

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Audited Financial Statements

Year Ended December 31, 2023

With Summarized Totals for the Year Ended December 31, 2022

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Independent Auditors' Report

To the Board of Directors
The Cathedral Center, Inc.
Milwaukee, Wisconsin

Opinion

We have audited the accompanying financial statements of The Cathedral Center, Inc. (a non profit organization) ("Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the 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 audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Report on Summarized Comparative Information

We have previously audited The Cathedral Center, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional revenue without donor restrictions and expenses, schedule of expenditures of federal and state awards and the DHS cost reimbursement award schedule, as required by the Wisconsin Department of Health Services Audit Guide, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 11, 2024 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial and compliance and the results of that testing, and not to provide an opinion on the 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.

A handwritten signature in black ink that reads "Reilly Penner Benton LLP". The signature is written in a cursive, flowing style.

April 11, 2024
Milwaukee, Wisconsin

THE CATHEDRAL CENTER, INC.

Milwaukee, Wisconsin

Statements of Financial Position

December 31, 2023 and 2022

Assets:	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and cash equivalents	\$ 1,160,122	\$ 1,510,922
Investments	1,459,723	905,103
Trade accounts receivable (net of allowance for credit losses of \$-0- as of December 31, 2023 and 2022)	16,605	14,078
Grants receivable, net	91,302	152,985
Promises to give, net	104,000	50,000
Prepaid expenses	11,666	5,629
Total current assets	<u>2,843,418</u>	<u>2,638,717</u>
Property and Equipment:		
Furniture and equipment	31,626	31,626
Leasehold improvements	43,140	43,140
Total property and equipment	<u>74,766</u>	<u>74,766</u>
Less: Accumulated depreciation and amortization	(35,180)	(28,100)
Net property and equipment	<u>39,586</u>	<u>46,666</u>
Other Assets:		
Operating lease right of use asset	<u>55,050</u>	<u>145,813</u>
Total assets	<u>\$ 2,938,054</u>	<u>\$ 2,831,196</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 50,458	\$ 43,589
Accrued payroll and related liabilities	117,347	88,786
Deferred revenue	21,291	---
Conditional advance	---	27,367
Operating lease liability, current portion	58,976	94,594
Total current liabilities	<u>248,072</u>	<u>254,336</u>
Noncurrent Liabilities:		
Operating lease liability, net of current portion	<u>---</u>	<u>58,976</u>
Total liabilities	248,072	313,312
Net Assets:		
Without donor restrictions	1,510,944	1,340,284
With donor restrictions	1,179,038	1,177,600
Total net assets	<u>2,689,982</u>	<u>2,517,884</u>
Total liabilities and net assets	<u>\$ 2,938,054</u>	<u>\$ 2,831,196</u>

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

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Statement of Activities
For the Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
Revenues:				
Exchange transactions:				
Program service fees	\$ 518,021	\$ ---	\$ 518,021	\$ 531,518
Administrative support	78,674	---	78,674	74,488
Total exchange transactions	<u>596,695</u>	<u>---</u>	<u>596,695</u>	<u>606,006</u>
Nonexchange transactions:				
Government grants:				
Milwaukee County	217,997	---	217,997	217,997
City of Milwaukee	156,170	---	156,170	222,623
Hunger Task Force	68,671	---	68,671	91,199
State Shelter Subsidy grant	212,600	---	212,600	193,590
Total government grants	<u>655,438</u>	<u>---</u>	<u>655,438</u>	<u>725,409</u>
Foundation grants	301,950	255,000	556,950	409,986
Corporate contributions	6,629	---	6,629	3,909
Individual and religious contributions	353,114	---	353,114	254,535
United Way	79,555	79,554	159,109	163,899
Contributed nonfinancial assets	199,142	---	199,142	153,306
Total nonexchange transactions	<u>1,595,828</u>	<u>334,554</u>	<u>1,930,382</u>	<u>1,711,044</u>
Special events:				
Revenues	110,515	---	110,515	83,575
Less: Direct benefit to donor	(6,952)	---	(6,952)	(1,380)
Net special events	<u>103,563</u>	<u>---</u>	<u>103,563</u>	<u>82,195</u>
Investment income	69,533	---	69,533	7,826
Miscellaneous revenue	3,336	---	3,336	3,341
Net assets released from restrictions	333,116	(333,116)	---	---
Net revenues	<u>2,702,071</u>	<u>1,438</u>	<u>2,703,509</u>	<u>2,410,412</u>
Expenses:				
Program services	2,292,814	---	2,292,814	2,157,383
Management and general	108,708	---	108,708	133,505
Fundraising	129,889	---	129,889	160,675
Total expenses	<u>2,531,411</u>	<u>---</u>	<u>2,531,411</u>	<u>2,451,563</u>
Change in net assets	170,660	1,438	172,098	(41,151)
Net assets, beginning of year	<u>1,340,284</u>	<u>1,177,600</u>	<u>2,517,884</u>	<u>2,559,035</u>
Net assets, end of year	<u>\$ 1,510,944</u>	<u>\$ 1,179,038</u>	<u>\$ 2,689,982</u>	<u>\$ 2,517,884</u>

