

**ASSOCIATED MINISTRIES OF
TACOMA/PIERCE COUNTY**

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

September 30, 2021 and 2020

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, 2021 and 2020, 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

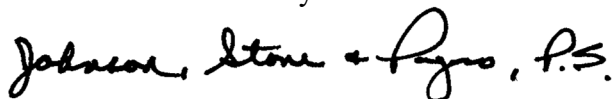
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Ministries of Tacoma/Pierce County as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with 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, 2021, 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 February 24, 2022 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.

February 24, 2022

AUDITED FINANCIAL STATEMENTS

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 455,106	\$ 148,199
Investments		224,995
Grants receivable	1,338,526	824,468
Promises to give receivable	6,944	5,691
Trust accounts	145,707	283,857
Prepaid expenses	<u>34,139</u>	<u>21,193</u>
Total Current Assets	1,980,422	1,508,403
BUILDING AND EQUIPMENT		
Building	875,459	875,459
Office furniture and equipment	<u>99,792</u>	<u>121,615</u>
	975,251	997,074
Less accumulated depreciation	<u>(493,984)</u>	<u>(461,681)</u>
Total Building and Equipment	<u>481,267</u>	<u>535,393</u>
TOTAL ASSETS	<u>\$ 2,461,689</u>	<u>\$ 2,043,796</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 93,103	\$ 45,978
Other accrued liabilities	41,834	41,634
Deferred revenue	24,359	32,468
Trust accounts payable	139,405	283,624
Current portion of long-term debt	<u>512,336</u>	<u>261,671</u>
Total Current Liabilities	811,037	665,375
LONG-TERM DEBT		
Loan payable, net of current portion	<u>166,165</u>	<u>178,501</u>
Total Liabilities	977,202	843,876
NET ASSETS		
Without donor restrictions		
Available for programs and general operations	1,143,695	826,265
Designated by the Board of Directors	<u>170,060</u>	<u>161,191</u>
Total Net Assets without Donor Restrictions	1,313,755	987,456
With donor restrictions	<u>170,732</u>	<u>212,464</u>
Total Net Assets	<u>1,484,487</u>	<u>1,199,920</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,461,689</u>	<u>\$ 2,043,796</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES			
Support			
Faith communities	\$ 23,943		\$ 23,943
Individuals	303,359		303,359
Foundations	250,279	\$ 38,721	289,000
Other support	115,539		115,539
Special event revenues, net of direct expense of \$6,105	29,132		29,132
Revenue			
Program revenue	11,737,368		11,737,368
Interest and dividends	208		208
Net realized gains on investments	3,764	1,593	5,357
Net assets released from restrictions	82,046	(82,046)	
Loss on disposition of assets	(15,457)		(15,457)
Total Support and Other Revenues	12,530,181	(41,732)	12,488,449
EXPENSES			
Program services			
Coordinated Entry System	1,226,461		1,226,461
Family Permanent Housing	858,885		858,885
Landlord Liason Program	240,361		240,361
Payee and Mail Services	139,247		139,247
Housing Assistance Pass-throughs	191,063		191,063
Paint Tacoma/Pierce Beautiful	52,570		52,570
Volunteer Income Tax Assistance	140,648		140,648
Homeless No More	24,087		24,087
Interfaith Engagement	211,891		211,891
COVID-19 and other assistance	8,827,324		8,827,324
Total Program Services	11,912,537		11,912,537
Management and general	194,780		194,780
Fundraising	96,565		96,565
Total Expenses	12,203,882		12,203,882
CHANGES IN NET ASSETS	326,299	(41,732)	284,567
Net Assets at Beginning of Year	987,456	212,464	1,199,920
NET ASSETS AT END OF YEAR	\$ 1,313,755	\$ 170,732	\$ 1,484,487

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, 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 on investments	20,163	(5,963)	14,200
Net assets released from restrictions	<u>62,111</u>	<u>(62,111)</u>	
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	<u>89,609</u>		<u>89,609</u>
Total Program Services	3,570,623		3,570,623
Management and general	130,350		130,350
Fundraising	<u>75,071</u>		<u>75,071</u>
Total Expenses	<u>3,776,044</u>		<u>3,776,044</u>
CHANGES IN NET ASSETS	96,916	68,817	165,733
Net Assets at Beginning of Year	<u>890,540</u>	<u>143,647</u>	<u>1,034,187</u>
NET ASSETS AT END OF YEAR	<u>\$ 987,456</u>	<u>\$ 212,464</u>	<u>\$ 1,199,920</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, 2021

