

# Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. and Affiliates

## CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2025 and 2024



**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Financial Statements and Supplemental Information**

Years Ended June 30, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. and Affiliates  
Salem, Oregon

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. (a nonprofit organization) and Affiliates (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2025 and 2024, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements, continued

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 January 6, 2026, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

Salem, Oregon  
January 6, 2026

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Statements of Financial Position**

June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Cash	\$ 2,525,852	\$ 6,091,300
Restricted cash	1,466,682	1,127,650
Accounts receivable, net of allowance	705,959	869,442
Unconditional promises to give, net of discount and allowance	188,618	112,897
Grants receivable	4,166	42,772
Prepaid expenses and other assets	308,717	159,102
Notes receivable	185,794	190,898
Property and equipment, net of depreciation	48,442,778	44,602,089
Operating right-of-use lease assets	691,435	592,061
Finance right-of-use lease assets, net	633,485	899,186
Beneficial interest in assets held at Oregon Community Foundation	368,596	332,157
	<u>55,522,082</u>	<u>55,019,554</u>
Total Assets	\$	\$
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 888,486	\$ 937,228
Accrued expenses	1,427,639	1,379,119
Line of credit	1,993,813	750,000
Deferred revenue	171,490	669,262
Long-term debt, net of loan fees and discount	16,091,144	16,297,509
Operating lease liabilities	716,624	593,103
Finance lease liabilities	610,948	764,645
	<u>21,900,144</u>	<u>21,390,866</u>
Total Liabilities	21,900,144	21,390,866
Net Assets:		
Without donor restrictions:		
Undesignated	25,263,809	25,301,340
Board designated	1,115,615	1,229,901
Noncontrolling interest	3,000,000	3,000,000
	<u>29,379,424</u>	<u>29,531,241</u>
Total Without Donor Restrictions	29,379,424	29,531,241
With donor restrictions	4,242,514	4,097,447
	<u>33,621,938</u>	<u>33,628,688</u>
Total Net Assets	33,621,938	33,628,688
Total Liabilities and Net Assets	\$ 55,522,082	\$ 55,019,554

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Statement of Activities**

Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Contributions and grants	\$ 14,460,392	\$ 3,199,769	\$ 17,660,161
Rents	2,834,880	-	2,834,880
Medical billings, net	458,861	-	458,861
Fees for services	112,475	-	112,475
Gain on disposal of property	518,609	-	518,609
Other	792,638	-	792,638
Net assets released from purpose restrictions	2,993,908	(2,993,908)	-
Net assets released from time restrictions	60,794	(60,794)	-
<b>Total Support and Revenue</b>	<b>22,232,557</b>	<b>145,067</b>	<b>22,377,624</b>
<b>Expenses:</b>			
<b>Program:</b>			
Affordable Housing	2,386,667	-	2,386,667
Behavioral Health Services	329,834	-	329,834
Brokerage Services	2,898,911	-	2,898,911
Services to Adults with Disabilities	8,378,545	-	8,378,545
Fostering Hope Initiative	1,064,862	-	1,064,862
Youth and Family Services	1,092,139	-	1,092,139
<b>Supporting services:</b>			
Property management	2,301,974	-	2,301,974
Administration	3,086,542	-	3,086,542
Fundraising	764,951	-	764,951
<b>Total Expenses</b>	<b>22,304,425</b>	<b>-</b>	<b>22,304,425</b>
<b>Change in Net Assets</b>	<b>(71,868)</b>	<b>145,067</b>	<b>73,199</b>
<b>Net Assets, beginning of year</b>	<b>29,531,241</b>	<b>4,097,447</b>	<b>33,628,688</b>
<b>Distributions from the CCS Pooled Income Fund</b>	<b>(79,949)</b>	<b>-</b>	<b>(79,949)</b>
<b>Net Assets, end of year</b>	<b>\$ 29,379,424</b>	<b>\$ 4,242,514</b>	<b>\$ 33,621,938</b>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Statement of Activities, continued**

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions and grants	\$ 14,913,198	\$ 4,353,244	\$ 19,266,442
Contributions of nonfinancial assets	8,655,000	-	8,655,000
Rents	2,860,970	-	2,860,970
Medical billings, net	635,562	-	635,562
Fees for services	136,826	-	136,826
Gain on disposal of property	721,943	-	721,943
Other	707,337	-	707,337
Net assets released from purpose restrictions	4,649,865	(4,649,865)	-
Net assets released from time restrictions	43,631	(43,631)	-
Total Support and Revenue	<u>33,324,332</u>	<u>(340,252)</u>	<u>32,984,080</u>
Expenses:			
Program:			
Affordable Housing	2,771,244	-	2,771,244
Behavioral Health Services	447,212	-	447,212
Brokerage Services	2,432,538	-	2,432,538
Services to Adults with Disabilities	9,359,374	-	9,359,374
Fostering Hope Initiative	1,244,589	-	1,244,589
Youth and Family Services	1,293,958	-	1,293,958
Supporting services:			
Property management	1,620,054	-	1,620,054
Administration	3,675,181	-	3,675,181
Fundraising	790,434	-	790,434
Total Expenses	<u>23,634,584</u>	<u>-</u>	<u>23,634,584</u>
Change in Net Assets	9,689,748	(340,252)	9,349,496
Net Assets, beginning of year	16,919,675	4,437,699	21,357,374
Contributions to CCS Pooled Income Fund	3,000,000	-	3,000,000
Distributions from the CCS Pooled Income Fund	(78,182)	-	(78,182)
Net Assets, end of year	<u>\$ 29,531,241</u>	<u>\$ 4,097,447</u>	<u>\$ 33,628,688</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Statement of Functional Expenses**

Year Ended June 30, 2025

	Program						Supporting Services			Total	
	Affordable Housing	Behavioral Health Services	Brokerage Services	Services to Adults with Disabilities	Fostering Hope Initiative	Youth and Family Services	Total Program	Property Management	Administration		Fundraising
Advertising	\$ 563	\$ -	\$ 1,693	\$ 29,945	\$ -	\$ 500	\$ 32,701	\$ -	\$ 19,713	\$ 6,177	\$ 58,591
Credit losses	47,520	7,609	260	4,108	2,359	-	61,856	6,225	44	9,000	77,125
Brokerage	-	-	184,404	-	-	-	184,404	-	-	-	184,404
Depreciation and amortization	591,675	-	20,534	-	-	-	612,209	572,933	300,606	-	1,485,748
Events	-	-	-	-	-	-	-	-	-	49,928	49,928
Insurance	206,887	-	5,445	97,401	8,464	10,080	328,277	332,067	51,877	1,107	713,328
Interest	233,641	-	32,392	478	1	-	266,512	394,266	133,068	8,499	802,345
License and permits	7,144	345	985	4,195	-	84	12,753	(1,831)	14,596	795	26,313
Membership dues	-	225	15,421	4,985	-	67	20,698	250	17,552	840	39,340
Miscellaneous	261,612	-	100,484	1,323	41,503	6,363	411,285	97,009	354	13,339	521,987
Payroll taxes and benefits	-	63,252	410,891	1,304,842	156,352	114,222	2,049,559	30,685	326,563	103,875	2,510,682
Postage and shipping	-	39	12,844	118	-	5	13,006	-	4,178	1,283	18,467
Print and publications	-	1,030	520	179	673	771	3,173	-	993	20,885	25,051
Professional fees	115,701	9,362	82,647	82,644	23,392	10,525	324,271	102,874	442,250	35,918	905,313
Program expenses and supplies	3,102	1,170	34,821	263,357	64,231	49,058	415,739	15,391	19,163	4,384	454,677
Rent and operating lease expense	-	1,385	56,860	224,762	15,848	23,405	322,260	50	-	-	322,310
Repairs and maintenance	296,510	16	67,472	106,540	1,822	20,528	492,888	300,924	2,773	19	796,604
Salaries and wages	264,458	238,725	1,755,575	5,950,952	734,847	772,738	9,717,295	136,015	1,557,192	481,761	11,892,263
Subscriptions and library	16,237	4,779	-	7,523	-	110	28,649	3,322	151,124	22,207	205,302
Telecommunications	10,987	1,533	33,310	74,981	6,041	12,288	139,140	5,906	30,461	1,963	177,470
Training and conference	1,721	-	16,936	19,707	1,029	461	39,854	64	486	500	40,904
Travel	-	364	54,526	56,155	8,165	12,225	131,435	47	8,222	2,471	142,175
Utilities	328,909	-	10,891	144,350	135	58,709	542,994	305,777	5,327	-	854,098
	<u>\$ 2,386,667</u>	<u>\$ 329,834</u>	<u>\$ 2,898,911</u>	<u>\$ 8,378,545</u>	<u>\$ 1,064,862</u>	<u>\$ 1,092,139</u>	<u>\$ 16,150,958</u>	<u>\$ 2,301,974</u>	<u>\$ 3,086,542</u>	<u>\$ 764,951</u>	<u>\$ 22,304,425</u>