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

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Cost of Direct Benefit to Donors</u>	<u>2023 Total</u>	<u>2022 Total</u>
Expenses:						
Salaries and wages	\$ 1,237,533	\$ 63,995	\$ 72,544	\$ ---	\$ 1,374,072	\$ 1,394,051
Retirement expenses	26,477	352	352	---	27,181	7,382
Employee benefits	148,620	1,391	1,407	---	151,418	151,487
Payroll taxes	102,444	5,027	5,825	---	113,296	110,813
Professional fees	69,423	4,614	4,760	---	78,797	73,620
Specific assistance to individuals	58,627	---	---	---	58,627	106,903
Office supplies	6,162	380	399	---	6,941	6,057
Program supplies	244,847	98	98	---	245,043	178,026
Telephone	18,245	2,123	1,593	---	21,961	20,252
Postage	1,699	440	2,050	---	4,189	1,689
Printing and copying	1,275	31	10,346	---	11,652	11,393
Depreciation and amortization	6,939	141	---	---	7,080	4,464
Occupancy expense	156,881	12,006	9,179	---	178,066	162,673
Utilities	69,244	2,366	994	---	72,604	67,758
Staff recruitment	14,155	3,886	601	---	18,642	2,592
Staff travel	1,038	82	53	---	1,173	1,158
Staff parking	5,036	2,795	2,707	---	10,538	11,279
Conferences and meetings	2,141	332	870	---	3,343	8,838
Insurance	40,157	3,359	1,743	---	45,259	31,835
Computer support	19,847	888	931	---	21,666	20,269
Membership dues and subscriptions	6,509	2,481	6,185	---	15,175	9,612
Volunteer expense	60	---	453	---	513	403
Advertising	---	---	1,724	---	1,724	3,433
Meals, lodging and entertainment	3,548	923	417	---	4,888	3,338
Repairs and maintenance	29,433	520	432	---	30,385	28,890
Miscellaneous expense	3,599	376	142	---	4,117	3,791
Non-Capital fixed asset purchases	18,875	102	103	---	19,080	24,989
Special event expenses	---	---	3,981	6,952	10,933	5,948
Subtotal	<u>2,292,814</u>	<u>108,708</u>	<u>129,889</u>	<u>6,952</u>	<u>2,538,363</u>	<u>2,452,943</u>
Less expenses included with revenues on the statement of activities	<u>---</u>	<u>---</u>	<u>---</u>	<u>(6,952)</u>	<u>(6,952)</u>	<u>(1,380)</u>
Total expenses	<u>\$ 2,292,814</u>	<u>\$ 108,708</u>	<u>\$ 129,889</u>	<u>\$ ---</u>	<u>\$ 2,531,411</u>	<u>\$ 2,451,563</u>

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

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 172,098	\$ (41,151)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	7,080	4,464
Realized and unrealized gains	(52,547)	(5,290)
Change in assets and liabilities:		
Trade accounts receivable, net	(2,527)	68,202
Grants receivable, net	61,683	(11,921)
Promises to give, net	(54,000)	75,000
Prepaid expenses	(6,037)	(4,344)
Operating lease assets and liabilities	(3,831)	7,757
Accounts payable	6,869	14,953
Accrued payroll and related liabilities	28,561	(43,278)
Deferred revenue	21,291	(9,308)
Conditional advance	(27,367)	27,367
Total adjustments	<u>(20,825)</u>	<u>123,602</u>
Net cash and cash equivalents provided by operating activities	151,273	82,451
 Cash Flows from Investing Activities:		
Purchase of investments	(705,000)	(1,105,033)
Proceeds from sale of investments	202,927	206,258
Net cash and cash equivalents used by investing activities	<u>(502,073)</u>	<u>(898,775)</u>
 Net decrease in cash and cash equivalents	(350,800)	(816,324)
 Cash and cash equivalents, beginning of year	<u>1,510,922</u>	<u>2,327,246</u>
 Cash and cash equivalents, end of year	\$ <u><u>1,160,122</u></u>	\$ <u><u>1,510,922</u></u>
 Supplemental disclosures:		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ <u><u>96,021</u></u>	\$ <u><u>93,209</u></u>

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

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Cathedral Center, Inc. ("Organization") seeks to end homelessness for women and families in Milwaukee County.

