 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.

Other Matter

The financial statements of the Campaign for the year ended June 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on October 11, 2022.

Clark Nuber PS.

Certified Public Accountants
February 14, 2024

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

**Statements of Financial Position
June 30, 2023 and 2022
(In Thousands)**

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 646	\$ 1,048
Contributions receivable	1,453	4,286
Other receivables	<u>9</u>	<u>31</u>
Total Current Assets	2,108	5,365
Contributions receivable, net of current portion	<u>180</u>	<u>1,054</u>
Total Assets	<u>\$ 2,288</u>	<u>\$ 6,419</u>
Liabilities and Net Assets		
Liabilities:		
Beneficiaries grant payable	\$ 622	\$ 978
Accounts payable	<u>16</u>	<u>84</u>
Total Liabilities	638	1,062
Net Assets:		
Without donor restrictions	17	17
With donor restrictions	<u>1,633</u>	<u>5,340</u>
Total Net Assets	<u>1,650</u>	<u>5,357</u>
Total Liabilities and Net Assets	<u>\$ 2,288</u>	<u>\$ 6,419</u>

See accompanying notes.

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

**Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2023 and 2022
(In Thousands)**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 319	\$ -	\$ 319	\$ 622	\$ -	\$ 622
Other income	16	-	16	28	-	28
Net assets released from restrictions	3,707	(3,707)	-	8,094	(8,094)	-
Total Support and Revenue	4,042	(3,707)	335	8,744	(8,094)	650
Expenses:						
Program services	3,805	-	3,805	7,951	-	7,951
Management and general	122	-	122	627	-	627
Fundraising	115	-	115	188	-	188
Total Expenses	4,042	-	4,042	8,766	-	8,766
Change in Net Assets	-	(3,707)	(3,707)	(22)	(8,094)	(8,116)
Net assets at beginning of year	17	5,340	5,357	39	13,434	13,473
Net Assets at End of Year	\$ 17	\$ 1,633	\$ 1,650	\$ 17	\$ 5,340	\$ 5,357

See accompanying notes.

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

**Statements of Functional Expenses
For the Years Ended June 30, 2023 and 2022
(In Thousands)**

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Beneficiary grants-								
Priest pension plan	\$ 1,512	\$ -	\$ -	\$ 1,512	\$ 3,278	\$ -	\$ -	\$ 3,278
Women religious	928	-	-	928	2,005	-	-	2,005
Parish share	752	-	-	752	1,356	-	-	1,356
Clergy medical plan	568	-	-	568	1,231	-	-	1,231
Priest orders	45	-	-	45	81	-	-	81
Professional fees	-	41	106	147	-	14	172	186
Bad debt	-	81	-	81	-	613	-	613
Postage and shipping	-	-	5	5	-	-	-	-
Mailings and other expenses	-	-	-	-	-	-	11	11
Printing and publications	-	-	2	2	-	-	5	5
Travel	-	-	2	2	-	-	-	-
Total Functional Expenses	\$ 3,805	\$ 122	\$ 115	\$ 4,042	\$ 7,951	\$ 627	\$ 188	\$ 8,766

See accompanying notes.

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

**Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022
(In Thousands)**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Reconciliation of change in net assets to net cash flows used in operating activities-		
Change in net assets	\$ (3,707)	\$ (8,116)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities-		
Contribution receivable	3,707	8,094
Other receivables	22	(8)
Beneficiaries grant payable	(356)	(1,996)
Accounts payable	<u>(68)</u>	<u>2</u>
Net Cash Flows Used In Operating Activities	<u>(402)</u>	<u>(2,024)</u>
Net Change in Cash and Cash Equivalents	(402)	(2,024)
Cash and cash equivalents, beginning of year	<u>1,048</u>	<u>3,072</u>
Cash and Cash Equivalents, End of Year	<u>\$ 646</u>	<u>\$ 1,048</u>

See accompanying notes.

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

**Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022**

Note 1 - Organization and Significant Accounting Policies

Called to Serve as Christ Campaign Fund (the Campaign) 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 the Campaign Board of Directors.

The objective of the Campaign was to raise \$100 million. Through June 30, 2023, 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.

	Parishes Served by Archdiocesan Priests	Parishes Served by Ordered Priests
	<u> </u>	<u> </u>
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%
Priests orders**	0.0%	27.5%
Fundraising expense	6.0%	6.0%
	<u> </u>	<u> </u>
	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 parishes paid into the plans for a large number of active priests and a relatively small number of retired priests received benefits. Now, with the shortage of priests in active ministry and a large and growing number of retired priests, the historical model is no longer sustainable. The Campaign was created to generate funds to build up the priest pension and medical plans and fund them for the foreseeable future.