See accompanying notes to consolidated financial statements.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Statement of Functional Expenses, continued**

Year Ended June 30, 2024

	Program						Supporting Services			Total	
	Affordable Housing	Behavioral Health Services	Brokerage Services	Services to Adults with Disabilities	Fostering Hope Initiative	Youth and Family Services	Total Program	Property Management	Administration		Fundraising
Advertising	\$ 693	\$ 625	\$ 83	\$ 43,494	\$ 125	\$ 125	\$ 45,145	\$ 435	\$ 30,398	\$ 9,071	\$ 85,049
Credit losses	168,615	-	1,955	19,240	-	-	189,810	351	-	1,616	191,777
Brokerage	-	-	115,929	-	-	-	115,929	9,885	-	-	125,814
Depreciation and amortization	596,515	-	10,222	-	-	-	606,737	440,087	299,700	-	1,346,524
Events	-	-	-	-	-	-	-	2,100	-	52,182	54,282
Foster care	-	-	-	-	-	6,125	6,125	-	-	-	6,125
Insurance	214,943	-	4,932	94,605	8,416	11,883	334,779	274,901	67,705	314	677,699
Interest	251,668	-	6,819	63	30	556	259,136	255,670	63,857	8,163	586,826
License and permits	16,177	802	2,399	12,712	1,663	1,552	35,305	5,125	4,100	-	44,530
Membership dues	-	225	15,678	17,193	1,000	12	34,108	250	3,293	290	37,941
Miscellaneous	223,391	-	73,090	369	32,681	19,597	349,128	-	421,539	18,702	789,369
Payroll taxes and benefits	-	83,463	337,723	1,372,660	188,335	143,060	2,125,241	21,348	327,373	114,298	2,588,260
Postage and shipping	229	48	13,625	419	-	281	14,602	6	3,934	951	19,493
Print and publications	-	351	1,553	304	2,183	702	5,093	-	546	20,826	26,465
Professional fees	195,429	5,260	53,796	979,117	19,079	193,445	1,446,126	113,404	547,757	19,866	2,127,153
Program expenses and supplies	31,280	2,006	18,406	284,244	17,096	51,122	404,154	5,876	29,209	9,756	448,995
Rent and operating lease expense	295	(1,486)	25,953	63,344	13,807	5,727	107,640	-	-	-	107,640
Repairs and maintenance	357,540	34	41,396	114,074	2,019	25,514	540,577	177,823	3,968	-	722,368
Salaries and wages	325,791	346,188	1,595,958	6,064,223	925,608	750,250	10,008,018	80,085	1,703,603	509,231	12,300,937
Subscriptions and library	15,164	5,551	11,278	4,665	776	603	38,037	2,400	121,166	21,332	182,935
Telecommunications	14,784	3,351	12,959	72,732	7,296	12,137	123,259	37,315	24,557	1,760	186,891
Training and conference	1,110	749	16,396	13,261	15,328	2,441	49,285	-	2,941	830	53,056
Travel	571	45	54,310	60,224	9,147	11,797	136,094	58	15,698	1,246	153,096
Utilities	357,049	-	18,078	142,431	-	57,029	574,587	192,935	3,837	-	771,359
	<u>\$ 2,771,244</u>	<u>\$ 447,212</u>	<u>\$ 2,432,538</u>	<u>\$ 9,359,374</u>	<u>\$ 1,244,589</u>	<u>\$ 1,293,958</u>	<u>\$ 17,548,915</u>	<u>\$ 1,620,054</u>	<u>\$ 3,675,181</u>	<u>\$ 790,434</u>	<u>\$ 23,634,584</u>

See accompanying notes to consolidated financial statements.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Statements of Cash Flows**

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 73,199	\$ 9,349,496
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,485,748	1,346,524
Change in value of beneficial interest	(36,439)	(31,283)
Amortization of discount on notes payable	23,183	28,294
Conversion of forgivable debt to income	-	(50,000)
Nonfinancial asset contributions	-	(8,655,000)
Gain on disposal of property, equipment, and finance leases	(518,609)	(721,943)
Noncash operating lease expense	19,248	230,864
Changes in operating assets and liabilities:		
Accounts receivable, net	163,483	(182,199)
Unconditional promises to give, net	(75,721)	(23,252)
Grants receivable	38,606	(42,772)
Prepaid expenses and other assets	(149,615)	34,139
Accounts payable	(48,742)	135,426
Accrued expenses	48,520	(11,729)
Deferred revenue	(497,772)	(264,551)
Net Cash Provided by Operating Activities	<u>525,089</u>	<u>1,142,014</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(5,382,232)	(4,667,782)
Proceeds on sale of property and equipment	953,321	69,602
Payments received on notes receivable	5,104	5,587
Net Cash Used by Investing Activities	<u>(4,423,807)</u>	<u>(4,592,593)</u>
Cash Flows from Financing Activities:		
Distributions to investors from the CCS Pooled Income Fund	(79,949)	(78,182)
Contributions to Pacific Station LLC	-	3,000,000
Net activity on line of credit	1,243,813	750,000
Issuance of long-term debt	335,798	1,812,500
Payments on long-term debt	(565,346)	(402,383)
Payments on finance lease obligations	(262,014)	(409,875)
Net Cash Provided by Financing Activities	<u>672,302</u>	<u>4,672,060</u>
Net Change in Cash and Restricted Cash	(3,226,416)	1,221,481
Cash and Restricted Cash, beginning	<u>7,218,950</u>	<u>5,997,469</u>
Cash and Restricted Cash, ending	<u>\$ 3,992,534</u>	<u>\$ 7,218,950</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Consolidated Statements of Cash Flows, continued**

Years Ended June 30, 2025 and 2024

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	<u>2025</u>	<u>2024</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ <u>779,162</u>	\$ <u>558,532</u>
Noncash Investing and Financing Activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ <u>198,872</u>	\$ <u>42,443</u>
Right-of-use assets obtained in exchange for finance lease liabilities	\$ <u>79,266</u>	\$ <u>735,132</u>
Contributed assets	\$ <u>-</u>	\$ <u>8,655,000</u>

# CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY AND CENTRAL COAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

Years Ended June 30, 2025 and 2024

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### Note 1 - Organization and Nature of Activities

#### Organization

Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. (Catholic Community Services or CCS) is an Oregon 501(c)(3) nonprofit corporation that was founded in Salem, Oregon in 1938. Catholic Community Services' mission is "A Christian ministry caring for all in our community, built on faith, hope and kinship." CCS serves people with intellectual and/or developmental disabilities, and children, youth, and families facing adversity. CCS operates its programs with fidelity to the Catholic Charities USA Code of Ethics and the principles of Catholic Social Teaching through its core values of love, justice, truth, and freedom.

Catholic Community Services Foundation (CCSF), an Oregon 501(c)(3) nonprofit, was organized in 1987 and supports Catholic Community Services by managing property, managing communications, managing public affairs, fund raising, and supporting their mission.

CCSF owns the following entities:

Telios, LLC, a tax-exempt limited liability company wholly owned by CCSF, was incorporated July 2009. Telios, LLC holds property and debt for a single-family home. Three single-family homes were sold in 2017-18 and a transitional affordable housing complex on Center Court was sold in August, 2021. Rainbow Lodge (leased to CCS) is the sole remaining asset of this LLC.

