

**ASSOCIATED MINISTRIES OF
TACOMA/PIERCE COUNTY**

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

September 30, 2020 and 2019

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

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Reports on Compliance and Internal Control

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards for the year ended September 30, 2020, 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 April 22, 2021 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.

April 22, 2021

AUDITED FINANCIAL STATEMENTS

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF FINANCIAL POSITION

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 148,199	\$ 165,076
Investments	224,995	204,834
Grants receivable	824,468	351,420
Promises to give receivable	5,691	7,360
Trust accounts	283,857	185,528
Prepaid expenses	<u>21,193</u>	<u>23,891</u>
Total Current Assets	1,508,403	938,109
BUILDING AND EQUIPMENT		
Building	875,459	875,459
Office furniture and equipment	<u>121,615</u>	<u>121,615</u>
	997,074	997,074
Less accumulated depreciation	<u>(461,681)</u>	<u>(425,013)</u>
Total Building and Equipment	<u>535,393</u>	<u>572,061</u>
TOTAL ASSETS	<u>\$ 2,043,796</u>	<u>\$ 1,510,170</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 45,978	\$ 54,500
Other accrued liabilities	41,634	36,079
Deferred revenue	32,468	
Trust accounts payable	283,624	184,235
Current portion of long-term debt	<u>261,671</u>	<u>10,997</u>
Total Current Liabilities	665,375	285,811
LONG-TERM DEBT		
Loan payable, net of current portion	<u>178,501</u>	<u>190,172</u>
Total Liabilities	843,876	475,983
NET ASSETS		
Without donor restrictions		
Available for programs and general operations	826,265	743,751
Designated by the Board of Directors	<u>161,191</u>	<u>146,789</u>
Total Net Assets without Donor Restrictions	987,456	890,540
With donor restrictions	<u>212,464</u>	<u>143,647</u>
Total Net Assets	<u>1,199,920</u>	<u>1,034,187</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,043,796</u>	<u>\$ 1,510,170</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES			
Support			
Faith communities	\$ 26,933		\$ 26,933
Individuals	168,186		168,186
Foundations	136,415	\$ 133,785	270,200
Other support	117,830		117,830
Special event revenues, net of direct expense of \$10,223	60,299		60,299
Revenue			
Program revenue	3,276,671		3,276,671
Interest and dividends	4,352	3,106	7,458
Net unrealized gains (losses) on investments	20,163	(5,963)	14,200
Net assets released from restrictions	62,111	(62,111)	
Total Support and Other Revenues	3,872,960	68,817	3,941,777
EXPENSES			
Program services			
Coordinated Entry System	1,251,199		1,251,199
Family Permanent Housing	772,190		772,190
Landlord Liason Program	193,451		193,451
Payee and Mail Services	152,976		152,976
Housing Assistance Pass-throughs	186,464		186,464
Paint Tacoma/Pierce Beautiful	91,753		91,753
Volunteer Income Tax Assistance	78,139		78,139
Homeless No More	50,828		50,828
Interfaith Engagement	31,264		31,264
Interfaith Women's Conference	4,887		4,887
COVID-19 and other assistance	667,863		667,863
Other programs	89,609		89,609
Total Program Services	3,570,623		3,570,623
Management and general	130,350		130,350
Fundraising	75,071		75,071
Total Expenses	3,776,044		3,776,044
CHANGES IN NET ASSETS	96,916	68,817	165,733
Net Assets at Beginning of Year	890,540	143,647	1,034,187
NET ASSETS AT END OF YEAR	\$ 987,456	\$ 212,464	\$ 1,199,920

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES			
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)	
	<u>3,297,353</u>	<u>(29,206)</u>	<u>3,268,147</u>
Total Support and Other Revenues			
EXPENSES			
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
	<u>3,061,946</u>		<u>3,061,946</u>
Total Program Services			
Management and general	143,415		143,415
Fundraising	79,899		79,899
	<u>3,285,260</u>		<u>3,285,260</u>
Total Expenses			
CHANGES IN NET ASSETS	12,093	(29,206)	(17,113)
Net Assets at Beginning of Year	<u>878,447</u>	<u>172,853</u>	<u>1,051,300</u>
NET ASSETS AT END OF YEAR	<u>\$ 890,540</u>	<u>\$ 143,647</u>	<u>\$ 1,034,187</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, 2020