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.

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

Note 1 - Continued

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.

Basis of Presentation - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Campaign and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets on which there are no donor-imposed 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. Net assets with donor restrictions consist of contributions receivable of \$1,633,000 and \$5,340,000 at June 30, 2023 and 2022, respectively.

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 the present value of future cash flows, 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% for the year ended June 30, 2023. Amortization of the discount is netted with contributions revenue in the statements of activities.

The collectability of contribution receivable is determined primarily through analysis of historical collection results, especially those of the initial "pilot" wave and 2018 wave, which both began in 2018. Collection on those waves are substantially completed. The result of this analysis is a \$2,400,000 allowance on pledges of \$4,044,000 at June 30, 2023. The June 30, 2022 allowance was \$2,800,000 on pledges of \$8,213,000.

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 the Campaign is informed that it will receive a bequest and the amount to be received is known by the Campaign, which is generally after completion of the probate process.

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 changes in net assets and functional expenses. The Campaign directly allocates costs to each function when applicable. Accordingly, certain costs have been allocated among the programs and supporting services benefited, including the costs of salaries and related expenses. These have been allocated on the basis of estimates of time and effort.

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

Note 1 - Continued

Donated Services - In-kind contributions of goods and services are recognized at estimated fair values if they (a) create or enhance nonfinancial assets or (b) require specialized technical skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Volunteers contribute a significant amount of time to the Campaign'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.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Campaign considers cash in checking and savings accounts to be cash and cash equivalents.

Concentrations - At June 30, 2023, 12% of undiscounted contributions for the year ended June 30, 2023 were due from one donor. No one donor comprised more than 10% of contributions receivable as of June 30, 2022.

Income Taxes - The Internal Revenue Service has determined that the Campaign is a not-for-profit organization and has been recognized as exempt from federal income taxes, except for unrelated business income, under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the financial statements.

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.

Reclassifications - Certain items from the prior year financial statements have been reclassified to conform to the current-year presentation. These reclassifications had no impact on net assets or changes in net assets as previously reported.

Subsequent Events - Management of the Campaign has evaluated subsequent events through the date these financial statements were available to be issued, which was February 14, 2024.

Note 2 - Liquidity and Availability of Resources

The Campaign receives contributions and bequests without donor restrictions and contributions with time restrictions.

The Campaign 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, 2023 and 2022.

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

Note 2 - Continued

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

	(In Thousands)	
	2023	2022
Cash and cash equivalents	\$ 646	\$ 1,048
Current portion of contribution receivable	1,453	4,286
Other receivables expected to be collected within one year	9	31
	<u> </u>	<u> </u>
Financial Assets Available to Meet General Expenditures Within One Year	<u> </u>	<u> </u>
	\$ 2,108	\$ 5,365

As part of the Campaign's 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.

Note 3 - Contributions Receivable

Contributions receivable consist of the following at June 30:

	(In Thousands)	
	2023	2022
Receivable in less than one year	\$ 3,576	\$ 6,504
Receivable in one to five years	434	1,649
Receivables in five or more years	34	60
	<u> </u>	<u> </u>
	4,044	8,213
Discount (rates ranging from 2.6% to 3.5%)	(11)	(73)
Allowance for doubtful accounts	(2,400)	(2,800)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	\$ 1,633	\$ 5,340

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

	(In Thousands)	
	2023	2022
Contributions receivable, current portion	\$ 1,453	\$ 4,286
Contributions receivable, noncurrent portion	180	1,054
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	\$ 1,633	\$ 5,340

CALLED TO SERVE AS CHRIST CAMPAIGN FUND

Notes to Financial Statements For the Years Ended June 30, 2023 and 2022

Note 3 - Continued

No one donor comprised more than 10% of contributions receivable as of June 30, 2023 and 2022.

Note 4 - Related Parties

The Campaign operates as an independent affiliate to the Archdiocese of Seattle. During the years ended June 30, 2023 and 2022, the Campaign received no contributions from the Archdiocese.

The Campaign 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, 2023 and 2022, the Campaign granted a total of \$2,833,000 and \$5,865,000 to 153 and 163 affiliated organizations, respectively. Of this amount, \$476,000 and \$721,000 was outstanding as a beneficiary grants payable to affiliated organizations at year end, respectively.