	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	COVID-19 & Other Assistance	Total Program Services	Management and General		Fundraising
Salaries and wages	\$ 665,638	\$ 343,591	\$ 148,822	\$ 93,045	\$ 12,656	\$ 34,974	\$ 41,858	\$ 15,439	\$ 101,321	\$ 328,639	\$ 1,785,983	\$ 93,824	\$ 64,330	\$ 1,944,137
Benefits	109,072	47,091	25,893	16,240	1,424	6,855	7,352	2,049	6,992	23,346	246,314	12,895	9,054	268,263
Payroll taxes	58,987	32,298	13,802	8,630	1,133	2,971	3,662	1,374	9,234	30,021	162,112	8,554	5,771	176,437
Total Wages, Taxes and Benefits	833,697	422,980	188,517	117,915	15,213	44,800	52,872	18,862	117,547	382,006	2,194,409	115,273	79,155	2,388,837
Assistance	242,063	380,108	27,147		173,980				47,519	8,287,671	9,158,488			9,158,488
Professional expense	62,368	8,491	2,423	1,593	281	1,504	67,601	2,156	1,743	71,669	219,829	47,452	5,939	273,220
Occupancy	15,823	5,486	2,460	1,490	199	836	9,428	250	1,630	12,959	50,561	5,012	1,041	56,614
Supplies	5,717	3,752	1,447	2,089	420	1,349	2,410	201	34,264	30,089	81,738	3,327	6,801	91,866
Telephone and technology	32,748	17,727	8,960	8,345	402	1,639	3,462	1,219	4,161	22,818	101,481	8,047	2,460	111,988
Travel and training	8,837	6,554	3,694	1,075	86	691	2,955	828	1,291	4,608	30,619	4,031	1,232	35,882
Interest	3,773	2,008	870	543	73	201	243	91	597	3,006	11,405	1,834	381	13,620
Printing and copying	3,599	2,050	704	1,202	52	183	490	52	340	1,629	10,301	1,197	1,582	13,080
Postage	1,516	1,043	376	2,648	42	498	138	33	218	2,762	9,274	673	2,432	12,379
Insurance	4,637	2,468	1,069	667	89	247	298	112	733	2,303	12,623	2,254	468	15,345
Total Expenses Before Depreciation	1,214,778	852,667	237,667	137,567	190,837	51,948	139,897	23,804	210,043	8,821,520	11,880,728	189,100	101,491	12,171,319
Depreciation	11,683	6,218	2,694	1,680	226	622	751	283	1,848	5,804	31,809	5,680	1,179	38,668
Total Expenses by Function	1,226,461	858,885	240,361	139,247	191,063	52,570	140,648	24,087	211,891	8,827,324	11,912,537	194,780	102,670	12,209,987
Less expenses included in revenues on the statement of activities and changes in net assets														
Special event expenses													(6,105)	(6,105)
TOTAL EXPENSES INCLUDED ON THE EXPENSE SECTION OF THE STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 1,226,461	\$ 858,885	\$ 240,361	\$ 139,247	\$ 191,063	\$ 52,570	\$ 140,648	\$ 24,087	\$ 211,891	\$ 8,827,324	\$ 11,912,537	\$ 194,780	\$ 96,565	\$ 12,203,882

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, 2020

	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	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 CASH FLOWS

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and public support	\$ 11,850,333	\$ 3,393,035
Cash paid to suppliers and employees	(12,248,487)	(3,631,946)
Interest paid	<u>(13,620)</u>	<u>(11,008)</u>
Net Cash Used by Operating Activities	(411,774)	(249,919)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(240,267)	(8,593)
Proceeds from sale of investments	<u>470,619</u>	<u>2,632</u>
Net Cash Provided (Used) by Investing Activities	230,352	(5,961)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	700,000	250,000
Repayments on long-term debt	<u>(211,671)</u>	<u>(10,997)</u>
Net Cash Provided by Financing Activities	<u>488,329</u>	<u>239,003</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	306,907	(16,877)
Cash and Cash Equivalents at Beginning of Year	<u>148,199</u>	<u>165,076</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 455,106</u>	<u>\$ 148,199</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in net assets	\$ 284,567	\$ 165,733
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	38,668	36,668
Loss on disposition of assets	15,458	
Realized and unrealized gain on investments	(5,357)	(14,200)
Paycheck Protection Program loan forgiveness	(250,000)	
(Increase) decrease in assets		
Grants receivable	(514,058)	(473,048)
Promises to give receivable	(1,253)	1,669
Prepaid expenses	(12,946)	2,698
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	47,325	(2,967)
Deferred revenue	(8,109)	32,468
Trust accounts payable	<u>(6,069)</u>	<u>1,060</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (411,774)</u>	<u>\$ (249,919)</u>

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

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020 was \$38,668.