Basis of Accounting

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

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. The Organization has no net assets that are subject to perpetuity.

Income Taxes

The Organization is a nonprofit organization which is tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

The Organization has implemented accounting for uncertainty in income taxes in accordance with U.S.GAAP. This standard describes a recognition threshold and measurement attributable for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosure required. Management of the Organization evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. The Organization recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense.

Cash and Cash Equivalents

The Organization considers all checking, savings and money market accounts and all other highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Trade Accounts Receivable and Allowance for Credit Losses

1. **Measurement of Expected Credit Losses:** The Organization estimates expected credit losses on trade receivables based on historical credit loss experience, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the trade receivables.
2. **Credit Risk Profile:** The credit risk profile of trade receivables is categorized based on credit quality indicators. The Organization uses this information to determine appropriate allowances for expected credit losses.
3. **Significant Judgments and Estimates:** The determination of expected credit losses involves significant judgments and estimates. Changes in economic conditions or customer payment behavior may impact the allowance for credit losses.
4. **Allowance for Credit Losses Changes:** Management believes all amounts to be collectible, therefore an allowance for credit losses related to trade receivables has not been established for the year ended December 31, 2023.

The Organization believes that the allowance for credit losses is appropriate based on the information available as of December 31, 2023. Receivables are reviewed periodically by management to determine the adequacy of the allowance for credit losses. There was no credit loss expense for the year ended December 31, 2023.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as revenue or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The Organization had no write-offs for the year ended December 31, 2023.

Grants Receivable

Grants receivable represent consideration from state and local government agencies, of which the Organization has an unconditional right to receive. Receivables are recorded at contract value, less management's estimate for uncollectible amounts based on their experience relative to the total population of receivables. As of December 31, 2023, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Investment Valuation and Income Recognition

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition (Continued)

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Realized gains and losses and unrealized appreciation and depreciation of Organization's assets are reported in the statement of activities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2023.

Government Bonds: Valued by utilizing a yield-based matrix system to arrive at an estimated market value.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Property and Equipment and Depreciation and Amortization

Property and equipment are recorded at cost for items having a useful life of more than one year and an acquisition cost of \$5,000 or more. Furniture and equipment are depreciated using the straight-line method over the related asset's estimated useful life. Leasehold improvements are depreciated using the straight-line method over the lesser of the related asset's estimated useful life or expected stay at the leased property.

Depreciation and amortization expense amounted to \$7,080 for the year ended December 31, 2023.

Deferred Revenue

Deferred revenue consists of advance payments received for program service fees. Revenue will be recognized over the periods to which the services are provided. There was no deferred revenue as of December 31, 2022.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Conditional Advance

Conditional advance liabilities represent advance payments received on conditional federal contracts. Revenue will be recognized over the periods to which conditions are substantially met.

Leases

The Organization leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use (ROU) assets, current operating lease liabilities, and long-term operating lease liabilities on the Organization's balance sheets. Finance leases are included as finance lease right of use (ROU) assets, current finance lease liabilities, and long-term finance lease liabilities on the Organization's statements of financial position. The Organization does not have any finance leases.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a short-term basis.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the discount rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the discount rate option to its leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Revenue from performance obligations satisfied at a point in time or over a period of time consist of the following:

- **Program service fees** – The Organization jointly offers programs at the Friendship House, a separate nonprofit organization, for transitional living services. The two organizations jointly established three programs to serve the needs of women and women with children and families. The Organization is responsible for managing, supervising and providing various services related to the programs including marketing, human resources, financial services, supervision and other administrative functions. Friendship House approves the program budget, which includes a monthly administrative fee. Fee for service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the various services. Fee for service revenue is billed the month the services are provided. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied at the time the services are performed.
- **Administrative support** – recognized when the Organization provides support.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue from non-exchange transactions consist of the following:

- **Contributions of cash, foundation grants, and promises to give** - received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, 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. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized at prime interest rate and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.
- **Government grants** – Federal and state contracts are conditional upon the incurrence of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses incur.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- **Special event revenue** – The direct benefit to donors is recognized as revenue as an exchange transaction, while the remaining is recognized as a non-exchange contribution.