	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	COVID-19 & Other Assistance	Other Programs	Total Program Services	Management and General		Fundraising
Salaries and wages	\$ 680,227	\$ 258,640	\$ 128,323	\$ 99,076	\$ 14,783	\$ 61,257	\$ 26,245	\$ 29,366	\$ 21,015	\$ 3,017	\$ 42,742	\$ 17,653	\$ 1,382,344	\$ 77,132	\$ 38,453	\$ 1,497,929
Benefits	113,101	39,388	24,019	16,854	1,753	8,979	3,849	4,209	3,200	478	981	2,599	219,410	10,789	5,378	235,577
Payroll taxes	62,527	23,927	12,097	9,321	1,366	5,606	2,317	2,607	1,894	281	4,149	1,564	127,656	6,973	3,382	138,011
Total Wages, Taxes and Benefits	855,855	321,955	164,439	125,251	17,902	75,842	32,411	36,182	26,109	3,776	47,872	21,816	1,729,410	94,894	47,213	1,871,517
Assistance	236,136	399,766	2,371		165,818						609,778		1,413,869			1,413,869
Professional expense	54,278	11,562	5,027	3,075	296	2,670	37,702	10,044	648	687	3,014	39,371	168,374	7,184	11,386	186,944
Occupancy	13,708	4,438	2,123	1,498	224	1,176	503	447	320	46	640	265	25,388	3,665	582	29,635
Supplies	5,671	3,029	2,593	5,729	998	5,492	1,442	442	461	30	663	24,210	50,760	4,994	10,837	66,591
Telephone and technology	44,980	12,332	7,740	8,710	462	2,586	1,752	1,503	905	105	3,192	584	84,851	6,710	2,368	93,929
Travel and training	8,287	7,148	3,201	575	56	863	2,599	916	277	112	118	536	24,688	2,364	462	27,514
Interest	4,480	1,703	857	657	99	408	175	197	141	20	282	117	9,136	1,615	257	11,008
Printing and copying	5,631	1,653	911	1,132	85	389	648	138	463	12	574	2,045	13,681	1,078	7,584	22,343
Postage	1,652	803	265	3,342	72	460	104	57	1,294	6	439	47	8,541	445	3,430	12,416
Insurance	5,597	2,128	1,070	820	123	509	219	246	176	25	352	229	11,494	2,018	321	13,833
Total Expenses Before Depreciation	1,236,275	766,517	190,597	150,789	186,135	90,395	77,555	50,172	30,794	4,819	666,924	89,220	3,540,192	124,967	84,440	3,749,599
Depreciation	14,924	5,673	2,854	2,187	329	1,358	584	656	470	68	939	389	30,431	5,383	854	36,668
Total Expenses by Function	1,251,199	772,190	193,451	152,976	186,464	91,753	78,139	50,828	31,264	4,887	667,863	89,609	3,570,623	130,350	85,294	3,786,267
Less expenses included in revenues on the statement of activities and changes in net assets																
Special event expenses															(10,223)	(10,223)
TOTAL EXPENSES INCLUDED ON THE EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 1,251,199	\$ 772,190	\$ 193,451	\$ 152,976	\$ 186,464	\$ 91,753	\$ 78,139	\$ 50,828	\$ 31,264	\$ 4,887	\$ 667,863	\$ 89,609	\$ 3,570,623	\$ 130,350	\$ 75,071	\$ 3,776,044

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, 2019

	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	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
Total Wages, Taxes and Benefits	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
Total Expenses Before Depreciation	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
Total Expenses by Function	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)
TOTAL EXPENSES INCLUDED ON THE EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 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	\$ 79,899	\$ 3,285,260