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, 2021 and 2020

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, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

During the year ended September 30, 2021, the Organization adopted the requirements of Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 - *Revenue from Contracts with Customers*, Topic 606 ("ASU 2014-09"). In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 has had no material effect on the change in net assets balances, by classification, as previously reported.

Subsequent Events

The management of the Organization evaluated for subsequent events and transactions for potential recognition and disclosure through February 24, 2022, 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 the Organization 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.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

(Continued)

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.

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. This became a separate rental assistance program in this fiscal year while 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 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.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

(Continued)

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.

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 455,106	\$ 148,199
Investments		224,995
Grants receivable	1,338,526	824,468
Promises to give receivable	<u>6,944</u>	<u>5,691</u>
Total Financial Assets	1,800,576	1,203,353
Less financial assets unavailable for general purposes		
Board-designated	(170,060)	(161,191)
With donor restrictions	<u>(195,091)</u>	<u>(212,464)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ <u>1,435,425</u>	\$ <u>829,698</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 of Directors has the ability to undesignate any board designated funds for operations, if necessary.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

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>2021</u>	<u>2020</u>
Interest and dividend income	\$ 208	\$ 7,458
Net realized and unrealized gain	<u>5,357</u>	<u>14,200</u>
	<u>\$ 5,565</u>	<u>\$ 21,658</u>

Fair values of investments measured on a recurring basis at September 30, 2020 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>
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>

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, 2021 and 2020

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, 2021 and 2020 was 4.75%. 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, 2021 and 2020, there was no balance due.

NOTE 7 - LONG-TERM DEBT

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

	<u>2021</u>	<u>2020</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.	\$ 178,501	\$ 190,172
Note payable to U.S. Small Business Administration, 1% interest. Forgiven July 2021.		250,000
Unsecured note payable to OnePierce, bearing no interest, maturing on February 5, 2022.	<u>500,000</u> 678,501	<u>440,172</u>
Less currently maturing portion	<u>512,336</u>	<u>261,671</u>
Total Long-term Debt	\$ <u>166,165</u>	\$ <u>178,501</u>

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

2022	\$ 512,336
2023	13,077
2024	13,818
2025	14,650
2026	15,507
Thereafter	<u>109,113</u>
	\$ <u>678,501</u>

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

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>2021</u>	<u>2020</u>
Homelessness and related services	\$ 81,300	\$ 143,724
Peace and Justice	66,767	65,174
Other programs activities	<u>22,665</u>	<u>3,566</u>
	\$ <u>170,732</u>	\$ <u>212,464</u>

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

As of September 30, 2021 and 2020, the Board of Directors has restricted the following funds:

	<u>2021</u>	<u>2020</u>
General operations	\$ <u>170,060</u>	\$ <u>161,191</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, 2021 is as follows:

	<u>2021</u>	<u>2020</u>
Volunteer income tax assistance - tax return preparation	\$ <u>50,232</u>	\$ <u>31,930</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, 2021 and 2020

NOTE 11 - PROGRAM REVENUES

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

	<u>2021</u>	<u>2020</u>
Coordinated Entry System	\$ 1,153,567	\$ 1,204,638
Family Permanent Housing	888,878	753,968
Landlord Liaison Program	231,912	182,432
Payee and Mail Services	133,295	151,654
Housing Assistance Pass-throughs	194,775	189,625
Paint Tacoma/Pierce Beautiful	31,270	83,113
Volunteer Income Tax Assistance	47,656	31,559
Interfaith Engagement	67,000	
Paycheck Protection Program loan forgiveness	250,000	
COVID-19 and other assistance	8,739,015	651,752
Other programs		<u>27,930</u>
Total	<u>\$ 11,737,368</u>	<u>\$ 3,276,671</u>

NOTE 12 - CONCENTRATION OF SUPPORT

The Organization received approximately 94% and 83% of its revenues from governmental units for the years ended September 30, 2021 and 2020, respectively. 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. Investments, including cash, are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 with a \$250,000 limit for cash held in SIPC insured accounts. 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.