Father Taaffe Homes, LLC (legal name change from Community Homes, LLC in November 2015), a tax-exempt limited liability company wholly owned by CCSF, was incorporated July 2009. Father Taaffe Homes, LLC holds property and debt for single-family homes that are used by CCS for various program activities or rented as affordable housing. The home on Myrtle was sold in December, 2023 and the home on Erixon was sold in August, 2024.

Capital Professional Offices, LLC, a tax-exempt limited liability company wholly owned by CCSF, was incorporated June 2009. Capital Professional Offices, LLC holds property and debt for the office and business properties that are used for the administration of CCS and CCSF as well as some office and warehouse space that is rented to third parties.

Salem Self-Help Housing, LLC (legal name change from Valley Housing, LLC in August, 2013), a tax-exempt limited liability company wholly owned by CCSF, was incorporated in June 2009. Salem Self-Help Housing, LLC holds property and debt for affordable housing properties and received rent subsidies from the Department of Housing and Urban Development. The complex on Marilyn was sold in December, 2023.

MADP, LLC, a tax-exempt limited liability company wholly owned by CCSF, was incorporated November, 2011. MADP, LLC holds property and debt for single-family homes in Mt. Angel, Oregon that are used by CCS for various program activities. The home on E. Church, Mt. Angel was sold in July, 2024.

Mill Creek Meadows Partners, LLC, a tax-exempt limited liability company wholly owned by CCSF, was incorporated in October, 2014. As of June, 2023, Mill Creek Meadows Partners, LLC agreed to an exit of its limited partnership and now owns 100% of the Mill Creek Meadows apartment building. The Mill Creek Meadows Limited Partnership has been dissolved as of July 3, 2024.

St. Joseph Shelter LLC, a tax-exempt limited liability company wholly owned by CCSF, was incorporated in May, 2017 and holds the property received from the Benedictine Sisters in Mt. Angel, Oregon. St. Joseph Shelter LLC includes activity from the ownership of Marmion Hall, Casa Adele, and various warehouses and outbuildings. In the 2018 fiscal year, CCSF leased space in Marmion Hall for the operation of the St. Joseph Shelter and Mission Benedict programs to CCS. In December, 2023, the LLC purchased the Queen of Angels Monastery from the Benedictine Sisters.

# CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY AND CENTRAL COAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

Years Ended June 30, 2025 and 2024

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### Note 1 - Organization and Nature of Activities, continued

#### Organization, continued

Lincoln Street Apartments LLC, a tax-exempt limited liability company wholly owned by CCSF, was incorporated in May, 2017. This LLC holds the partnership interest of the Lincoln Street Apartments aka Villa Esperanza in Woodburn, Oregon. The Lincoln Street Apartments LLC includes construction-in-process activity in the 2017-18 fiscal year. The 17-unit apartment project was completed in October, 2018.

The Child, Youth and Family Integrated Service Network, LLC (ISN LLC) is a for-profit, limited liability company founded in 1997. As of December 31, 2019, ISN is now 100% owned by CCS with the purchase of membership owned by Chehalem Youth and Family Services. In March, 2024, ISN LLC was sold to Integrated Services Network, a newly formed 501(c)(3). ISN LLC was administratively dissolved in September 2025.

Integrated Services Network (ISN 501(c)(3)) is an Oregon 501(c)(3) nonprofit incorporated in October, 2022. ISN 501(c)(3) purchased all the assets and assumed all the liabilities of ISN LLC in March, 2024. It operates as a Support Service Brokerage under a contract with the Oregon Department of Human Services to assist adults with developmental disabilities in eight counties.

Pacific Station LLC (PSLLC) is a partnership between two members, CCSF and PacificSource Community Solutions, and was founded in 2024. CCSF acquired a 50% interest in PSLLC for the purpose of constructing, owning, leasing, and managing a 12-unit affordable housing complex at 1240 Highland Ave. NE, Salem, Oregon. The other 50% interest was acquired by PacificSource Community Solutions. CCSF is the managing member, serves as the partnership representative, and is obligated to purchase the remaining 50% interest from PacificSource Community Solutions after 15 years. As such, CCSF is the controlling member resulting in PSLLC consolidating into the Organization. The noncontrolling interest is owned by PacificSource Community Solutions who contributed \$3,000,000 to PSLLC during fiscal year 2024. PacificSource Community Solutions shall be paid a preferred return on its capital contribution of 3% per annum. Net profit will be allocated to the preferred return first with any additional net profit to CCSF. Net loss will be allocated fully to CCSF. The complex construction was completed during the year ended June 30, 2025.

The CCS Pooled Income Fund (the Fund) was established under Internal Revenue Service (IRS) Code section 642(c)(5) in August 2019. The Fund was formed to raise capital to purchase a building that is now known as the Seymour Center. The Fund is a trust that is established and supervised by CCSF, to which contributors make irrevocable gifts and are then entitled to receive tax deductions as well as income distributions for the remainder of their lives. At the time of each contributor passes, the interest in the Fund is passed to CCS as a charitable remainder beneficiary. Each contribution to the Fund will be assigned a certain number of units based on the fair market value of the contribution on the date it is contributed. Once determined, the number of units assigned to a contribution will not change but the value of the unit will change as the value of the Fund's total assets change. Units are assigned at one unit for each \$10,000 of fair market value property contributed. As of June 30, 2025 and 2024, 99 units of the 300 available have been sold. CCSF is the trustee of the Fund and CCS is the charitable remainder beneficiary.

All the entities listed above are consolidated and will be referred to as the Organization.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
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**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

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**Note 1 - Organization and Nature of Activities, continued**

Organization, continued

The Organization operates the following programs:

*Affordable Housing*

The Affordable Housing Program is owned and managed by CCSF and consists of approximately 250 units of affordable and transitional housing. The Affordable Housing Program is operated under the rules and guidance provided by HUD HOME and includes property management, asset management, and resident services. Revenue is generated from rental income and subsidies to manage and maintain the properties and provide resident services.

*Behavioral Health Services*

Behavioral Health Services are provided by the Community Counseling Center (the Center). The Center was the first outpatient community mental health clinic in the Mid-Willamette Valley. It serves our community's vulnerable children, youth, adults, and families suffering from mental health issues. The Center closed outpatient services in November 2025.

*Brokerage Services*

Brokerage Services are provided by ISN and ISN 501(c)(3) and work with each customer to develop a person-centered plan of support and then assists the customer to obtain the services provided in the plan.

*Services to Adults with Intellectual or Developmental Disabilities*

The Residential Services Program provides homes for adults who experience intellectual or developmental disabilities with fragile health, where each customer is a valued member of the community.

The Supported Living Program provides residential services and support for people with intellectual or developmental disabilities that prefer to live independently or with family rather than in congregate care. In February 2024, this program was closed.

*Fostering Hope Initiative*

The vision of the Fostering Hope Initiative (FHI) is that every child and adult in every neighborhood lives in a safe, stable, nurturing home, is healthy, succeeds in school or work, and enjoys financial self-sufficiency. CCS serves as the lead partner for this neighborhood-based collective impact initiative designed to strengthen families, mobilize neighborhoods, and promote optimum child and youth development. It is a partnership of government, public, and private organizations joining together with a common goal. FHI operates in high poverty, high need neighborhoods. Each neighborhood is staffed with a community health worker who works with families and community partners to help support strong families and safe, healthy neighborhoods.

*Youth and Family Services*

Father Taaffe Homes and Pregnancy Support Services are homes and community-based supports that provide structure for single, pregnant, and parenting young women to build a future.

Independent Living Program helps youth who are transitioning to adulthood from foster care by developing essential skills that will help them prepare them to live independent, successful lives. In February 2024, this program was closed.

The Rainbow Lodge/Respite Program serves as a place of respite for youth in foster care. It offers them the temporary placement to recover from recent trauma in a peaceful setting. For full-time foster parents, it also offers much needed time away from the daily routines and challenges of foster parenting.