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	\$ 3,393,035	\$ 3,377,624
Cash paid to suppliers and employees	(3,631,946)	(3,183,452)
Interest paid	<u>(11,008)</u>	<u>(13,943)</u>
Net Cash Provided (Used) by Operating Activities	(249,919)	180,229
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,593)	(5,684)
Proceeds from sale of investments	2,632	25,710
Purchase of equipment	<u>(6,525)</u>	<u>(6,525)</u>
Net Cash Provided (Used) by Investing Activities	(5,961)	13,501
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit		90,000
Repayments on line of credit		(230,000)
Proceeds Paycheck Protection Program Loan	250,000	
Repayments on long-term debt	<u>(10,997)</u>	<u>(11,618)</u>
Net Cash Provided (Used) by Financing Activities	<u>239,003</u>	<u>(151,618)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,877)	42,112
Cash and Cash Equivalents at Beginning of Year	<u>165,076</u>	<u>122,964</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 148,199</u>	<u>\$ 165,076</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 165,733	\$ (17,113)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	36,668	34,653
Unrealized gain on investments	(14,200)	(3,298)
(Increase) decrease in assets		
Grants receivable	(473,048)	144,530
Promises to give receivable	1,669	2,106
Prepaid expenses	2,698	(285)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(2,967)	18,936
Deferred revenue	32,468	
Trust accounts	<u>1,060</u>	<u>700</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (249,919)</u>	<u>\$ 180,229</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019 was \$36,668 and \$34,653, 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, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

The Organization received funds in advance for program services and will record the revenue when the resources to operate the program are expensed.

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.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The management of the Organization evaluated for subsequent events and transactions for potential recognition and disclosure through April 22, 2021, 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 and Rapid Rehousing programs throughout the county 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 shelters in our community with operating and maintenance costs and funds to expand their ability to shelter people experiencing homelessness.

Paint Tacoma/Pierce Beautiful

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

(Continued)

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.

COVID-19 and Other Assistance

In response to the pandemic and the resulting crisis in housing stability, the Organization expanded its Community Resource Connections Center ("CRCC") program to distribute CARES rental assistance to affected community members. This assistance was used to pay past due rents, helping both the tenants and the landlords. CRCC also continued to assist families with basic needs for sustaining housing or employment.

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.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

(Continued)

Fundraising

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

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 148,199	\$ 165,076
Investments	224,995	204,834
Grants receivable	824,468	351,420
Promises to give receivable	<u>5,691</u>	<u>7,360</u>
Total Financial Assets	1,203,353	728,690
Less financial assets unavailable for general purposes		
Board-designated	(161,191)	(146,789)
With donor restrictions	<u>(212,464)</u>	<u>(143,647)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>829,698</u>	\$ <u>438,254</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. The Board has the ability to undesignate any funds for operations, if necessary.

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.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 4 - INVESTMENTS (Continued)

Investment return is summarized as follows at September 30:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 7,458	\$ 6,494
Net unrealized gain	<u>14,200</u>	<u>3,298</u>
	<u>\$ 21,658</u>	<u>\$ 9,792</u>

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

	<u>Fair Value</u>	<u>Fair Value Measurements</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<u>September 30, 2020</u>			
Mutual funds	\$ 149,845	\$ 149,845	
Bonds	<u>75,150</u>	<u> </u>	\$ <u>75,150</u>
Total	<u>\$ 224,995</u>	<u>\$ 149,845</u>	<u>\$ 75,150</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>

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.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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, 2020 and 2019 was 4.75% and 6.75%, 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, 2020 and 2019, there was no balance due.

