WEST SIDE CATHOLIC CENTER
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2020 and 2019

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

CONTENTS

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Independent Auditors' Report

Board of Directors
West Side Catholic Center
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of West Side Catholic Center (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of West Side Catholic Center and Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary 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 ("CFR") 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 audits 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 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 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 February 26, 2021 on our consideration of West Side Catholic Center and Subsidiary's internal control over financial reporting and on our tests of their 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 West Side Catholic Center and Subsidiary'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 West Side Catholic Center and Subsidiary's internal control over financial reporting and compliance.

Maloney + Novotny LLC

Cleveland, Ohio
February 26, 2021

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 1,093,945	$ 787,018
Funds held in trust	26,225	22,167
Receivables:		
Pledges receivable - net	1,000	9,556
Grants receivable	187,750	158,559
Other receivable	44,074	26,084
Prepaid expenses and other assets	42,941	68,679
Investments - non-endowed	454,552	403,158
Investments - endowed	2,664,904	2,245,956
Property and equipment - net	3,621,772	3,744,775
TOTAL ASSETS	$ 8,137,163	$ 7,465,952
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 60,962	$ 115,404
Accrued liabilities and other	105,060	77,505
Funds held in trust	26,225	22,167
Forgivable loan payable	85,884	100,198
Paycheck protection program loan	295,200	-
TOTAL LIABILITIES	573,331	315,274
NET ASSETS		
Without donor restrictions	4,883,880	4,621,762
With donor restrictions	2,679,952	2,528,916
TOTAL NET ASSETS	7,563,832	7,150,678
TOTAL LIABILITIES AND NET ASSETS	$ 8,137,163	$ 7,465,952

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

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	$ 1,329,811	$ 3,159	$ 1,332,970
Special event - net of $45,143 in direct expenses	202,983		202,983
United Way contributions	144,937		144,937
Grants	1,423,565	216,844	1,640,409
Net realized and unrealized gains on investments	11,005	265,423	276,428
Investment income, net	3,244	36,983	40,227
Other income	60,061		60,061
Pizzeria sales	258,532		258,532
Total revenues	3,434,138	522,409	3,956,547
Net assets released from restrictions	371,373	(371,373)	-
	3,805,511	151,036	3,956,547
EXPENSES			
Program services:			
Center	764,464		764,464
Shelter	735,729		735,729
Economic Opportunity	343,994		343,994
Housing	763,416		763,416
Family engagement	382,887		382,887
Ohio City Pizzeria, LLC	312,789		312,789
Total program services	3,303,279		3,303,279
Support services:			
General and administrative	126,353		126,353
Fundraising	113,761		113,761
Total support services	240,114		240,114
Total expenses	3,543,393		3,543,393
CHANGES IN NET ASSETS	262,118	151,036	413,154
NET ASSETS AT BEGINNING OF YEAR	4,621,762	2,528,916	7,150,678
NET ASSETS AT END OF YEAR	$ 4,883,880	$ 2,679,952	$ 7,563,832

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

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	$ 1,019,959	$ 8,625	$ 1,028,584
Special event - net of $112,139 in direct expenses	285,027		285,027
United Way contributions	146,331	56,126	202,457
Grants	1,324,808	298,500	1,623,308
Net realized and unrealized gains on investments	21,571	305,682	327,253
Investment income, net	8,541	37,738	46,279
Other income	76,410		76,410
Pizzeria sales	162,420		162,420
Total revenues	3,045,067	706,671	3,751,738
Net assets released from restrictions	455,692	(455,692)	-
	3,500,759	250,979	3,751,738
EXPENSES			
Program services:			
Center	802,691		802,691
Shelter	873,446		873,446
Economic Opportunity	324,655		324,655
Housing	935,797		935,797
Ohio City Pizzeria, LLC	381,372		381,372
Total program services	3,317,961		3,317,961
Support services:			
General and administrative	119,075		119,075
Fundraising	129,462		129,462
Total support services	248,537		248,537
Total expenses	3,566,498		3,566,498
CHANGES IN NET ASSETS	(65,739)	250,979	185,240
NET ASSETS AT BEGINNING OF YEAR	4,687,501	2,277,937	6,965,438
NET ASSETS AT END OF YEAR	$ 4,621,762	$ 2,528,916	$ 7,150,678