St. Joseph Family Shelter campus provides transitional housing, treatment, and recovery services for families who are struggling with the challenges of substance abuse and reduces the number of children placed in foster care. In addition to the Transitional Living Community, the campus also includes *Mission Benedict*, a food bank and clothing resource for those in need.

# CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY AND CENTRAL COAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

Years Ended June 30, 2025 and 2024

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### Note 2 - Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc.; Catholic Community Services Foundation; Child, Youth, and Family Integrated Services Network; Integrated Services Network 501(c)(3); Pacific Station LLC; and the CCS Pooled Income Fund (collectively, the Organization). Intercompany balances and transactions have been eliminated in consolidation. These consolidated financial statements are not those of a separate legal entity.

#### Financial Statement Presentation

The consolidated financial statements present information regarding the financial position and activities according to the following net asset classifications:

*Net Assets without Donor Restrictions* - Net assets not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be used at the discretion of the Organization's management and the Board of Directors.

Board-Designated Funds - These funds have been restricted by the Board as operational reserves.

Noncontrolling Interest - This is the equity value of the Pacific Station LLC of which PacificSource Community Solutions is the beneficiary.

*Net Assets with Donor Restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time.

#### Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Risks and Uncertainties

The Organization invests in various types of investment securities through its investment in the beneficial interest in assets held by the Oregon Community Foundation (OCF) which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

#### Accounts Receivable and Allowance for Credit Losses

Effective July 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, Financial Instruments-Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*. This update requires the use of a forward-looking expected credit loss model for instruments within its scope, including our accounts receivables and unconditional promises to give, and replaces the previous incurred loss impairment model. The expected credit loss model requires management to estimate current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability. Management has analyzed the provisions contained in Topic 326 and determined that there is no impact on net assets as of July 1, 2023, due to the adoption of the new standard. Allowance for credit losses, accounts receivable, is \$27,707 at June 30, 2025, and \$27,707 at June 30, 2024. Net accounts receivable were \$687,243 at July 1, 2023.

# CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY AND CENTRAL COAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

Years Ended June 30, 2025 and 2024

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### Note 2 - Summary of Significant Accounting Policies, continued

#### Unconditional Promises to Give

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes an unconditional promise to give. Unconditional promises to give that are expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution, nature of fundraising activity, and reasonable and supportable forecasts affecting collectability. The allowance for credit losses on unconditional promises to give is \$11,200 at June 30, 2025, and \$13,500 at June 30, 2024. Net unconditional promises to give were \$89,645 at July 1, 2023.

#### Grants Receivable

Grants receivable consist of outstanding amounts due for grants which have been awarded to the Organization. The Organization recognizes grant income upon notification of the unconditional grant award or meeting the conditions of a conditional award.

#### Fair Value of Financial Instruments

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 inputs are unobservable inputs for the investment.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV). NAV is the amount of net assets attributable to the proportional interest in the fund balance.

The Organization's financial instruments, none of which are held for trading purposes, include cash, receivables, accounts payable, long-term debt, and lease liabilities. The Organization estimates that the fair value of all of these nonderivative financial instruments at June 30, 2025 and 2024 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated statement of financial position.

#### Property and Equipment

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
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**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

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**Note 2 - Summary of Significant Accounting Policies, continued**

Property and Equipment, continued

Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Buildings and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building and improvements	20-40 years
Furniture and equipment	5-10 years
Vehicles	5 years

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Beneficial Interest in Assets of Oregon Community Foundation

The Organization has transferred assets to the OCF which is holding them as an endowed component fund (Fund) for the benefit of the Organization. The Organization has granted OCF variance power which gives OCF's Board of Directors the power to use the Fund for other purposes in certain circumstances. The Fund is subject to OCF's investment and spending policies which currently result in a distribution to the Organization twice yearly, in June and December. The Organization reports the fair value of the beneficial interest in assets held at OCF in the consolidated statement of financial position and reports distributions as a reduction in the beneficial interest. Changes in the value of the Fund are reported as gains or losses in the consolidated statements of activities.

Compensated Absences

Accumulated flex leave is accrued as it is earned beginning on the first day of employment and payable upon termination to employees who have completed at least 24 months of employment with the Organization. The amount earned varies by length of employment. At no time can the total accumulation exceed 320 hours for an employee.

Deferred Revenue

Deferred revenues primarily consist of cash received on conditional grants for which the conditions have not been met at year-end.

Revenue Recognition

*Contributions and grants* - Contributions and grants revenue is recognized when received, which may be when the cash is received, unconditional promises to give are received, or ownership of other assets is transferred to CCSF. All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. 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.

The Organization receives substantially all of its revenue for services provided from governmental agencies, including the Department of Health and Human Services. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. Revenue is recognized as earned from third parties when the service has been performed and is reported at the estimated net realizable amounts. Revenue from contracts is recognized as earned when contract expenses are incurred to the maximum amount allowed for each contract award.

Revenue from grants and contracts is recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant or contract authorized. Deferred revenue results from grant awards and contracts received (or in accounts receivable) that are applicable to the subsequent period.

# CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY AND CENTRAL COAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

Years Ended June 30, 2025 and 2024

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### Note 2 - Summary of Significant Accounting Policies, continued

#### Revenue Recognition, continued

*Medical Billings* - The Organization recognizes revenue from contracts with customers (medical billings) at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The Organization evaluates collectability of revenue based on major payor groupings and uses historical experience to make estimates as required regarding expected levels of collection based on contractual rates with third-party payors. Revenue is recognized at a point in time as the services or goods are transferred. Contracts with customers generally consist of only one performance obligation.

*In-kind Services and Donations* - Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing these skills and typically would need to be purchased if not provided by donation. The fair values of contributed professional services meeting these criteria are recorded as contributions and as expenses in the accompanying consolidated statements of activities. The Organization also receives donated services from unpaid volunteers who perform a variety of tasks that support the Organization's activities.

#### Functional Allocation of Expenses

The cost of providing program and other activities has been summarized on a functional basis in the consolidated statements of activities and functional expenses. Wherever possible, expenses are allocated directly to the program that incurred the expense. In some cases, the financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and facilities and related costs, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

#### Income Taxes

CCS, CCSF, and ISN 501(c)(3) are public charities and are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (IRC). Telios, LLC; Father Taaffe Homes, LLC; Capital Professional Offices, LLC; Salem Self-Help Housing, LLC; MADP, LLC; Mill Creek Partners, LLC; Highland Station Partners, LLC; Lincoln Street Apartments, LLC; and St. Joseph Shelter LLC, are considered disregarded entities for income tax purposes and are included in the income tax returns filed by CCSF. CCS, CCSF, and ISN 501(c)(3) believe they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements.

ISN was originally incorporated as a limited liability company. In 2019 ISN became a single-member limited liability company due to CCS purchasing all interest of ISN. Under the provisions of the IRC, single-member limited liability companies are not subjected to income taxes, and any income or loss realized is taxed to the members. Accordingly, no provisions for income taxes appear in the consolidated financial statements. Management has evaluated tax positions taken by ISN and has determined that any uncertainty in those positions would not have a material effect on the consolidated financial statements.

PSLLC is a limited liability company with two members, Catholic Community Services Foundation and PacificSource Community Solutions. The activities of PSLLC align with the nonprofit activities of CCSF and as such the income of PSLLC is exempt from income taxes under section 501(c)(3) of the IRC.

The Fund is a trust formed under the provisions of the IRC section 642(c)(5) and is subject to the tax rules related to trusts. Management has evaluated tax positions taken by the Fund and has determined that any uncertainty in those positions would not have a material effect on the consolidated financial statements.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
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**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

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**Note 2 - Summary of Significant Accounting Policies, continued**

Leases

The Organization adheres to Accounting Standards Codification Topic 842, *Leases*. The standard provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes the previous U.S. GAAP guidance on leases and requires substantially all leases to be reported on the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Organization has operating and finance leases of office buildings, computers, copiers, and printers under agreements with contractual periods ranging from 1 to 11 years. Certain lease agreements contain scheduled rent escalation clauses and others include rental payments adjusted periodically depending on an index or rate. Some of the leases contain one or more options to extend. The exercise of lease renewal options is generally at the Organization's sole discretion. Options that are reasonably certain to be exercised, considering all relevant economic and financial factors, are included in the lease term. In one lease agreement the Organization is the tenant and subleases the building to a third party. Certain lease agreements also contain lease incentives, such as tenant improvement allowances and rent holidays. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees. The Organization elected the package of practical expedients permitted under the transition guidance within the standard which, among other things, allowed the Organization to carry forward the historical lease classification.

