

**ASSOCIATED MINISTRIES OF  
TACOMA/PIERCE COUNTY**

Audited Financial Statements,  
Supplementary Information and  
Reports on Compliance and Internal Control

September 30, 2019 and 2018

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

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Reports on Compliance and Internal Control

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1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

## Independent Auditor's Report

Board of Directors  
Associated Ministries of Tacoma/Pierce County  
Tacoma, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Organization'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 Organization'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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Ministries of Tacoma/Pierce County as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

***Effect of Adopting New Accounting Standard***

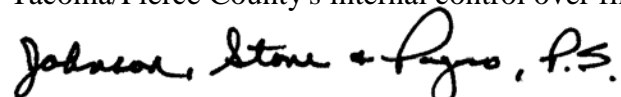
As discussed in Note 1 to the financial statements, Associated Ministries of Tacoma/Pierce County adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-profit Entities*, as of and for the years ended September 30, 2019 and 2018. Our opinion is not modified with respect to this matter.

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards for the year ended September 30, 2019, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of Associated Ministries of Tacoma/Pierce County's 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 Associated Ministries of Tacoma/Pierce County's 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 Associated Ministries of Tacoma/Pierce County's internal control over financial reporting and compliance.



**JOHNSON, STONE & PAGANO, P.S.**

December 19, 2019

**AUDITED FINANCIAL STATEMENTS**

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**STATEMENTS OF FINANCIAL POSITION**

September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 165,076	\$ 122,964
Investments	204,834	221,562
Grants receivable	351,420	495,950
Promises to give receivable	7,360	9,466
Trust accounts	185,528	144,545
Prepaid expenses	<u>23,891</u>	<u>23,606</u>
<b>Total Current Assets</b>	938,109	1,018,093
<b>BUILDING AND EQUIPMENT</b>		
Building	875,459	875,459
Office furniture and equipment	<u>121,615</u>	<u>115,090</u>
	997,074	990,549
Less accumulated depreciation	<u>(425,013)</u>	<u>(390,360)</u>
<b>Total Building and Equipment</b>	<u>572,061</u>	<u>600,189</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,510,170</u>	<u>\$ 1,618,282</u>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

STATEMENTS OF FINANCIAL POSITION (Continued)

September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 54,500	\$ 43,762
Other accrued liabilities	36,079	27,881
Line of credit		140,000
Trust accounts payable	184,235	142,552
Current portion of long-term debt	<u>10,997</u>	<u>11,619</u>
<b>Total Current Liabilities</b>	285,811	365,814
<b>LONG-TERM DEBT</b>		
Loan payable, net of current portion	<u>190,172</u>	<u>201,168</u>
<b>Total Liabilities</b>	475,983	566,982
<b>NET ASSETS</b>		
Without donor restrictions		
Available for programs and general operations	743,751	721,812
Designated by the Board of Directors	<u>146,789</u>	<u>156,635</u>
<b>Total Net Assets without Donor Restrictions</b>	890,540	878,447
With donor restrictions	<u>143,647</u>	<u>172,853</u>
<b>Total Net Assets</b>	<u>1,034,187</u>	<u>1,051,300</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,510,170</u>	<u>\$ 1,618,282</u>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND OTHER REVENUES</b>			
Support			
Faith communities	\$ 35,964		\$ 35,964
Individuals	129,977		129,977
Foundations	207,177	\$ 37,063	244,240
Other support	153,029		153,029
Special event revenues, net of direct expense of \$12,958	39,460		39,460
Revenue			
Program revenue	2,655,685		2,655,685
Interest and dividends	4,978	1,516	6,494
Net unrealized gains on investments	2,404	894	3,298
Net assets released from restrictions	68,679	(68,679)	
<b>Total Support and Other         Revenues</b>	<b>3,297,353</b>	<b>(29,206)</b>	<b>3,268,147</b>
<b>EXPENSES</b>			
Program services			
Coordinated Entry System	1,322,529		1,322,529
Family Permanent Housing	642,012		642,012
Landlord Liason Program	238,871		238,871
Payee and Mail Services	167,491		167,491
Housing Assistance Pass-throughs	207,862		207,862
Paint Tacoma/Pierce Beautiful	90,415		90,415
Volunteer Income Tax Assistance	98,623		98,623
Homeless No More	72,590		72,590
Interfaith Engagement	54,874		54,874
Interfaith Women's Conference	59,552		59,552
Other programs	107,127		107,127
<b>Total Program Services</b>	<b>3,061,946</b>		<b>3,061,946</b>
Management and general	143,415		143,415
Fundraising	79,899		79,899
<b>Total Expenses</b>	<b>3,285,260</b>		<b>3,285,260</b>
<b>CHANGES IN NET ASSETS</b>	<b>12,093</b>	<b>(29,206)</b>	<b>(17,113)</b>
<b>Net Assets at Beginning of Year</b>	<b>878,447</b>	<b>172,853</b>	<b>1,051,300</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 890,540</b>	<b>\$ 143,647</b>	<b>\$ 1,034,187</b>

The accompanying notes are an integral part of these financial statements.