NOTE 14 - DEFINED CONTRIBUTION PLAN

The Organization sponsors a SIMPLE IRA plan, under which it made non-elective contributions to eligible employees' accounts totaling \$28,356 and \$27,979 for the years ended September 30, 2021 and 2020, respectively.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

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

In April 2020, the Organization received loan proceeds in the amount of \$250,000, under the Paycheck Protection Program ("PPP"). The PPP loan and accrued interest were entirely forgiven on July 8, 2021.

As of September 30, 2021, the world was in the midst of the COVID-19 pandemic. Significant uncertainty remains regarding the wide-ranging effects of the pandemic subsequent to year-end. 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.

NOTE 17 - SUBSEQUENT EVENT

On November 4, 2021, the Organization acquired the assets of Shared Housing Services, a nonprofit corporation. As part of the asset transfer, the Organization will receive \$1,000,000 in cash and assume a commercial property lease of Shared Housing Services. The Organization is otherwise free and clear of all mortgages, liens, privileges, pledges, security interests, charges, claims, and any other encumbrances. The Organization expects the transfer to be completed by December 31, 2021.

SUPPLEMENTARY INFORMATION

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2021

<u>Grantor/Pass-through Program Title</u>	<u>Federal ALN 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 - Paint Tacoma Pierce Beautiful	14.218	Unknown		\$ 31,270
Pierce County - Landlord Liaison Program	14.218	Unknown		26,365
				<hr/>
Total CDBG - Entitlement Grant Cluster				57,635
Pass-through Pierce County				
Pierce County	14.231	SC-108004		388,264
Pierce County	14.231	SC-108004		111,209
Pierce County HHAP	14.231	SC-108143		48,026
				<hr/>
Total Emergency Food Solutions				547,499
Moving to Work Demonstration Program	14.881	SC-107594		121,951
Moving to Work Demonstration Program	14.881	SC-107594		71,282
Moving to Work Demonstration Program	14.881	SC-108451		101,234
				<hr/>
Total Moving to Work Assistance Program				294,467
				<hr/>
Total U.S. Department of Housing and Urban Development				899,601

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended September 30, 2021

<u>Grantor/Pass-through Program Title</u>	<u>Federal ALN 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				
COVID-19 - Coronavirus Relief Fund	21.019	SC-107548		\$ 71,152
COVID-19 - Coronavirus Relief Fund	21.019	SC-107548		159,653
COVID-19 - Coronavirus Relief Fund	21.019	SC-107548		897,290
COVID-19 - Coronavirus Relief Fund	21.019	SC-107548-1		<u>642,347</u>
Total COVID 19 - Coronavirus Relief Fund				1,770,442
COVID-19 Emergency Rental Assistance Program	21.023	SC-108106		<u>6,905,853</u>
Total Emergency Rental Assistance Program				6,905,853
Voluntary Income Tax Assistance	21.009	21VITA0236		<u>47,656</u>
Total Voluntary Income Tax Assistance				<u>47,656</u>
Total U.S. Department of Treasury				8,723,951
Department of Homeland Security				
COVID-19 - Emergency Food and Shelter Program	97.024	35-8914-39		725
COVID-19 - Emergency Food and Shelter Program	97.024	36-8914-39		4,795
COVID-19 - Emergency Food and Shelter Program	97.024	35-8914-39		39,845
COVID-19 - Emergency Food and Shelter Program	97.024	36-8914-39		4,000
COVID-19 - Emergency Food and Shelter Program	97.024	35-8914-39		<u>4,000</u>
Total Emergency Food and Shelter Program				<u>53,365</u>
Total U.S. Department of Homeland Security				<u>53,365</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$	<u><u>\$ 9,676,917</u></u>