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

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Center	Shelter	Economic Opportunity	Housing	Family Engagement	Ohio City Pizzeria, LLC	General and Administrative	Fundraising	Total
OPERATING EXPENSE									
Wages and benefits:									
Wages	$ 364,701	$ 456,797	$ 215,831	$ 272,658	$ 289,870	$ 112,153	$ 35,619	$ 54,981	$ 1,802,610
Benefits	99,807	113,534	38,845	68,108	48,221	9,648	586	14,123	392,872
Total wages and benefits	464,508	570,331	254,676	340,766	338,091	121,801	36,205	69,104	2,195,482
Direct program expense:									
Client expense									
EDEN				361,055					361,055
Food and beverage	52,284	43,207	834		19,962				116,287
Kitchen supplies	11,570	1,211				24,769	12		37,562
Program expense	16,014	2,425	1,568	1,063	6,860		10		27,940
Client assistance	6,360	167	4,545	2,170	193				13,435
Ohio City Pizzeria, LLC expense									
Delivery fees						19,662			19,662
Food and beverage						89,089			89,089
Total direct client expenses	86,228	47,010	6,947	364,288	27,015	133,520	22		665,030
Occupancy:									
Utilities	11,405	22,913	7,512	7,932	4,408	20,137	2,433	2,038	78,778
Pest control	1,735	721	342			812	10		3,620
Janitorial supplies	15,455	9,157	3,960	1,580	1,185	1,380	3,035	197	35,949
Waste removal	2,291	2,291				5,138			9,720
Security	45,401	2,996	3,183	156					51,736
Insurance	4,217	3,831	825	3,210	570	1,215	825	525	15,218
Building maintenance	25,384	10,556	5,298	146		10,926			52,310
Total occupancy	105,888	52,465	21,120	13,024	6,163	39,608	6,303	2,760	247,331
General and administrative costs:									
Professional fees	2,460	2,460	8,460	2,460	1,845		4,408	307	22,400
Staff development	80	80	80	60	65		525	8	898
Staff appreciation	1,113	1,182	888	1,088	821		3,495	276	8,863
Vehicles and transportation	628	137	183	1,802	825		15		3,590
Computer expenses	9,065	9,851	8,919	9,851	4,997		18,398	13,812	74,893
Office expense	493	178	685	725	1,797		4,331	140	8,349
Volunteer expense	616							20	636
Other administrative costs	2,381	2,492	2,743	498	523	10,208	26,729	2,884	48,458
Total general and administrative costs	16,836	16,380	21,958	16,484	10,873	10,208	57,901	17,447	168,087
Advertising and marketing:									
Postage			13				3,744	5,275	9,032
Printing	2,174	341	341	341	727		93	6,352	10,369
Public relations							4,404		4,404
Marketing	250		67			5,496		47,696	53,509
Miscellaneous	34,961					902			35,863
Total advertising and marketing	37,385	341	421	341	727	6,398	8,241	59,323	113,177
Total expenses before depreciation	710,845	686,527	305,122	734,903	382,869	311,535	108,672	148,634	3,389,107
Depreciation	53,619	49,202	38,872	28,513	18	1,254	17,681	10,270	199,429
	764,464	735,729	343,994	763,416	382,887	312,789	126,353	158,904	3,588,536
Less expenses included with special events, net on the consolidated statement of activities								(45,143)	(45,143)
Total expense	$ 764,464	$ 735,729	$ 343,994	$ 763,416	$ 382,887	$ 312,789	$ 126,353	$ 113,761	$ 3,543,393