**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)

Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND OTHER REVENUES</b>			
Support			
Faith communities	\$ 34,154		\$ 34,154
Individuals	128,728	\$ 3,343	132,071
Foundations	136,458	98,227	234,685
Other support	129,589	3,801	133,390
Special event revenues, net of direct expense of \$5,911	66,588		66,588
Revenue			
Program revenue	2,563,070		2,563,070
Interest and dividends	7,435	3,106	10,541
Net unrealized gains on investments	2,500	380	2,880
Loss on disposition of assets	(656)		(656)
Net assets released from restrictions	46,600	(46,600)	
	<u>3,114,466</u>	<u>62,257</u>	<u>3,176,723</u>
<b>Total Support and Other Revenues</b>			
	3,114,466	62,257	3,176,723
<b>EXPENSES</b>			
Program services			
Coordinated Entry System	1,225,762		1,225,762
Family Permanent Housing	819,340		819,340
Landlord Liason Program	151,059		151,059
Payee and Mail Services	161,753		161,753
Housing Assistance Pass-throughs	165,753		165,753
Paint Tacoma/Pierce Beautiful	101,957		101,957
Volunteer Income Tax Assistance	71,121		71,121
Homeless No More	61,247		61,247
Interfaith Engagement	93,162		93,162
Other programs	45,650		45,650
	<u>2,896,804</u>		<u>2,896,804</u>
<b>Total Program Services</b>			
	2,896,804		2,896,804
Management and general	145,374		145,374
Fundraising	78,018		78,018
	<u>145,374</u>		<u>145,374</u>
<b>Total Expenses</b>	<u>3,120,196</u>		<u>3,120,196</u>
<b>CHANGES IN NET ASSETS</b>	(5,730)	62,257	56,527
<b>Net Assets at Beginning of Year</b>	<u>884,177</u>	<u>110,596</u>	<u>994,773</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 878,447</u>	<u>\$ 172,853</u>	<u>\$ 1,051,300</u>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended September 30, 2019