The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component (e.g., maintenance and operating services). Therefore, for those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract. All variable payments not based on a market rate or an index are expensed as incurred.

The Organization determines if an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. Key estimates and judgments include how the Organization determines the discount rate, the lease term, and the lease payments.

When the discount rate implicit in a lease is not readily determinable, the Organization calculates the lease liability using the risk-free rate.

Subsequent Events

The Organization has evaluated subsequent events through January 6, 2026, which is the date the consolidated financial statements were available to be issued.

**Note 3 - Availability and Liquidity of Assets**

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions, typically for capital improvement projects or for program specific operations. In addition, the Organization receives support without donor restrictions. And, to a certain degree, the Organization receives a small amount of permanently restricted donations to be held in perpetuity.

The Organization reinvests any investment income from its permanent fund back into the permanent fund for future earning potential. Investment earnings from contributions without donor restrictions, as well as earnings from donor-restricted and board-designated contributions without donor restrictions, may be used for general expenditures. General expenditures include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
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**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 3 - Availability and Liquidity of Assets, continued**

The Organization’s Board Designated Operating Reserve Policy defines excess reserves as those funds in a “restricted reserve” accessible only with the explicit approval of the Executive Director. The restricted reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes. If the restricted reserve balance amounts to less than one year of expenditures, the Organization shall make a minimum contribution on a monthly basis. The Board shall determine the minimum monthly contribution. The target minimum balance to the reserve is equal to one month’s average operating costs.

The Organization actively and carefully manages its cash available to meet general expenditures and may use board-designated reserves for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, or investment in infrastructure. Board-designated reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. Any use of board-designated reserves will be replenished within a reasonable period of time.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash	\$ 2,525,852	\$ 6,091,300
Accounts receivable, net	705,959	869,442
Unconditional promises to give to be received in one year	68,858	53,482
Notes receivable due in one year	<u>185,794</u>	<u>5,102</u>
Total financial assets	3,486,463	7,019,326
Less amounts not available to be used within one year:		
Board-designated funds	(1,115,615)	(1,229,901)
Cash held within PSLLC	(42,861)	(2,898,221)
Purpose restricted funds held for building renovations	<u>(146,296)</u>	<u>(503,726)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,181,691</u>	<u>\$ 2,387,478</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
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**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 4 - Cash and Restricted Cash**

The Organization maintains cash accounts at various financial institutions. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to \$250,000.

The Organization holds separate bank accounts with cash restricted for certain purposes. Cash amounts and their restrictive purposes were as follows for June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,525,852	\$ 6,091,300
Restricted Cash:		
Repairs and maintenance reserve	744,252	530,938
Rental security deposits	169,297	156,060
Property tax and insurance reserve	372,577	252,531
Operating reserves	<u>180,556</u>	<u>188,121</u>
Total Restricted Cash	<u>1,466,682</u>	<u>1,127,650</u>
Total Cash as Reported in the Statement of Cash Flows	<u>\$ 3,992,534</u>	<u>\$ 7,218,950</u>

**Note 5 - Unconditional Promises to Give**

Unconditional promises to give consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ 68,858	\$ 53,482
Due in one to five years	<u>149,318</u>	<u>84,473</u>
	218,176	137,955
Less:		
Allowance for uncollectible promises to give	(11,200)	(13,500)
Discount to present value rates ranging from 1.49% to 3.18%	<u>(18,358)</u>	<u>(11,558)</u>
	<u>\$ 188,618</u>	<u>\$ 112,897</u>

**Note 6 - Notes Receivable**

Notes receivable consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Note receivable from a third party individual from the sale of property, due October 2025 with payments of \$1,208 per month, including interest at 5.0%.	\$ <u>185,794</u>	\$ <u>190,898</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 7 - Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 15,633,677	\$ 15,615,766
Buildings and improvements	35,529,579	31,515,504
Office furniture and equipment	545,876	591,173
Vehicles	4,394	4,394
Leasehold improvements	4,630,505	4,630,505
	<u>56,344,031</u>	<u>52,357,342</u>
Less accumulated depreciation	<u>(9,355,101)</u>	<u>(8,366,043)</u>
	46,988,930	43,991,299
Construction in progress	<u>1,453,848</u>	<u>610,790</u>
	<u>\$ 48,442,778</u>	<u>\$ 44,602,089</u>

Depreciation expense was \$1,194,259 and \$1,057,927 for the years ended June 30, 2025 and 2024, respectively.

**Note 8 - Investments and Fair Value Measurements**

All investment amounts are held in the beneficial interest with the OCF. Fair value for the beneficial interest is measured using the fair value of the assets held in the fund as reported by OCF as of June 30, 2025 and 2024, NAV.

The following tables represent the fair value measurement hierarchy of investments and beneficial interests at June 30, 2025 and 2024:

Assets at Fair Value as of June 30, 2025					
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Beneficial interest in assets held at Oregon Community Foundation	\$ -	\$ -	\$ -	\$ 368,596	\$ 368,596

Assets at Fair Value as of June 30, 2024					
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Beneficial interest in assets held at Oregon Community Foundation	\$ -	\$ -	\$ -	\$ 332,157	\$ 332,157

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 8 - Investments and Fair Value Measurements, continued**

Commitments and redemption schedules for those investments valued based on NAV are as follows:

Assets at Fair Value as of June 30, 2025				
Description	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Beneficial interest	\$ 368,596	\$ -	n/a	n/a

Assets at Fair Value as of June 30, 2024				
Description	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Beneficial interest	\$ 332,157	\$ -	n/a	n/a

**Note 9 - Line of Credit**

CCS has three \$500,000 lines of credit with a financial institution that are collateralized by real property. During the year ended June 30, 2025, the lines of credit each bore interest at a rate of 8.5%. One line of credit was fully borrowed as of June 30, 2025. The fully borrowed line of credit matures on August 10, 2026, while the other two lines of credit mature on November 10 and December 10, 2029.

CCSF has a \$250,000 line of credit with a financial institution that is collateralized by real property. During the year ended June 30, 2025, the line of credit bore interest at a rate of 8.5%. The line of credit was fully borrowed as of June 30, 2025. The line of credit matures on August 20, 2025.

CCSF has a \$1,300,000 non-revolving line of credit with a private corporation that is unsecured. During the year ended June 30, 2025, the line of credit bore interest at a rate of 0%. The line of credit had a balance of \$250,000 as of June 30, 2025. The line of credit matures on September 30, 2026.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 10 - Long-Term Debt**

Balances of long-term debt are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
State of Oregon, Oregon Housing and Community Services Department, secured by real property. Balance is due in full in December 2038.	\$ 3,462,478	\$ 3,462,478
Below market interest rate loans, one with a monthly installment of \$600 and one payable annually in the amount of \$2,000, the remaining loans are all deferred with no payments, with interest of 0%. These notes are payable to City of Salem, due on dates ranging from December 2024 to indefinite time based on the cash flow of the property or sale, secured by real property.	1,193,402	1,231,139
Pioneer Trust Bank notes payable in monthly installments of \$10,960, including interest ranging from 4.5% to 5.5%, with maturities ranging from January 2026 to August 2030, secured by real property.	1,577,391	1,680,433
Citizens Bank note payable in monthly installments of \$4,416, including interest of 5% due December 2037, secured by real property.	607,091	624,361
Citizens Bank note payable in monthly installments of \$3,097, including interest of 6.52% due May 2038, secured by real property.	320,067	332,539
Citizens Bank note payable in monthly installments of \$1,822, including interest of 6.52% due June 2033, secured by real property.	-	144,703
Columbia Bank notes payable in monthly installments of \$2,882, including interest ranging from 5% to 5.63%, with maturities ranging from July 2030 to April 2039, secured by real property.	299,035	318,223
Columbia Bank notes payable in monthly installments of \$2,882, including interest ranging from 5% to 5.63%, with maturities ranging from July 2030 to April 2039, secured by real property.	335,096	-
Network of Affordable Housing note, due in monthly installments of \$2,540, including interest at 2.84%, due February 2037, secured by real property.	302,400	323,959
First Interstate Bank note payable in monthly installments of \$1,205 increasing 3% annually, including interest of 3.17%, due July 2038, secured by real property.	255,125	270,044
Notes payable to individuals in monthly installments of \$1,163, including interest between 6% and 7%, due between March 2022 and November 2036 or convertible to contributions upon each individual's death.	106,544	112,832
City of Salem note for Highland Station, repayment deferred, due upon sale of related property or 2027, secured by real property.	196,333	196,333
City of Salem note for Salem Self-Help Housing, LLC repayment deferred, due upon sale of related property or 2050, secured by real property.	104,784	115,262
Specialized Housing, Incorporated note payable in monthly installments of \$1,731, including interest at 3.5%, due December 2047, secured by real property.	323,209	332,495