Contributed Nonfinancial Assets

Contributions of non-cash goods and services are stated at their fair value in the period received. Donated goods and services meeting recognition criteria under U.S. GAAP are recorded as support and an expense or additions to property and equipment. The Organization does not monetize any contributed nonfinancial assets unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

Advertising

Advertising costs are expensed as incurred. Advertising costs were \$1,724 for the year ended December 31, 2023.

Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Allocation of Functional Expenses

The Organization allocates costs to program, management and general or fundraising. Program costs are those associated with carrying out the mission; management and general are those for management of the Organization including accounting, office expense, budgeting or board of director costs; and fundraising costs are those attributed to the solicitation of contributions. Whenever possible, the Organization charges costs directly to program, management and general or fundraising. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, 401(k) retirement plan contributions, supplies, printing and postage which are allocated on the basis of actual time and effort. Occupancy expenses are allocated on a square foot basis.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Recently Adopted Accounting Guidance - Allowance for Credit Losses

In June 2016, the FASB issued guidance FASB ASC 326, Financial Instruments – Credit Losses (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model, that is referred to as the current expected credit loss ("CECL") methodology. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization has implemented the standard using the modified retrospective approach and has elected the practical expedient to not adjust the comparative periods presented in the financial statements. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (April 11, 2024). There were no subsequent events that require disclosure.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

2. Liquidity and Availability

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of financial position date, comprise of the following at December 31, 2023:

Cash and cash equivalents	\$ 1,160,122
Investments	1,459,723
Accounts receivable, net	16,605
Grants receivable, net	91,302
Promises to give, net	<u>104,000</u>
Total financial assets	2,831,752
Less amounts not available to be used within one year for obligations:	
Net assets with donor restrictions	(1,179,038)
Plus: Net assets with time restrictions to be met within one year	<u>104,000</u>
Financial assets available to meet obligations within one year	\$ <u>1,756,714</u>

The Organization receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. In addition, the Organization has a line of credit available to meet immediate cash needs. See Note 7 for information on the line of credit.

3. Investments

Investments as of December 31, 2023, consist solely of government bonds. These bonds are categorized as a level 2 investment and are recorded at fair value, which is in accordance with the requirements of U.S. GAAP.

Investment income as of December 31, 2023 is summarized as follows:

Interest income	\$ 16,986
Realized and unrealized gain	<u>52,547</u>
Investment income	\$ <u>69,533</u>

4. Promises to Give

The Organization has a \$104,000 promise to give balance from two donors as of December 31, 2023. The promises to give are expected to be collected in 2024, therefore no discount was necessary. Management believes all amounts to be collectible, therefore no allowance was necessary. There were no conditional promises to give as of December 31, 2023.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

5. Grants Receivable

Grants receivable consists of the following as of December 31, 2023:

<u>Source</u>	
City of Milwaukee	\$ 25,415
United Way	29,554
Milwaukee County	<u>36,333</u>
Total	\$ <u>91,302</u>

6. Leases

The Organization leases space used for programming under an agreement which terminates on June 30, 2024. In addition, the Organization leases office space under an agreement which terminates on September 30, 2024.

The components of occupancy expense were as follows for the year ending December 31, 2023:

Operating lease cost	\$ 92,190
Additional base rent	16,760
Contributed rent	<u>69,116</u>
Total	\$ <u>178,066</u>

The following summarizes the weighted average remaining lease term and discount rates as of December 31, 2023:

Weighted Average Remaining Lease Term	
Operating leases	0.63 years
Weighted Average Discount Rate	
Operating leases	1.39%

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

Year ended December 31, 2024	\$ 59,200
Less: Imputed interest	<u>(224)</u>
Total	\$ <u>58,976</u>

7. Line of Credit

The Organization has a \$200,000 revolving line of credit, which was not drawn on and has a balance of \$0 as of December 31, 2023. Interest on the line of credit is payable monthly at an interest rate of the prime rate as published in The Wall Street Journal. The interest rate was 8.5% as of December 31, 2023. The line of credit matures on June 30, 2024. The line of credit is secured by all assets of the Organization.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