	Program Services											Supporting Services		Total Expenses	
	Coordinated Entry System	Family Permanent Housing	Landlord Liaison Program	Payee and Mail Services	Housing Assistance Pass-throughs	Paint Tacoma/Pierce Beautiful	Volunteer Income Tax Assistance	Homeless No More	Interfaith Engagement	Interfaith Women's Conference	Other Programs	Total Program Services	Management and General		Fundraising
Salaries and wages	\$ 712,582	\$ 225,445	\$ 149,277	\$ 112,425	\$ 11,741	\$ 56,386	\$ 33,112	\$ 36,026	\$ 26,334	\$ 13,584	\$ 26,143	\$ 1,403,055	\$ 88,065	\$ 47,816	\$ 1,538,936
Benefits	124,509	40,388	25,700	19,498	1,451	7,258	5,260	5,497	4,096	2,262	4,186	240,105	13,223	7,537	260,865
Payroll taxes	60,074	19,033	12,559	9,600	955	4,518	2,573	2,832	2,111	1,140	2,112	117,507	7,091	3,927	128,525
<b>Total Wages, Taxes and Benefits</b>	897,165	284,866	187,536	141,523	14,147	68,162	40,945	44,355	32,541	16,986	32,441	1,760,667	108,379	59,280	1,928,326
Assistance	290,587	306,849	3,350		192,051						22,638	815,475			815,475
Professional expense	25,273	11,294	12,346	3,176	367	2,686	51,547	21,836	10,434	417	30,134	169,510	9,282	9,272	188,064
Occupancy	11,071	3,541	2,477	1,997	175	856	493	599	401	209	664	22,483	4,243	742	27,468
Supplies	7,862	10,825	10,154	7,734	400	14,177	815	301	6,071	39,332	18,110	115,781	4,654	14,057	134,492
Telephone and technology	37,402	6,702	6,093	4,073	192	848	491	667	1,179	409	607	58,663	3,850	1,268	63,781
Travel and training	20,260	8,078	3,942	679	21	982	1,864	3,114	858	311	589	40,698	1,455	777	42,930
Interest	5,742	1,811	1,190	907	93	448	263	293	215	111	211	11,284	2,263	396	13,943
Printing and copying	5,329	1,073	7,384	1,475	31	371	1,190	171	1,499	1,092	800	20,415	965	1,973	23,353
Postage	1,854	752	310	2,811	64	346	112	250	967	302	208	7,976	547	3,744	12,267
Insurance	5,710	1,721	1,131	862	89	426	250	278	177	106	201	10,951	2,151	364	13,466
<b>Total Expenses Before Depreciation</b>	1,308,255	637,512	235,913	165,237	207,630	89,302	97,970	71,864	54,342	59,275	106,603	3,033,903	137,789	91,873	3,263,565
Depreciation	14,274	4,500	2,958	2,254	232	1,113	653	726	532	277	524	28,043	5,626	984	34,653
<b>Total Expenses by Function</b>	1,322,529	642,012	238,871	167,491	207,862	90,415	98,623	72,590	54,874	59,552	107,127	3,061,946	143,415	92,857	3,298,218
Less expenses included in revenues on the statement of activities and changes in net assets															
Special event expenses														(12,958)	(12,958)
<b>TOTAL EXPENSES INCLUDED ON THE EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<u>\$ 1,322,529</u>	<u>\$ 642,012</u>	<u>\$ 238,871</u>	<u>\$ 167,491</u>	<u>\$ 207,862</u>	<u>\$ 90,415</u>	<u>\$ 98,623</u>	<u>\$ 72,590</u>	<u>\$ 54,874</u>	<u>\$ 59,552</u>	<u>\$ 107,127</u>	<u>\$ 3,061,946</u>	<u>\$ 143,415</u>	<u>\$ 79,899</u>	<u>\$ 3,285,260</u>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended September 30, 2018

	Program Services										Supporting Services		Total Expenses	
	Coordinated Entry System	Family Pemanent Housing	Landlord Liasion Program	Payee and Mail Services	Housing Assistance Pass-throughs	Paint Tacoma/Pierce Beautiful	Volunteer Income Tax Assistance	Homeless No More	Interfaith Engagement	Other Programs	Total Program Services	Management and General		Fundraising
Salaries and wages	\$ 685,787	\$ 264,261	\$ 104,038	\$ 110,054	\$ 19,317	\$ 61,977	\$ 32,048	\$ 42,699	\$ 49,823	\$ 16,716	\$ 1,386,720	\$ 89,674	\$ 50,971	\$ 1,527,365
Benefits	111,452	46,520	11,895	19,785	2,353	9,215	5,083	6,529	7,784	2,892	223,508	13,154	7,911	244,573
Payroll taxes	60,743	23,724	8,948	9,561	1,690	4,887	2,604	3,473	4,165	1,453	121,248	7,590	4,373	133,211
<b>Total Wages, Taxes and Benefits</b>	857,982	334,505	124,881	139,400	23,360	76,079	39,735	52,701	61,772	21,061	1,731,476	110,418	63,255	1,905,149
Assistance	242,997	442,192			139,895					15,734	840,818			840,818
Professional expense	15,187	5,153	3,060	2,066	375	1,359	25,061	2,539	12,262	3,176	70,238	5,566	5,083	80,887
Occupancy	12,868	4,824	2,330	1,895	344	1,122	582	760	882	298	25,905	5,619	6,812	38,336
Supplies	8,569	3,558	1,196	6,716	169	16,496	797	440	9,160	2,163	49,264	6,232	1,509	57,005
Telephone and technology	45,287	9,793	8,394	3,147	366	1,810	898	810	1,117	578	72,200	4,488	849	77,537
Travel and training	10,645	7,349	5,378	778	73	1,644	2,195	2,063	2,243	299	32,667	2,271	604	35,542
Interest	5,680	2,206	867	892	162	529	274	358	415	141	11,524	2,403	424	14,351
Printing and copying	5,964	1,742	2,012	1,095	324	625	583	1	986	1,562	14,894	220	1,505	16,619
Postage	754	688	58	2,799	146	536	85	386	2,604	171	8,227	171	2,308	10,706
Insurance	6,001	1,960	771	793	144	470	244	318	709	125	11,535	2,134	547	14,216
<b>Total Expenses Before Depreciation</b>	1,211,934	813,970	148,947	159,581	165,358	100,670	70,454	60,376	92,150	45,308	2,868,748	139,522	82,896	3,091,166
Depreciation	13,828	5,370	2,112	2,172	395	1,287	667	871	1,012	342	28,056	5,852	1,033	34,941
<b>Total Expenses by Function</b>	1,225,762	819,340	151,059	161,753	165,753	101,957	71,121	61,247	93,162	45,650	2,896,804	145,374	83,929	3,126,107
Less expenses included in revenues on the statement of activities and changes in net assets														
Special event expenses													(5,911)	(5,911)
<b>TOTAL EXPENSES INCLUDED ON THE EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<u>\$ 1,225,762</u>	<u>\$ 819,340</u>	<u>\$ 151,059</u>	<u>\$ 161,753</u>	<u>\$ 165,753</u>	<u>\$ 101,957</u>	<u>\$ 71,121</u>	<u>\$ 61,247</u>	<u>\$ 93,162</u>	<u>\$ 45,650</u>	<u>\$ 2,896,804</u>	<u>\$ 145,374</u>	<u>\$ 78,018</u>	<u>\$ 3,120,196</u>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**STATEMENTS OF CASH FLOWS**

Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions and public support	\$ 3,377,624	\$ 3,147,349
Cash paid to suppliers and employees	(3,183,452)	(3,083,671)
Interest paid	<u>(13,943)</u>	<u>(14,352)</u>
<b>Net Cash Provided by Operating Activities</b>	180,229	49,326
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(5,684)	(10,495)
Proceeds from sale of investments	25,710	1,718
Proceeds from sale of equipment		750
Purchase of equipment	<u>(6,525)</u>	<u>(36,196)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	13,501	(44,223)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from line of credit	90,000	253,000
Repayments on line of credit	(230,000)	(263,000)
Repayments on long-term debt	<u>(11,618)</u>	<u>(13,664)</u>
<b>Net Cash Used by Financing Activities</b>	<u>(151,618)</u>	<u>(23,664)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	42,112	(18,561)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>122,964</u>	<u>141,525</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 165,076</u>	<u>\$ 122,964</u>

The accompanying notes are an integral part of these financial statements.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

STATEMENTS OF CASH FLOWS (Continued)

Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (17,113)	\$ 56,527
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	34,653	34,941
Donated securities		(1,716)
Unrealized gain on investments	(3,298)	(2,880)
Loss on disposition of assets		656
(Increase) decrease in assets		
Grants receivable	144,530	(35,023)
Promises to give receivable	2,106	7,831
Prepaid expenses	(285)	(12,843)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	18,936	3,826
Trust accounts	<u>700</u>	<u>(1,993)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 180,229</u>	<u>\$ 49,326</u>

The accompanying notes are an integral part of these financial statements.

# ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *History of Organization*

Associated Ministries of Tacoma/Pierce County (the "Organization") was incorporated in the state of Washington on July 22, 1969 as a non-profit organization. The Organization qualifies as a church controlled organization under Section 3121(w)(3) of the Internal Revenue Code.

#### *Nature of Operations*

The Organization is an interfaith organization partnering with congregations, community organizations and government agencies. The Organization mobilizes people of faith and goodwill to engage in community transformation, while also providing direct services to households and individuals in need.

#### *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

#### *Basis of Presentation*

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the absence or existence and nature of donor-imposed restrictions as follows:

##### *Net Assets without Donor Restrictions*

Net assets that are not subject to donor-imposed stipulations.

##### *Net Assets with Donor Restrictions*

Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Associated Ministries of Tacoma/Pierce County pursuant to those stipulations or that expire by the passage of time and net assets subject to donor-imposed stipulations that they be maintained in perpetuity by Associated Ministries of Tacoma/Pierce County. The Organization does not have any net assets that a donor has stipulated to be maintained in perpetuity.

#### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with initial maturity of three months or less to be cash equivalents.

#### *Fair Value Measurements*

The Organization measures the fair value of assets and liabilities, and related disclosures, in accordance with a hierarchy based on defined inputs. The hierarchy prioritizes the inputs underlying fair value measurements and requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs essentially distinguish the relative reliability of inputs to fair value measurements.

# ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Fair Value Measurements (Continued)*

Level 1 inputs are more reliable and objective than Level 2 inputs, which are in turn more reliable and objective than Level 3 inputs. In arriving at a fair value measure, Associated Ministries of Tacoma/Pierce County is required to determine the level in the fair value hierarchy within which a fair value measurement ultimately falls, and provide disclosure of such determinations.