NOTE 7 - LONG-TERM DEBT

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

	<u>2020</u>	<u>2019</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.	\$ 190,172	\$ 201,169
Note payable to U.S. Small Business Administration, 1% interest, due April 2022 to the extent the loan amount is not forgiven under the Paycheck Protection Program. The loan is classified as current, as the Organization expects to receive loan forgiveness for the full amount in 2021.	<u>250,000</u> 440,172	<u>201,169</u>
Less currently maturing portion	<u>261,671</u>	<u>10,997</u>
Total Long-term Debt	\$ <u>178,501</u>	\$ <u>190,172</u>

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

2021	\$ 261,671
2022	12,354
2023	13,077
2024	13,818
2025	14,650
Thereafter	<u>124,602</u>
	\$ <u>440,172</u>

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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>2020</u>	<u>2019</u>
Homelessness and related services	\$ 143,724	\$ 72,050
Peace and Justice	65,174	68,031
Other programs activities	<u>3,566</u>	<u>3,566</u>
	\$ <u>212,464</u>	\$ <u>143,647</u>

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

As of September 30, 2020 and 2019, the Board of Directors has restricted the following funds:

	<u>2020</u>	<u>2019</u>
General operations	\$ <u>161,191</u>	\$ <u>146,789</u>

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

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, 2020 is as follows:

	<u>2020</u>	<u>2019</u>
Volunteer income tax assistance - tax return preparation	\$ <u>31,930</u>	\$ <u>46,750</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.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 11 - PROGRAM REVENUES

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

	<u>2020</u>	<u>2019</u>
Coordinated Entry System	\$ 1,204,638	\$ 1,278,964
Family Permanent Housing	753,968	654,624
Landlord Liaison Program	182,432	224,029
Payee and Mail Services	151,654	166,453
Housing Assistance Pass-throughs	189,625	208,312
Paint Tacoma/Pierce Beautiful	83,113	66,774
Volunteer Income Tax Assistance	31,559	26,530
COVID-19 and other assistance	651,752	
Other programs	<u>27,930</u>	<u>29,999</u>
Total	<u>\$ 3,276,671</u>	<u>\$ 2,655,685</u>

NOTE 12 - CONCENTRATION OF SUPPORT

The Organization received approximately 80% of its revenues from governmental units for the years ended September 30, 2020 and 2019. 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, 2020, the Organization had an uninsured balance of \$86,551.

In addition, the Organization has investments in uninsured mutual funds and bonds. At September 30, 2020, the balance was \$224,995.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 14 - DEFINED CONTRIBUTION PLAN

The Organization sponsors a SIMPLE IRA plan, under which it made non-elective contributions to eligible employees' accounts totaling \$27,979 and \$28,100 for the years ended September 30, 2020 and 2019, 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.

NOTE 16 - RISKS, UNCERTAINTIES AND COMMITMENTS

The Organization has been negatively affected by the effects of the world-wide COVID-19 pandemic. The Organization is closely monitoring its operations, liquidity, capital and financial resources, and is actively working to minimize the current and future effects of this unprecedented situation. As of the date of these financial statements, the full impact to the Organization's financial position or operations is not known.

In April 2020, the Organization received loan proceeds in the amount of \$250,000, under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, and later modified by the PPP Flexibility Act, provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities during the twenty-four weeks commencing from the date the organization received loan proceeds or through December 31, 2020, whichever period is shorter (the "covered period"). The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The Organization has ten months from the end of the covered period to apply for loan forgiveness. The unforgiven portion of the PPP loan, if any, is payable over five years at an interest rate of 1% beginning at the end of the ten months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, the total amount of loan forgiveness is not known as of the date of these financial statements.

SUPPLEMENTARY INFORMATION

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2020

<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>
FEDERAL AWARDS				
Department of Housing and Urban Development				
CDBG - Entitlement Grant Cluster				
City of Tacoma - Emergency Shelter	14.218	Unknown		\$ 39,926
City of Tacoma - Emergency Shelter	14.218	Unknown		43,244
				<hr/>
Total CDBG - Entitlement Grant Cluster				83,170
Pass-through Pierce County				
Pierce County HHAP	14.231	SC-106891		184,674
Pierce County HHAP	14.231	SC-106891		184,674
				<hr/>
Total Emergency Food Solutions				369,348
Continuum of Care Program	14.267	SC-106114		33,650
				<hr/>
Total Continuum of Care Program				33,650
Moving to Work Demonstration Program	14.881	SC-106678		25,964
Moving to Work Demonstration Program	14.881	SC-106678		124,916
Moving to Work Demonstration Program	14.881	SC-107594		96,990
Moving to Work Demonstration Program	14.881	SC-106678		17,772
				<hr/>
Total Moving to Work Demonstration Program				265,642
				<hr/>
Total U.S. Department of Housing and Urban Development				751,810