8. Net Assets With Donor Restrictions

Net assets with donor restriction consist of the following as of December 31, 2023:

Subject to passage of time	\$	50,000
Subject to purpose restriction:		
Case management (Also subject to time restriction)		29,554
Day one fund		844,484
Children and family program		20,000
Shelter services (Including \$54,000 time restriction)		<u>235,000</u>
Total subject to purpose restriction		<u>1,129,038</u>
 Total net assets with donor restriction	 \$	 <u>1,179,038</u>

9. Special Events

Special event activities are reported by their natural classification in the statements of activities. Gross special event revenues and expenses are as follows for the year ended December 31, 2023:

Revenue:		
Non-exchange contributions	\$	103,563
Exchange direct benefit to donor		<u>6,952</u>
Total revenue		110,515
Expenses:		
Direct benefit to donors		(6,952)
Incidental benefits		<u>(3,981)</u>
Total expense		<u>(10,933)</u>
Special events, net	\$	<u>99,582</u>

10. Contributed Nonfinancial Assets

Contributed nonfinancial assets of non-cash supplies and services are recorded as revenue and expenses at their fair value. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses, receivables or as additions to property and equipment. The statement of activities includes the following contributed nonfinancial assets recognized by category for the year ended December 31, 2023:

<u>Type</u>	<u>Revenue Recognized</u>	<u>Utilization in Program/Activities</u>	<u>Classification on Statement of Activities</u>
Rent	\$ 69,116	Programming	Contributed nonfinancial assets
Meals:			
	72,405	Programming	Contributed nonfinancial assets
	<u>3,144</u>	Programming	Hunger Task Force
Total meals	75,549		
Supplies	<u>57,621</u>	Programming	Contributed nonfinancial assets
Total revenue	\$ <u>202,286</u>		

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2023
(Continued)

10. Contributed Nonfinancial Assets (Continued)

The Organization used the following valuation techniques and inputs to recognize contributed nonfinancial assets:

Rent – Building space, located in Milwaukee, Wisconsin, is valued at the estimated fair value based on a recent rental agreement.

Meals and supplies – Valued at the estimated fair value based on retail rates for similar goods.

There were no donor restrictions on any of the contributed nonfinancial assets received for the year ended December 31, 2023.

A substantial number of volunteers have donated time to the Organization's program services and fund-raising campaigns during the year. These donated services are not reflected in the financial statements since the services do not require specialized skills and do not meet the requirements of accounting principles generally accepted in the United States of America.

11. Concentrations

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Organization maintains its cash with two financial institutions. The total cash balances of the Organization are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor, per bank. The Organization held cash throughout the year which, at times, may have exceeded the balance insured by the FDIC. The Organization monitors such credit risk and has not experienced any losses related to such risks.

Approximately 19% of the Organization's net revenue was derived from program service fees from the Friendship House for the year ended December 31, 2023.

12. Financial Awards from Grantors

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions.

13. Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks of loss 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 that such changes could materially affect investment balances and the amounts reported in the statements of financial position.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Schedule of Functional Revenue Without Donor Restrictions and Expenses
For the Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	Program					2023 Total	2022 Total
	Shelter	Case Management	Friendship House	Management and General	Fundraising		
Revenues:							
Exchange transactions:							
Program service fees	\$ ---	\$ ---	\$ 518,021	\$ ---	\$ ---	\$ 518,021	\$ 531,518
Administrative support	---	---	78,674	---	---	78,674	74,488
Total exchange transactions	---	---	596,695	---	---	596,695	606,006
Nonexchange transactions:							
Government grants:							
Milwaukee County	217,997	---	---	---	---	217,997	217,997
City of Milwaukee	156,170	---	---	---	---	156,170	222,623
Hunger Task Force	68,671	---	---	---	---	68,671	91,199
State Shelter Subsidy grant	212,600	---	---	---	---	212,600	193,590
Total government grants	655,438	---	---	---	---	655,438	725,409
Foundation grants	15,000	70,000	---	---	216,950	301,950	341,061
Corporate contributions	---	---	---	---	6,629	6,629	3,909
Individual and religious contributions	57,381	---	---	---	295,733	353,114	241,971
United Way	---	79,555	---	---	---	79,555	113,899
Contributed nonfinancial assets	180,842	13,823	---	1,382	3,095	199,142	153,306
Total nonexchange transactions	908,661	163,378	---	1,382	522,407	1,595,828	1,579,555
Special events:							
Revenues	---	---	---	---	110,515	110,515	83,575
Less: Direct benefit to donor	---	---	---	---	(6,952)	(6,952)	(1,380)
Net special events	---	---	---	---	103,563	103,563	82,195
Investment return - net	---	---	---	---	69,533	69,533	7,826
Miscellaneous revenue	---	---	---	---	3,336	3,336	3,341
Net assets released from restrictions	---	79,554	---	---	255,000	334,554	131,489
Total revenue (carried forward)	\$ 908,661	\$ 242,932	\$ 596,695	\$ 1,382	\$ 953,839	\$ 2,703,509	\$ 2,410,412