#### *Investments*

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the change in net assets in the accompanying statement of activities.

#### *Building and Equipment*

Building and equipment are carried at cost or at fair value at the gift date. Gains and losses from disposition of building and equipment are recognized in the year of disposition. Minor additions, maintenance and repairs are charged to expense as incurred. Additions and improvements greater than \$5,000 are capitalized and depreciated over their estimated useful lives. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	40
Improvements	20
Furniture and fixtures	7
Office equipment	5 to 7
Vehicles	5

Depreciation expense for the year ended September 30, 2019 and 2018 was \$34,653 and \$34,941, respectively.

#### *Recognition of Donor-restricted Contributions*

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions due to time or purpose or net assets with donor restrictions in perpetuity, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

### NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### ***Promises to Give***

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

##### ***Donated Services***

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 the Organization.

##### ***Functional Allocation of Expenses***

The costs of providing the Organization's program and supporting services have been summarized on the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

##### ***Income Taxes***

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization has no unrelated business activities.

The Organization's management evaluates tax positions taken by the Organization and recognizes a tax liability (or asset) if the Organization has taken an uncertain position that, more likely than not, would be sustained upon examination by the Internal Revenue Service.

##### ***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 use of estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

##### ***Change in Accounting Principle***

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-profit Entities*. The update addresses the complexity and understandability of net asset classifications, information about liquidity and availability of financial resources and consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.



## **ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2019 and 2018

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Reclassifications***

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

##### ***Subsequent Events***

The management of the Organization evaluated for subsequent events and transactions for potential recognition and disclosure through December 19, 2019, the date the financial statements were available to be issued.

#### **NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

Program and supporting services included in the accompanying financial statements are:

##### ***Coordinated Entry System ("CES")***

CES is Pierce County's homeless crisis response system, managed by Associated Ministries in partnership with other Pierce County non-profits. It offers multiple points of entry for Pierce County households experiencing homelessness to become prioritized to receive housing services.

##### ***Family Permanent Housing***

Family Permanent Housing works to rapidly re-house individuals and families experiencing homelessness. The Organization uses strengths-based case management and provides rental assistance using a progressive engagement model in order to support clients to achieve stability. Referrals to participate must come through the Coordinated Entry System.

##### ***Landlord Liaison Project***

Landlord Liaison Project is a program committed to increasing access to affordable housing for the Pierce County Coordinated Entry System by connecting housing-ready renters with housing opportunities provided by property owners and managers offering alternative screening options.

##### ***Payee and Mail Services***

Payee and Mail Services strives to create and maintain support networks for families moving from dependence on welfare to self-sufficiency through employment.

##### ***Housing Assistance Pass-throughs***

Housing Assistance Pass-throughs help homeless people find shelter, and those facing eviction find resources to stay in their homes.

## **ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2019 and 2018

#### **NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

(Continued)

##### ***Paint Tacoma/Pierce Beautiful***

Paint Tacoma/Pierce Beautiful organizes volunteer crews to paint the homes of low-income seniors and disabled residents.

##### ***Volunteer Income Tax Assistance ("VITA")***

VITA trains volunteers and coordinates facilities to offer free income tax preparation to low income households, assisting access to generating financial support for the households and the community by way of accessing refunds.

##### ***Homeless No More***

Homeless No More engages faith communities and people of faith and goodwill to become part of the solution to homelessness by providing tools, information and support. Community quarterly meetings bring these groups together to learn and work on solutions.

##### ***Interfaith Engagement***

Interfaith Engagement mobilizes people of faith in Pierce County to engage in education, inspection, service and advocacy.

##### ***Interfaith Women's Conference***

The Interfaith Women's Conference is a one-day event for women of faith and goodwill to come together and share conversation, training and resources for service work in our community and for self-renewal. This biennial conference is presented by the Organization while planned and managed by a volunteer committee.

Other programs include those designed to relieve poverty and hunger, eradicate homelessness and assist other critical needs, provide community pastoral care and assistance, prepare for disasters and address a variety of other needs. The Organization also serves as fiscal sponsor to several small charitable community programs. Fiscal sponsorship allows the groups to operate under the Organization's tax exemption with its administrative services and general oversight.

##### ***Management and General***

Management and general includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors and manage the financial and budgetary responsibilities of the Organization.

##### ***Fundraising***

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, foundations, corporations and faith communities.

## ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

### NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

#### NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following at September 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 165,076	\$ 122,964
Investments	204,834	221,562
Grants receivable	351,420	495,950
Promises to give receivable	<u>7,360</u>	<u>9,466</u>
Total Financial Assets	728,690	849,942
Less financial assets unavailable for general purposes		
Board-designated	(146,789)	(156,635)
With donor restrictions	<u>(143,647)</u>	<u>(172,853)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>438,254</u>	\$ <u>520,454</u>

The Organization also has a \$150,000 line of credit available to draw upon for operating cash management purposes.

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in mutual funds and bonds.

#### NOTE 4 - INVESTMENTS

Marketable securities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Marketable securities valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Investment return is summarized as follows at September 30:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 6,494	\$ 10,541
Net unrealized gain	<u>3,298</u>	<u>2,880</u>
	\$ <u>9,792</u>	\$ <u>13,421</u>

Fair values of investments measured on a recurring basis at September 30 are as follows:

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**NOTE 4 - INVESTMENTS (Continued)**

		<u>Fair Value Measurements</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level) 1</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<u>September 30, 2019</u>			
Mutual funds	\$ 133,369	\$ 133,369	
Bonds	<u>71,465</u>	<u>          </u>	\$ <u>71,465</u>
Total	\$ <u>204,834</u>	\$ <u>133,369</u>	\$ <u>71,465</u>
<u>September 30, 2018</u>			
Mutual funds	\$ 147,011	\$ 147,011	
Bonds	<u>74,551</u>	<u>          </u>	\$ <u>74,551</u>
Total	\$ <u>221,562</u>	\$ <u>147,011</u>	\$ <u>74,551</u>

**NOTE 5 - TRUST ACCOUNTS**

The trust accounts are deposit accounts held by the Organization for individuals under the Payee and Mail Services program. In Payee and Mail Services, the Organization acts as an agent for the Social Security Administration, the Department of Social and Health Services and the South Puget Sound Intertribal Planning Agency. The Organization holds and disburses social security funds and welfare funds for individuals that need assistance managing their finances for a minimal fee. The trust accounts are not considered cash and cash equivalents for cash flow statement purposes.

**NOTE 6 - LINE OF CREDIT**

The Organization has a revolving line of credit agreement with a bank to borrow up to \$150,000 at the bank's prime rate, plus 1.50% with no stated maturity date. The interest rate at September 30, 2019 and 2018 was 6.75% and 6.50%, respectively. The Organization is required to pay monthly payments of all accrued unpaid interest. The line of credit is collateralized by substantially all assets of the Organization. At September 30, 2019, there was no balance due. At September 30, 2018, the line of credit balance was \$140,000.

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

**NOTE 7 - LONG-TERM DEBT**

Long-term notes payable at September 30 consist of the following:

	<u>2019</u>	<u>2018</u>
Note payable to KeyBank, bearing interest at a fixed rate of 5.62%, maturing on June 15, 2032. The term agreement requires 180 monthly payments of \$1,850 and is secured by substantially all assets of the Organization.	\$ 201,169	\$ 211,587
Note payable to a vendor, secured by equipment, requiring 36 monthly payments of \$307, with interest of 4.895%, maturing on February 28, 2019. Paid in full during 2019.	<u>201,169</u>	<u>1,200</u> 212,787
Less currently maturing portion	<u>10,997</u>	<u>11,619</u>
Total Long-term Debt	\$ <u>190,172</u>	\$ <u>201,168</u>

The maturity of long-term debt for the next five years and thereafter is as follows:

2020	\$ 10,997
2021	11,671
2022	12,354
2023	13,077
2024	13,818
Thereafter	<u>139,252</u>
	\$ <u>201,169</u>

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions due to time or purpose were available for the following purposes at September 30:

	<u>2019</u>	<u>2018</u>
Housing & Shelter Services activities	\$ 68,031	\$ 65,621
Other programs activities	<u>75,616</u>	<u>107,232</u>
	\$ <u>143,647</u>	\$ <u>172,853</u>

## ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

### NOTES TO FINANCIAL STATEMENTS

September 30, 2019 and 2018

#### NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS SUBJECT TO BOARD RESTRICTION

As of September 30, 2019 and 2018, the Board of Directors has restricted the following funds:

	<u>2019</u>	<u>2018</u>
General operations	\$ <u>146,789</u>	\$ <u>156,635</u>

These funds can be used for general operations if the Board of Directors formally removes their restriction.