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 10 - Long-Term Debt, continued**

	<u>2025</u>	<u>2024</u>
Specialized Housing, Incorporated note payable in monthly installments of \$1,500, including interest at 3.5%, due December 2047, secured by real property.	\$ 280,114	\$ 288,163
Specialized Housing, Incorporated note payable in monthly installments of \$1,414, including interest at 3.5%, due November 2047, secured by real property.	263,954	271,538
Oregon Housing note payable, deferred indefinitely.	19,229	19,988
People's Bank note payable in monthly installments ranging from \$10,904 to \$11,070, including interest at 4.25% to 4.44%, with final maturities in August 2031, with a balloon payment of \$1,432,042.	1,808,919	1,858,568
People's Bank note payable in monthly installments of \$13,068, including interest at 5.6%, with final maturities in July 2042.	1,770,294	1,832,267
Pioneer Trust Bank note payable in monthly installments of \$3,891, including interest at 4.5%, with final maturities in August 2026, secured by real property with a balloon payment of \$612,852.	632,995	652,189
Pioneer Trust Bank note payable in monthly installments of \$3,891, including interest at 4.5%, with final maturities in August 2026, secured by real property with a balloon payment of \$617,527.	637,594	656,554
Pioneer Trust Bank note payable in monthly installments of \$2,832, including interest 9%, with final maturities in April 2029, secured by real property with a balloon payment of \$320,226.	334,828	337,500
Benedictine Sisters Monastery note payable due in monthly interest at 3%, with final maturity in February 2029, with a balloon payment of \$1,475,000.	<u>1,475,000</u>	<u>1,475,000</u>
	16,305,882	16,536,568
Less adjustment to below market interest rate loans for imputed interest ranging from 3% to 4.25%.	(183,314)	(206,497)
Less loan fees	<u>(31,424)</u>	<u>(32,562)</u>
	<u>\$ 16,091,144</u>	<u>\$ 16,297,509</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 10 - Long-Term Debt, continued**

Amortization of imputed interest is included with interest expense on the consolidated statement of activities.

Future maturities of long-term debt as of June 30, 2025, are as follows:

Year Ending June 30.

2026	\$	987,533
2027		1,616,761
2028		493,014
2029		2,480,688
2030		381,337
Thereafter		10,346,549
	\$	<u>16,305,882</u>

**Note 11 - Right-of-Use Assets and Lease Liabilities**

The following summarizes the operating and finance leases as of June 30:

	<u>2025</u>	<u>2024</u>
<u>Operating Leases</u>		
Operating lease right-of-use assets	\$ 790,933	\$ 816,591
Accumulated amortization	<u>(99,498)</u>	<u>(224,530)</u>
Operating right-of-use lease assets, net	<u>\$ 691,435</u>	<u>\$ 592,061</u>
Current portion of operating lease liabilities	\$ 192,969	\$ 124,352
Operating lease liabilities, net of current portion	<u>523,655</u>	<u>468,751</u>
Total operating lease liabilities	<u>\$ 716,624</u>	<u>\$ 593,103</u>
<u>Finance Leases</u>		
Property and equipment	\$ 978,452	\$ 1,214,190
Accumulated amortization	<u>(344,967)</u>	<u>(315,004)</u>
Finance right-of-use lease assets, net	<u>\$ 633,485</u>	<u>\$ 899,186</u>
Current portion of finance lease liabilities	\$ 237,621	\$ 178,239
Finance lease liabilities, net of current portion	<u>373,327</u>	<u>586,406</u>
Total finance lease liabilities	<u>\$ 610,948</u>	<u>\$ 764,645</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 11 - Right-of-Use Assets and Lease Liabilities, continued**

The amounts contractually due on lease liabilities as of June 30, 2025, were as follows:

	Operating	Finance
2026	\$ 214,209	\$ 260,449
2027	166,614	176,139
2028	138,930	125,517
2029	101,488	76,069
2030	76,139	10,318
Thereafter	<u>75,337</u>	<u>-</u>
Total lease payments	772,717	648,492
Less interest	<u>(56,093)</u>	<u>(37,544)</u>
Present value of lease liabilities	<u>\$ 716,624</u>	<u>\$ 610,948</u>

The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the years ended June 30:

	2025	2024
Operating leases:		
Operating lease expense	\$ 218,842	\$ 221,317
Finance leases:		
Amortization of lease assets, included in depreciation and amortization	291,489	289,589
Interest on lease liabilities, included in interest expense	<u>28,342</u>	<u>31,247</u>
Total lease cost	<u>\$ 538,673</u>	<u>\$ 542,153</u>

Supplemental cash flow information related to leases was as follows for the years ended June 30:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 29,298	\$ 29,972
Financing cash flows from finance leases	261,058	348,655
Operating cash flows from operating leases	199,657	219,946
Lease assets obtained in exchange for lease liabilities:		
Operating leases	198,872	42,443
Finance leases	79,266	753,132

Supplemental statement of financial position information related to leases was as follows as of June 30:

	2025	2024
Weighted average remaining lease term - Operating leases	<u>4.56</u>	<u>5.69</u>
Weighted average remaining lease term - Finance leases	3.00	3.44
Weighted average discount rate - Operating leases	3.47%	2.98%
Weighted average discount rate - Finance leases	3.98%	4.03%

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 12 - Net Assets**

Board designated net assets consist of the following as of June 30:

	2025	2024
Operating Reserve	\$ 805,568	\$ 764,562
ISN 501(c)(3)	84,727	262,345
Strong Families	83,867	75,531
Father Taaffe	80,953	72,944
Mary Dell	60,500	54,519
	<u>\$ 1,115,615</u>	<u>\$ 1,229,901</u>

Net assets with donor restrictions were comprised of the following as of June 30:

	2025	2024
Purpose Restrictions:		
Forgivable Loans	\$ 2,624,251	\$ 2,624,254
Adult Residential	112,145	-
Building Rehab and Renovation Campaign	146,296	401,974
Child, Youth, and Family Services	2,000	-
Father Taaffe	331,419	197,329
Lodge	8,257	-
Counseling Center	4,220	-
Compass Point - Tokarski Trust	-	107,323
Salem Foundation - Epping Monastery Acquisition	-	101,752
Benedictine Sisters	101,115	101,115
Event Sponsorships	145,253	100,676
St. Joseph's Shelter	97,745	81,900
Fostering Hope	101,169	75,389
Strong Families	73,188	59,587
Residential Services	-	24,937
Heffeman Foundation	22,500	-
Monastery Endowment	209,876	10,100
Mission Benedict	-	10,000
Other	7,131	8,383
Total Purpose Restrictions	<u>3,986,565</u>	<u>3,904,719</u>
Time Restricted, net of allowance and discount	188,617	125,397
Endowments:		
Strong Families	64,849	64,848
Father Taaffe	2,483	2,483
Total Endowments	<u>67,332</u>	<u>67,331</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,242,514</u>	<u>\$ 4,097,447</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 12 - Net Assets, continued**