See independent auditors' report.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Schedule of Functional Revenue Without Donor Restrictions and Expenses
For the Year Ended December 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	<u>Program</u>					<u>2023</u>	<u>2022</u>
	<u>Shelter</u>	<u>Case Management</u>	<u>Friendship House</u>	<u>Management and General</u>	<u>Fundraising</u>		
Total revenue (brought forward)	\$ 908,661	\$ 242,932	\$ 596,695	\$ 1,382	\$ 953,839	\$ 2,703,509	\$ 2,410,412
Expenses:							
Salaries and wages	620,278	194,993	422,262	63,995	72,544	1,374,072	1,394,051
Retirement expenses	17,015	6,166	3,296	352	352	27,181	7,382
Employee benefits	84,647	34,575	29,398	1,391	1,407	151,418	151,487
Payroll taxes	51,158	15,708	35,578	5,027	5,825	113,296	110,813
Professional fees	50,203	4,720	14,500	4,614	4,760	78,797	73,620
Specific assistance to individuals	17,487	36,838	4,302	---	---	58,627	106,903
Office supplies	3,793	1,413	956	380	399	6,941	6,057
Program supplies	215,345	2,081	27,421	98	98	245,043	178,026
Telephone	6,118	4,606	7,521	2,123	1,593	21,961	20,252
Postage	221	670	808	440	2,050	4,189	1,689
Printing and copying	57	129	1,089	31	10,346	11,652	11,393
Depreciation	5,523	1,416	---	141	---	7,080	4,464
Rent expense	112,564	44,317	---	12,006	9,179	178,066	162,673
Utilities	55,535	13,709	---	2,366	994	72,604	67,758
Staff recruitment	8,650	4,776	729	3,886	601	18,642	2,592
Staff travel	377	465	196	82	53	1,173	1,158
Staff parking	2,341	2,639	56	2,795	2,707	10,538	11,279
Conferences and meetings	408	801	932	332	870	3,343	8,838
Insurance	25,736	5,122	9,299	3,359	1,743	45,259	31,835
Computer support	8,340	3,760	7,747	888	931	21,666	20,269
Membership dues and subscriptions	4,704	1,214	591	2,481	6,185	15,175	9,612
Volunteer expense	60	---	---	---	453	513	403
Advertising	---	---	---	---	1,724	1,724	3,433
Meals, lodging and entertainment	1,740	183	1,625	923	417	4,888	3,338
Repairs and maintenance	18,932	1,782	8,719	520	432	30,385	28,890
Miscellaneous expense	1,380	725	1,494	376	142	4,117	3,791
Non-Capital fixed asset purchases	14,039	581	4,255	102	103	19,080	24,989
Special event expenses	---	---	---	---	3,981	3,981	4,568
Total expenses	<u>1,326,651</u>	<u>383,389</u>	<u>582,774</u>	<u>108,708</u>	<u>129,889</u>	<u>2,531,411</u>	<u>2,451,563</u>
Change in net assets	<u>\$ (417,990)</u>	<u>\$ (140,457)</u>	<u>\$ 13,921</u>	<u>\$ (107,326)</u>	<u>\$ 823,950</u>	<u>\$ 172,098</u>	<u>\$ (41,151)</u>

See independent auditors' report.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