#### NOTE 10 - DONATED SERVICES

The fair value of donated services included as contributions in the financial statements and the corresponding program or management expenses for the years ended September 30, 2019 is as follows:

	<u>2019</u>	<u>2018</u>
Volunteer income tax assistance - tax return preparation	\$ <u>46,750</u>	\$ <u>21,404</u>

In addition, volunteers and interns donated significant hours of services in support of the Organization's work, which were not recognized in the financial statements because they do not meet the recognition criteria.

#### NOTE 11 - PROGRAM REVENUES

Program revenues included in the financial statements for the years ended September 30 were for the following programs:

	<u>2019</u>	<u>2018</u>
Coordinated Entry System	\$ 1,278,964	\$ 1,184,601
Family Permanent Housing	654,624	820,892
Landlord Liaison Program	224,029	144,443
Payee and Mail Services	166,453	145,576
Housing Assistance Pass-throughs	208,312	152,437
Paint Tacoma/Pierce Beautiful	66,774	83,817
Volunteer Income Tax Assistance	26,530	18,944
Other programs	<u>29,999</u>	<u>12,360</u>
Total	\$ <u>2,655,685</u>	\$ <u>2,563,070</u>

## **ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2019 and 2018

#### **NOTE 12 - CONCENTRATION OF SUPPORT**

The Organization received approximately 80% of its revenues from governmental units for the years ended September 30, 2019 and 2018. A significant reduction in the level of this support, if it were to occur, would have a significant effect on the Organization's programs and activities.

#### **NOTE 13 - CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances in banks located in the South Puget Sound. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has cash balances on deposit with financial institutions which may at times exceed insured limits. The Organization has not experienced any losses on such accounts.

Also, the Organization maintains cash in deposit accounts with a high credit quality financial institution. The accounts are not federally insured. At September 30, 2019, the Organization had an uninsured balance of \$1,446.

In addition, the Organization has investments in uninsured mutual funds and bonds. At September 30, 2019, the balance was \$204,834.

#### **NOTE 14 - DEFINED CONTRIBUTION PLAN**

The Organization sponsored a defined contribution pension plan (the "Plan") under Section 403(b) of the Internal Revenue Code covering employees that met specified age and service requirements. The Organization contributed to the Plan 1% of employee wages. Total expenses for the year ended September 30, 2018 was \$9,371. The plan was terminated effective December 31, 2017.

Effective January 1, 2018, the Organization transitioned from an existing 403(b) plan to a SIMPLE IRA, under which it made non-elective contributions to eligible employees' accounts totaling \$28,100 and \$30,352 for the years ended September 30, 2019 and 2018, respectively.

#### **NOTE 15 - FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, occupancy, supplies, telephone and technology, travel and training, interest and others, which are allocated on the basis of management's estimates of time and effort.

**SUPPLEMENTARY INFORMATION**



**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Year Ended September 30, 2019

<u>Grantor/Pass-through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>Federal Awards</b>				
Department of Housing and Urban Development				
CDBG - Entitlement Grant Cluster				
City of Tacoma - Emergency Shelter	14.218	Unknown		\$ 34,753
City of Tacoma - Emergency Shelter	14.218	Unknown		32,021
<b>Total CDBG - Entitlement Grant Cluster</b>				<u>66,774</u>
Pass-through Pierce County				
Pierce County HHAP	14.231	SC-105558		124,965
Pierce County HHAP	14.231	SC-106398		225,295
Pierce County HHAP	14.231	SC-106891		184,674
<b>Total Emergency Food Solutions</b>				<u>534,934</u>
Continuum of Care Program	14.267	SC-105186		12,017
Continuum of Care Program	14.267	SC-106114		109,369
<b>Total Continuum of Care Program</b>				<u>121,386</u>
Moving to Work Demonstration Program	14.881	SC-106068		198,068
Moving to Work Demonstration Program	14.881	SC-106678		58,952
<b>Total Moving to Work Demonstration Program</b>				<u>257,020</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>980,114</u>
Internal Revenue Service				
Voluntary Income Tax Assistance	21.009	17VITA0290		26,530
<b>Total Internal Revenue Service</b>				<u>26,530</u>
Department of Homeland Security				
Emergency Food and Shelter Program	97.024	35-8914-39		4,513
Emergency Food and Shelter Program	97.024	36-8914-39		5,115
<b>Total Emergency Food and Shelter Program</b>				<u>9,628</u>
Pass-through Pierce County				
Disaster Preparedness and Recovery	97.067	SC-102426 -4		2,500
<b>Total Pierce County</b>				<u>2,500</u>
<b>Total U.S. Department of Homeland Security</b>				<u>12,128</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ <u><u>          </u></u>	\$ <u><u>1,018,772</u></u>