Net assets released from purpose or time restrictions were released for the following program activities:

	<u>2025</u>	<u>2024</u>
Satisfaction of Purpose Restrictions:		
Fostering Hope	\$ 635,605	\$ 886,006
Murdock	-	820,000
Employee Recognition & Events	1,062	-
Salem Foundation - Epping Monastery Acquisition	101,752	700,000
ISN	125	-
Lodge	1,743	-
Counseling Center	780	-
Fundraising for Residential Services OHCS	24,937	667,125
St. Joseph's Shelter	403,191	360,638
Marion County ARPA	500,000	250,000
Father Taaffe	162,262	217,749
Forgivable Loans	-	200,058
Building Rehab and Renovation Campaign	855,677	180,808
Heffeman Foundation	2,500	-
Portland General Electric	-	162,612
Mission Benedict	88,824	84,003
Child Care Program Tokarski	-	45,000
Monastery Architect Tokarski	7,429	17,571
Compass Points - Tokarski Trust	94,886	12,677
Rainbow Lodge	350	5,000
Other	3,939	40,618
Event Sponsorships	74,959	-
Mountain West Investment Corp	9,488	-
Monastery Endowment	23,320	-
Adult Residential	1,079	-
Total Satisfaction of Purpose Restrictions	<u>2,993,908</u>	<u>4,649,865</u>
Satisfaction of Time Restrictions	<u>60,794</u>	<u>43,631</u>
	<u>\$ 3,054,702</u>	<u>\$ 4,693,496</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 13 - Endowment**

The Organization has a beneficial interest in endowment funds that are held at OCF. OCF manages the funds in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). OCF's objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require the Organization to retain as a fund of perpetual duration. The Organization classifies perpetual in nature net assets held by OCF as:

1. The original value of gifts donated to the fund
2. The original value of subsequent gifts donated to the fund

The Organization has adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
4. Comply with applicable laws

The Board of Directors has established guidelines for the utilization of the endowment funds. The policy sets forth that the Organization shall accept current and deferred gifts to the endowment funds. The Organization's policy is to maintain the purchasing power of the funds in perpetuity. The annual spending rate is determined by OCF.

It is also the Organization's policy that perpetual in nature assets are reported at their original value at the time of the gift. Management keeps the original gift and realized and unrealized gains and losses on those assets linked for determining the fair value of the fund for administrative purposes. Investment income and realized and unrealized gains and losses on those assets are recorded as assets with donor restrictions until appropriated, and do not impact the amount of the perpetual in nature net assets.

Endowment composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowments	\$ 225,321	\$ -	\$ 225,321
Donor-restricted funds:			
Original donor-restricted gift required to be maintained in perpetuity	-	67,332	67,332
Accumulated investment gains	-	75,943	75,943
	<u>\$ 225,321</u>	<u>\$ 143,275</u>	<u>\$ 368,596</u>

Endowment composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowments	\$ 202,994	\$ -	\$ 202,994
Donor-restricted funds:			
Original donor-restricted gift required to be maintained in perpetuity	-	67,331	67,331
Accumulated investment gains	-	61,832	61,832
	<u>\$ 202,994</u>	<u>\$ 129,163</u>	<u>\$ 332,157</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

**Note 13 - Endowment, continued**

The following summarizes endowment related activity for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	\$ 202,994	\$ 129,163	\$ 332,157
Net investment gains	<u>22,327</u>	<u>14,112</u>	<u>36,439</u>
Endowment net assets, June 30, 2025	<u>\$ 225,321</u>	<u>\$ 143,275</u>	<u>\$ 368,596</u>

The following summarizes endowment related activity for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	\$ 183,827	\$ 117,047	\$ 300,874
Net investment loss	<u>19,167</u>	<u>12,116</u>	<u>31,283</u>
Endowment net assets, June 30, 2024	<u>\$ 202,994</u>	<u>\$ 129,163</u>	<u>\$ 332,157</u>

**Note 14 - Medical Billings**

Medical billings, net is as follows for the years ended June 30:

	2025	2024
Gross patient service charges	\$ 526,285	\$ 836,703
Contractual discounts	<u>(67,424)</u>	<u>(201,141)</u>
Patient service revenue, net	<u>\$ 458,861</u>	<u>\$ 635,562</u>

Included in accounts receivable are medical billings receivable of \$70,988 and \$72,261, for the years ended June 30, 2025 and 2024, respectively.

The amounts recorded as credit loss for the patient service billings were \$7,609 and \$18,480, for the years ended June 30, 2025 and 2024, respectively.

**Note 15 - Contingencies**

CCSF acquired property through grants sponsored by the City of Salem and Oregon Housing and Community Services. The terms of the loans include provisions that, if fulfilled, will result in the loans being forgiven. It is CCSF's intent to fulfill these requirements. Therefore, the loans have been recognized as grant revenue in the year of acquisition. However, if the provisions are not met CCSF will be required to repay the loans as follows:

	2025	2024
City of Salem and Oregon Housing and Community Services notes to be forgiven from 2024 to 2034. Conditions require that the properties be used as affordable housing for the term of the note.	<u>\$ 2,596,160</u>	<u>\$ 2,193,905</u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Consolidated Financial Statements**

Years Ended June 30, 2025 and 2024

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**Note 16 - Concentrations**

For the year ended June 30, 2025, 45% of the accounts receivable balance was due from three agencies (47% due from two agencies for the year ended June 30, 2024).

For the year ended June 30, 2025, 32% of the promises to give balance was due from three donors (22% due from three donors for the year ended June 30, 2024).

For the year ended June 30, 2025, 23% of the contributions balance was provided by two donors (41% was provided by three donors for the year ended June 30, 2024).

For the year ended June 30, 2025, 94% of the government fees balance was provided by one agency (99% due from two agencies for the year ended June 30, 2024).

For the year ended June 30, 2025, 46% of the grant revenue was provided by three entities (57% was provided by two entities for the year ended June 30, 2024).

**Note 17 - Retirement Plans**

CCS, CCSF, ISN, and ISN 501(c)(3) sponsor a 401(k) plan where employees can elect to defer compensation up to limits established by the IRC. Employees are eligible to participate in the plan based upon reaching age 21 and completing one year of service. Participants can elect to defer compensation up to limits established by the IRC. CCS, CCSF, ISN, and ISN 501(c)(3)'s matching contributions during the years ended June 30, 2025 and 2024, were \$178,605 and \$97,654, respectively.

**Note 18 - Subsequent Events**

Subsequent to year end, CCSF sold a portion of the Monastery property in Mt. Angel, Oregon known as the Shalom Center for \$750,000. The sale was finalized in November 2025 and CCSF received cash of \$400,000 as well as a ten-year note receivable of \$350,000 at a 5% interest rate from the purchaser. There was no outstanding debt on this property at the time of the sale.

CCS had two lines of credit which subsequent to year end were converted to debt at an 8.5% interest rate for \$4,026 per month each with maturity dates of November 10 and December 10, 2029, respectively.

CCSF has a line of credit which matures August 20, 2025. Subsequent to year end, CCSF received an agreement from the financial institution to term out the balance of the line of credit at a 5.99% interest rate with a 25-year amortization with a three-year maturity.

**Note 19 - Contributions of Nonfinancial Assets**

During the year ended June 30, 2024, CCSF purchased a property, both buildings and land, for \$2,500,000 in Mt. Angel, Oregon. However, the fair market value of the property, based on appraisals, was \$11,155,000 and as such \$8,655,000 was recognized as contribution of nonfinancial assets within support and revenue in the year.