DHS Cost Reimbursement Award Schedule
Year Ended December 31, 2023

Program:		Housing Focused Shelter
Contract Number:		40-22668-500
Award Amount	\$	217,997
Award Period		1/1/23 - 12/31/23
Period of Award Within Audit Period		1/1/23 - 12/31/23
<hr/>		
Revenues:		
DHS revenue received	\$	217,997
Expenses:		
Salaries		815,271
Employee benefits		119,222
Payroll taxes		83,719
Professional fees		80,450
Supplies		93,399
Telephone		10,724
Postage and shipping		890
Occupancy		190,843
Equipment costs		14,941
Printing & publications		186
Employee travel		842
Conferences, conventions and meetings		1,209
Specific assistance to individuals		40,920
Membership dues		5,918
Allocated costs		106,544
Client transportation		13,405
Total expenses		1,578,483
<hr/>		
Less: program revenue and other offsets to costs		(873,662)
<hr/>		
Deficiency of Revenues over Expenses	\$	(486,824)
<hr/> <hr/>		

See independent auditors' report.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Schedule of Expenditures of Federal and State Government Awards
For the Year Ended December 31, 2023

Grantor Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Expenditures:			
U.S. Department of Agriculture			
Passed through Hunger Task Force:			
TEFAP/Government Commodity Food	10.569	N/A	\$ 2,707
U.S. Department of Housing and Urban Development:			
CDBG - Entitlement Grants Cluster			
Passed through the City of Milwaukee:			
Community Development Block Grant	14.218	CD3165052848	76,000
Passed through City of Milwaukee:			
Emergency Solutions Grant Program	14.231	CD3165052848	53,800
Passed through Wisconsin Department of Administration			
Passed through the City of Milwaukee			
Emergency Solutions Grant Program	14.231	GR1542131200	<u>26,370</u>
Total emergency solutions grant program			<u>80,170</u>
Total U.S. Department of Housing and Urban Development			156,170
U.S. Department of Treasury:			
Passed through Hunger Task Force:			
ARPA/Government Funded Food	21.027	N/A	38,160
U.S. Department of Homeland Security:			
Passed through Hunger Task Force:			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>27,804</u>
Total federal expenditures			<u>\$ 224,841</u>
State Expenditures:			
Passed through Wisconsin Department of Administration			
State Shelter Grant Program	505.707A		\$ 212,600
Passed through Department of Health Services:			
Basic County Allocation - Emergency Shelter Care	435.561		<u>217,997</u>
Total state expenditures			<u>\$ 430,597</u>

See independent auditors' report.

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

**Notes to Schedule of Expenditures of
Federal and State Government Awards**
Year Ended December 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of the Organization under programs of the federal and state government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of the Wisconsin Department of Health Services Audit Guide. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2. Basis of Accounting

The accompanying schedule of expenditures of federal and state awards is presented using the accrual basis of accounting; whereby, revenues are recognized when earned and expenses are recorded as liabilities when incurred.



INDEPENDENT AUDITORS' 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 AND THE WISCONSIN DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE

Board of Directors
The Cathedral Center, Inc.
Milwaukee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Wisconsin Department of Health Services ("DHS") Audit Guide, the financial statements of The Cathedral Center, Inc. ("Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Wisconsin DHS Audit Guide, October 2018 version.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Wisconsin DHS Audit Guide, October 2018 version*, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reilly Penner Benton LLP

April 11, 2024
Milwaukee, Wisconsin

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I. Summary of Auditors' Results

Schedule of Expenditures of Federal and State Awards

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued on whether the Schedule of Expenditures of Federal and State Awards audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal Control over financial reporting: | |
| A. Material weaknesses identified | None |
| B. Significant deficiencies identified | No |
| 3. Noncompliance material to financial statements? | None noted |

State Awards

- | | |
|-----------------------------------------------------------------------------------------------------------------------------|---------------|
| 4. Internal control over major programs: | |
| A. Significant deficiency(ies) identified? | No |
| B. Material weakness(es) identified? | None reported |
| 5. Any audit findings disclosed that are required to be reported in accordance with Wisconsin State Single Audit Guidelines | None noted |
| 6. Type of auditor's report issues on compliance for major programs: | Unmodified |
| 7. Identification of major state programs: | |

Name of State Program or Cluster

State of Wisconsin Department of Health Services for Outreach Services

Section II. Financial Statement Findings

No financial statement findings

Section III. State Award Findings and Questioned Costs

No matters were reported

THE CATHEDRAL CENTER, INC.
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section IV. Other Issues

1. Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable conditions, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with Government Auditing Standards:

Department of Health Services	No
Department of Workforce Development	N/A
Department of Corrections	N/A

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner 

Brandon Panka, CPA

5. Date of Report April 11, 2024