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**

Year Ended September 30, 2019

<b>Grantor/Pass-through Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>State Expenditures</b>
<b>STATE AWARDS</b>				
Washington Department of Social and Health Services				
Homeless Clients Mail Delivery	N/A	1712-91499		\$ 41,483
Homeless Clients Mail Delivery	N/A	1912-57516		16,212
Representative Payee Services	N/A	1712-90139		9,480
Representative Payee Services	N/A	1912-55310		2,300
<b>Total Direct Washington Department of         Social and Health Services</b>				69,475
Pass-through Pierce County Community Connections				
Coordinated Entry System	N/A	106398		385,736
Coordinated Entry System	N/A	106891		138,671
Coordinated Entry System	N/A	105558 + BC		219,623
Family Permanent Housing	N/A	106068		121,126
Family Permanent Housing	N/A	105145		7,329
Family Permanent Housing	N/A	106678		39,763
Landlord Liaison Project	N/A	105520		43,056
Landlord Liaison Project	N/A	106401		152,715
Project Homeless Connect	N/A	106256		27,499
Emergency Shelter Operations and Maintenance	N/A	106427	\$ 127,890	127,890
Emergency Shelter Operations and Maintenance	N/A	105557	70,795	70,795
<b>Total Pierce County Community         Connections</b>			198,685	1,334,203
Pass-through City of Tacoma				
Family Permanent Housing	N/A	NONE		69,630
<b>Total City of Tacoma</b>				69,630
<b>Total Washington Department of Social         and Health Services</b>			198,685	1,473,308
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			\$ 198,685	\$ 1,473,308

## **ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Year Ended September 30, 2019

#### **NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of Associated Ministries of Tacoma/Pierce County under programs of the federal and state government for the year ended September 2019. 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 Associated Ministries of Tacoma/Pierce County, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Associated Ministries of Tacoma/Pierce County.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 1) 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.
- 2) Pass-through entity identifying numbers are presented where available.
- 3) Associated Ministries of Tacoma/Pierce County has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance on programs that did not approve the use of the approved indirect costs rate.

REPORTS ON COMPLIANCE  
AND INTERNAL CONTROL



1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

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  
Associated Ministries of Tacoma/Pierce County  
Tacoma, Washington

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 financial statements of Associated Ministries of Tacoma/Pierce County (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of September 30, 2019 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, and have issued our report thereon dated December 19, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Associated Ministries of Tacoma/Pierce County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Ministries of Tacoma/Pierce County's internal control. Accordingly, we do not express an opinion on the effectiveness of Associated Ministries of Tacoma/Pierce County's 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 Organization's 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 may exist that have not been identified.

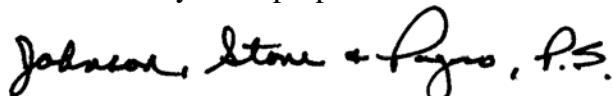
Board of Directors  
Associated Ministries of Tacoma/Pierce County

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Associated Ministries of Tacoma/Pierce County's 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 determination of financial statement amounts. 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*.

***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.



**JOHNSON, STONE & PAGANO, P.S.**

December 19, 2019



1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

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

Board of Directors  
Associated Ministries of Tacoma/Pierce County  
Tacoma, Washington

**Report on Compliance for Each Major Federal Program**

We have audited Associated Ministries of Tacoma/Pierce County's (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Associated Ministries of Tacoma/Pierce County's major federal program for the year ended September 30, 2019. Associated Ministries of Tacoma/Pierce County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Associated Ministries of Tacoma/Pierce County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Associated Ministries of Tacoma/Pierce County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Associated Ministries of Tacoma/Pierce County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended September 30, 2019.

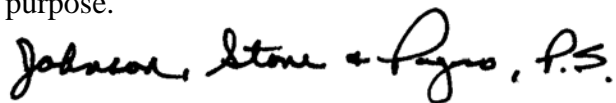
**Report on Internal Control over Compliance**

Management of Associated Ministries of Tacoma/Pierce County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Associated Ministries of Tacoma/Pierce County's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Associated Ministries of Tacoma/Pierce County's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



**JOHNSON, STONE & PAGANO, P.S.**

December 19, 2019



**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2019

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

**Identification of Major Program**

14.231 U.S. Department of Housing and Urban Development  
Emergency Food Solutions

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

**ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

Year Ended September 30, 2019

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV - PRIOR YEAR AUDIT FINDINGS**

No matters were reported.