## SUPPLEMENTAL INFORMATION

**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***

To the Board of Directors  
Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. and Affiliates  
Salem, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. (a nonprofit organization) and Affiliates (the Organization), which comprise the consolidated statement of financial position as of June 30, 2025, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 6, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity's consolidated 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 testing disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, CONTINUED*

**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.

*Aldrich CPAs + Advisors LLP*

Salem, Oregon  
January 6, 2026

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. and Affiliates  
Salem, Oregon

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited Catholic Community Services of the Mid-Willamette Valley and Central Coast, Inc. and Affiliates' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

#### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

## Auditor's Responsibilities for the Audit of Compliance, continued

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE,  
CONTINUED**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Aldrich CPAs + Advisors LLP*

Salem, Oregon  
January 6, 2026

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Identifier</u>	<u>Federal Expenditures</u>
<b>Department of Housing and Urban Development (HUD)</b>			
Passed through the City of Salem, Oregon:			
Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	M-15-DC-41-0204	\$ <u>390,399</u>
Total Entitlement Grants Cluster			<u>390,399</u>
Passed through the City of Salem, Oregon:			
HOME Investment Partnerships Program	14.239	2155-D-1	465,000
		M-14-DC-41-0204	574,000
		M-09-DC-41-0204	200,000
		3717-D-1	262,027
		M-15-MC-41-0204	196,523
		2978-D-1	647,270
		3716-D1	402,255
		96-25040	66,667
		3694-D1	43,486
		1863	232,530
		96-25033	196,333
Passed through the Oregon Housing and Community Services:			
HOME Investment Partnerships Program	14.239	X001-013	<u>169,160</u>
			<u>3,455,251</u>
Section 8 - Project-Based Cluster			
Passed through the City of Salem, Oregon	14.195		417,647
Passed through Marion County, Oregon	14.195		<u>13,957</u>
Subtotal Section 8 - Project-Based Cluster			<u>431,604</u>
Total Department of Housing and Urban Development			<u>3,886,855</u>
<b>Department of Health and Human Services (DHHS)</b>			
Passed through Marion County, Oregon:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	HE-4943-23	<u>500,000</u>
			<u>500,000</u>
Total Expenditures of Federal Awards			<u>\$ <u>4,777,254</u></u>

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Notes to Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2025

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Catholic Community Services Foundation (the Organization) under programs of the federal government for the year ended June 30, 2025. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2 - Summary of Significant Accounting Policies**

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.

Loan guarantees are reported in the Schedule at the beginning balance of each outstanding loan.

**Note 3 - Indirect Cost Rate**

The Organization does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance; they use a negotiated rate, approved by the granting agency, for each grant.

**Note 4 - Loans and Loan Guarantees**

The Organization has forgivable loans that have continuing compliance requirements included in the Schedule. The ending balances of both the loans and the forgivable loans reported in the Schedule are as follows at June 30, 2025:

	Assistance Listing Number	Balance
Entitlement Grants Cluster:		
Community Development Block Grants/Entitlement Grants	14.218	\$ 390,399
HOME Investment Partnerships Program	14.239	3,455,251
		\$ 3,845,650

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2025

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified?

       yes        X   none identified

Material weakness(es) identified?

       yes        X   no

Noncompliance material to the financial statements noted?

       yes        X   no

Federal Awards

Internal control over major programs:

Significant deficiency(ies) identified?

  X   yes             none identified

Material weakness(es) identified?

       yes        X   no

Type of auditors' 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)

  X   yes             no

Identification of major programs:

Assistance Listing Number

14.239

HOME Investment Partnerships Program

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee under 2 CFR 200.520?

  X   yes             no

**Section II - Financial Statement Findings**

None.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2025

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**Section III - Federal Award Findings and Questioned Costs**

**2025-001** Assistance Listing No. 14.239 HOME Investment Partnerships Program Special Tests and Provisions - Housing Quality Standards

**Criteria:** During the period of affordability (i.e., the period for which the nonfederal entity must maintain subsidized housing) for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than: (a) every three years for projects containing one to four units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR 92.209(i), 92.251(f), and 92.504(d)).

**Condition:** Of the 10 properties tested, one was out of compliance as an inspection should have been completed by October 2024.

**Cause:** The Organization is responsible for contacting the City of Salem (the City) and Oregon Housing and Community Services (OHCS) to schedule the inspections timely but there were delays caused by the COVID-19 pandemic.

**Effect:** Units could be out of compliance with housing quality standards.

**Questioned Costs:** None

**Recommendations:** We recommend the Organization set up a schedule and tracking system in order to contact the City and OHCS in advance of the due date of inspections in order to allow the City and OHCS sufficient time to complete the inspections timely.

**Views of Responsible Officials and Planned Corrective Actions:** See corrective action plan included in report.

**2025-002** Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Allowable Activities and Allowable Costs

**Criteria:** In accordance with the Uniform Guidance (2 CFR Part 200) and the U.S. Department of the Treasury Compliance and Reporting Guidance for ALN 21.027, recipients of SLFRF funds are required to ensure that all transfers or subawards of federal funds comply with applicable allowability requirements.

**Condition:** The Organization transferred a portion of the money received to PSLLC, which is outside of compliance requirements.

**Cause:** The condition occurred due to inadequate internal controls over the review and approval of fund transfers, including insufficient understanding of SLFRF compliance requirements and a lack of formal procedures to assess compliance prior to transferring funds.

**Effect:** As a result, SLFRF funds were used in a manner not in compliance with federal requirements, which may result in questioned costs, potential repayment of funds to the granting agency, and increased risk of noncompliance with federal grant regulations.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2025

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**Section III - Federal Award Findings and Questioned Costs, continued**

**2025-002, continued**

Questioned Costs: \$16,000

Recommendations: We recommend the Organization set up a system to review transfers of federal funding prior to the transfer taking place to ensure it is within the compliance requirements of the grant.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan included in report.

**CATHOLIC COMMUNITY SERVICES OF THE MID-WILLAMETTE VALLEY  
AND CENTRAL COAST, INC. AND AFFILIATES**

**Schedule of Prior Year Findings**

Year Ended June 30, 2025

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**Section IV - Prior Audit Findings**

**2024-001** Assistance Listing No. 14.239 HOME Investment Partnerships Program Special Tests and Provisions - Housing Quality Standards

Criteria: During the period of affordability (i.e., the period for which the nonfederal entity must maintain subsidized housing) for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than: (a) every three years for projects containing one to four units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR 92.209(i), 92.251(f), and 92.504(d)).

Condition: Of the 12 properties tested, five were out of compliance as an inspection should have been completed by October 2023 and one was out of compliance as an inspection should have been completed by September 2023.

Current Status: Repeat finding 2025-001.

**2024-002** Assistance Listing No. 14.239 HOME Investment Partnerships Program

Criteria: 2 CFR Part 92.209(h) establishes the maximum subsidy that a participating Organization may pay to, or on behalf of a family. The Organization must also establish a "minimum tenant contribution to rent."

Condition: The Organization established the maximum subsidy and the minimum tenant contribution to rent for a tenant during the fiscal year, but the amount actually charged to the tenant was different than the amount calculated.

Current Status: Addressed in 2025.

# Catholic Community Services

*We champion the positive development of children and adults,  
strengthen families and build community.*

January 6, 2026

U.S. Department of Housing and Urban Development

Catholic Community Services of the Mid-Willamette Valley and Central Coast and Affiliates respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Aldrich CPAs + Advisors LLP  
4275 Commercial St. SE #100  
Salem, OR 97302

Audit period: July 1, 2024 through June 30, 2025

## FEDERAL AWARD FINDINGS and QUESTIONED COSTS

**2025-001** Assistance Listing No. 14.239 HOME Investment Partnerships Program Special Tests and Provisions - Housing Quality Standards

Recommendation: The Organization set up a schedule and tracking system in order to contact the City and OHCS in advance of the due date of inspections in order to allow the City and OHCS sufficient time to complete the inspections timely.

Action: The Organization has created a tracking system that identifies when the last inspection was completed and when the next inspection should be due based on the number of units at each complex. NOTE: Inspections are not due until June through October of 2027 for complexes under the jurisdiction of the City of Salem.

**2025-002** Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Allowable Activities and Allowable Costs

Recommendation: We recommend the Organization set up a schedule and tracking system in order to contact the City and OHCS in advance of the due date of inspections in order to allow the City and OHCS sufficient time to complete the inspections timely.

Action: The Organization has set up a system to review transfers of federal funding by the Senior Asset Manager and Chief Financial Officer prior to the transfer taking place to ensure it is within the compliance requirements of the grant.

Sincerely yours,

Josh Graves  
Chief Executive Officer



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