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended September 30, 2021

<u>Grantor/Pass-through Program Title</u>	<u>Federal ALN Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>State Expenditures</u>
STATE AWARDS				
Washington Department of Social and Health Services				
Homeless Clients Mail Delivery	N/A	1912-57516		\$ 29,026
Representative Payee Services	N/A	1912-55310		6,457
Family Permanent Housing	N/A	2012-90666		40,142
				75,625
Total Washington Department of Social and Health Services				
Pass-through Pierce County Community Connections				
Coordinated Entry System	N/A	106891		282,435
Coordinated Entry System	N/A	108004		371,659
Family Permanent Housing	N/A	107594		119,336
Family Permanent Housing	N/A	108451		98,928
Family Permanent Housing	N/A	107594		117,144
Landlord Liaison Project	N/A	107178		62,482
Landlord Liaison Project	N/A	108007		122,901
Landlord Liaison Project	N/A	108561		20,164
Project Homeless Connect	N/A	107148		4,633
Project Homeless Connect	N/A	108062		12,228
Emergency Shelter Operations and Maintenance	N/A	107277		51,549
Emergency Shelter Operations and Maintenance	N/A	108058		130,431
COVID-19 Supplies	N/A	NONE		5,283
				1,399,173
Total Pierce County Community Connections				
Pass-through City of Tacoma				
Family Permanent Housing	N/A	NONE		28,427
Family Permanent Housing	N/A	NONE		4,844
Family Permanent Housing	N/A	NONE		53,097
Coalition to End Homelessness	N/A	NONE		54,100
				140,468
Total City of Tacoma				
Total Washington Department of Social and Health Services				
				1,615,266
TOTAL EXPENDITURES OF STATE AWARDS			\$	\$ 1,615,266

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedule") include 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 30, 2021. 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, 2021 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 February 24, 2022 .

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.

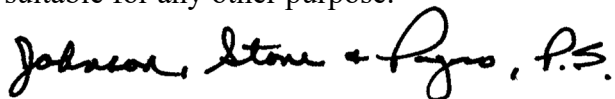
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

February 24, 2022



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, 2021. 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, 2021.

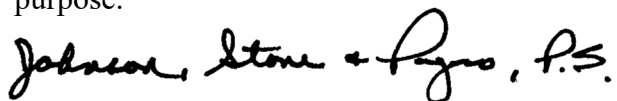
Report on Internal Control over Compliance

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, and, therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, which we consider to be a significant deficiency.

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.

February 24, 2022

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2021

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?	Yes
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)?	Yes

Identification of Major Program

- 21.019 U.S. Department of Treasury
 COVID-19 - Coronavirus Relief Fund
- 21.023 U.S. Department of Treasury
 COVID-19 - Emergency Rental Assistance Program

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, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 Schedule of Expenditures of Federal Awards

Funding Agency: U.S. Department of Treasury

ALN Number: 21.019, 21.023

Criteria

The schedule of expenditures of federal awards ("SEFA") is required to be prepared in accordance with the Uniform Guidance to reflect expenditures of federal awards.

Condition

The SEFA, as originally prepared, was materially overstated.

Context

The SEFA did not accurately reflect the proper amount of federal expenditures and it was overstated.

Effect

The SEFA did not properly reflect the amount of federal awards as required by the Uniform Guidance.

Cause

The SEFA was not reconciled to the actual expenditures that were expensed in the general ledger.

Auditor's Recommendation

We recommend the SEFA to be reconciled prior to the start of the audit and the implementation of procedures to provide oversight that ensures the completion of an accurate SEFA.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

No matters were reported.

ASSOCIATED MINISTRIES OF TACOMA/PIERCE COUNTY

CORRECTIVE ACTION PLAN

Year Ended September 30, 2021



February 24, 2022

CORRECTIVE ACTION PLAN

Corrective action plan in response to:

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Section III – Federal Award Findings and Questioned Costs

2021-001 Schedule of Expenditures of Federal Awards

Condition

The SEFA, as originally prepared, was materially overstated.

Corrective Action Plan

The SEFA was not fully reconciled to the general ledger prior to being submitted to the audit firm for its work to develop testing and samples on the federal awards. The overstatement of federal awards occurred due to carryover amounts and would have been identified if the SEFA had been fully reconciled. Accounting staff will begin work on the SEFA at least one month before the September 30 fiscal year end to identify all contracts to be included and whether the contract includes federal funds and to roll forward prior year balances. All current year revenue and expense amounts will be removed. Once all contract invoicing is completed for the fiscal year, the current revenue expense amounts will be entered. Upon completion, the total expense amount will be reconciled to the general ledger before the SEFA is sent to the audit firm.

Responsible Party for Corrective Action Plan:

Molly Archer, Chief Operating Officer

Working together toward lasting solutions to homelessness

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