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended September 30, 2020

<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>
FEDERAL AWARDS (Continued)				
Department of Treasury				
Voluntary Income Tax Assistance	21.009	19VITA0262	_____	\$ <u>31,559</u>
Total Voluntary Income Tax Assistance				31,559
Pass-through Pierce County				
COVID19 - Coronavirus Relief Fund	21.019	SC-107548		498,109
COVID19 - Coronavirus Relief Fund	21.019	SC-107548		131,147
COVID19 - Coronavirus Relief Fund	21.019	SC-107548-1	_____	<u>15,296</u>
Total COVID 19 - Coronavirus Relief Fund			_____	<u>644,552</u>
Total Department of Treasury				676,111
Department of Homeland Security				
COVID19 - Emergency Food and Shelter Program	97.024	36-8914-39		5,115
COVID19 - Emergency Food and Shelter Program	97.024	36-8914-39		4,795
COVID19 - Emergency Food and Shelter Program	97.024	36-8914-39	_____	<u>4,000</u>
Total Emergency Food and Shelter Program				13,910
Pass-through Pierce County				
Disaster Preparedness and Recovery	97.067	SC-102426 -8		6,645
Total Disaster Preparedness and Recovery			_____	<u>6,645</u>
Total U.S. Department of Homeland Security			_____	<u>20,555</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ _____	\$ <u><u>1,448,476</u></u>

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended September 30, 2020

Grantor/Pass-through Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	State Expenditures
STATE AWARDS				
Washington Department of Social and Health Services				
Homeless Clients Mail Delivery	N/A	1912-57516		\$ 43,568
Representative Payee Services	N/A	1912-55310		6,783
Total Direct Washington Department of Social and Health Services				50,351
Pass-through Pierce County Community Connections				
Coordinated Entry System	N/A	106891		835,290
Family Permanent Housing	N/A	106678		280,876
Landlord Liaison Project	N/A	106401		44,306
Project Homeless Connect	N/A	106256		7,567
Emergency Shelter Operations and Maintenance	N/A	106427	\$ 35,756	35,756
Project Homeless Connect	N/A	107148		20,361
Landlord Liaison Project	N/A	107178		138,126
Emergency Shelter Operations and Maintenance	N/A	107277		139,951
Family Permanent Housing	N/A	107594		65,794
Total Pierce County Community Connections				35,756
				1,568,027
Pass-through City of Tacoma				
Family Permanent Housing	N/A	NONE		27,402
Total City of Tacoma				27,402
Total Washington Department of Social and Health Services				35,756
				1,645,780
TOTAL EXPENDITURES OF STATE AWARDS			\$ 35,756	\$ 1,645,780

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules 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 2020. 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, 2020 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 April 22, 2021 .

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.

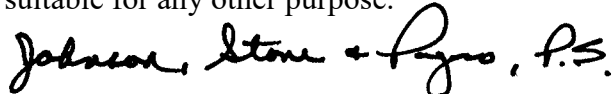
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

April 22, 2021



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, 2020. 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, 2020.

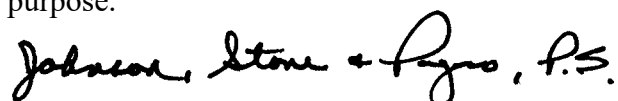
Report on Internal Control over Compliance

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.

April 22, 2021

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2020

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

21.019 U.S. Department Treasury
COVID 19 – Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended September 30, 2020

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.