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

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	Center	Shelter	Economic Opportunity	Housing	Ohio City Pizzeria, LLC	General and Administrative	Fundraising	Total
OPERATING EXPENSE								
Wages and benefits:								
Wages	$ 435,884	$ 530,274	$ 196,265	$ 397,395	$ 88,471	$ 42,730	$ 58,197	$ 1,749,216
Benefits	97,536	159,288	46,031	98,560	16,901	(5,673)	18,852	431,495
Total wages and benefits	533,420	689,562	242,296	495,955	105,372	37,057	77,049	2,180,711
Direct program expense:								
Client expense								
Food and beverage	60,105	49,613	564					110,282
Kitchen supplies	4,205	3,113	73					7,391
Program expense	12,657	4,830	1,404	11,898				30,789
Rent subsidy - Zacchaeus				320,789				320,789
Client assistance	22,298	2,030	3,070	4,050				31,448
Ohio City Pizzeria, LLC expense								
Food and beverage					80,271			80,271
Total program expenses	99,265	59,586	5,111	336,737	80,271			580,970
Occupancy:								
Utilities	15,520	24,556	9,130	16,402	19,151	4,647	3,107	92,513
Security	36,093	1,789	1,080					38,962
Insurance	2,899	2,665	354	2,304	2,090	1,300	234	11,846
Building maintenance	38,702	26,537	8,632	96	33,662	2,772		110,401
Total occupancy	93,214	55,547	19,196	18,802	54,903	8,719	3,341	253,722
General and administrative costs:								
Professional fees	3,125	3,125	2,500	3,125	12,500	1,813	313	26,501
Computer expenses	12,831	14,256	13,637	14,106		18,039	12,347	85,216
Office expense	3,558	1,544	3,966	1,417	2,718	7,244	1,664	22,111
Vehicles and transportation	1,757	518	104	8,375		403	61	11,218
Other administrative costs	5,476	2,912	2,757	29,895	19,819	21,384	4,803	87,046
Total general and administrative costs	26,747	22,355	22,964	56,918	35,037	48,883	19,188	232,092
Advertising and marketing:								
Postage						5,874	6,773	12,647
Printing	705	705	564	743		588	8,485	11,790
Marketing					6,005	2,274	117,375	125,654
Total advertising and marketing	705	705	564	743	6,005	8,736	132,633	150,091
Total expenses before depreciation	753,351	827,755	290,131	909,155	281,588	103,395	232,211	3,397,586
Depreciation	49,340	45,691	34,524	26,642	627	15,680	9,390	181,894
Start-up expense					99,157			99,157
	802,691	873,446	324,655	935,797	381,372	119,075	241,601	3,678,637
Less expenses included with special events, net on the consolidated statement of activities							(112,139)	(112,139)
Total expense	$ 802,691	$ 873,446	$ 324,655	$ 935,797	$ 381,372	$ 119,075	$ 129,462	$ 3,566,498

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 413,154	$ 185,240
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	199,429	181,894
Net realized and unrealized gains on investments	(276,428)	(327,253)
Forgiveness of loan	(14,314)	(14,314)
Contributions restricted for investments in plant	(72,308)	(75,141)
Changes in operating assets and liabilities:		
Pledges receivable	8,556	63,158
Grants receivable	(29,191)	180,764
Other receivable	(17,990)	(16,084)
Prepaid expenses and other assets	25,738	(40,857)
Accounts payable	(54,442)	106,016
Accrued liabilities and other	27,555	22,157
Total adjustments	(203,395)	80,340
Net cash provided by operating activities	209,759	265,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(76,426)	(238,280)
Proceeds from investments	21,212	44,819
Purchases of investments	(215,126)	(131,216)
Net cash used in investing activities	(270,340)	(324,677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investments in plant	72,308	75,141
Proceeds from PPP loan	295,200	-
Net cash provided by financing activities	367,508	75,141
Change in cash and cash equivalents	306,927	16,044
Cash and cash equivalents at beginning of year	787,018	770,974
Cash and cash equivalents at end of year	$ 1,093,945	$ 787,018

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

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities – West Side Catholic Center provides various services to low-income persons in Cuyahoga County, Ohio. Its sources of revenues are derived principally from grants, public contributions, and the United Way.

West Side Catholic Center is the sole member of Ohio City Pizzeria, LLC, which was incorporated during 2019 to provide employment opportunities to the people served by West Side Catholic Center, grow awareness of West Side Catholic Center, and to provide an additional revenue stream to support the operations of West Side Catholic Center.

The consolidated financial statements include the accounts of West Side Catholic Center and Ohio City Pizzeria, LLC, collectively the "Organization." All significant intercompany transactions and accounts are eliminated in consolidation.

B. Basis of Accounting – The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. This category includes net assets designated by the Board for endowment. At December 31, 2020 and 2019, board-designated net assets were $205,954 and $89,413, respectively.

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 resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

D. Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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 could differ from those estimates.

E. Cash and Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents exclude any cash or cash equivalents maintained in a professional investment account. The Organization's cash balances may exceed the insured amount from time to time.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Funds Held in Trust – The Organization is a member of the Identification Crisis in Cleveland Collaboration (the "Collaboration") which was formed to address a major obstacle for people that are poor - the inaccessibility of their own birth certificates and state identification. The Collaboration was formed by seven different agencies and churches, including the West Side Catholic Center. The Organization, being the fiduciary of these funds, reports these amounts as an asset and a liability in its consolidated statements of financial position. The funds held in trust were $26,225 and $22,167 at December 31, 2020 and 2019, respectively.

G. Pledges and Grants Receivable – Pledges receivable represent unconditional promises to give from an individual donor. Grants receivable represent unconditional promises to give from government agencies for reimbursement of contracts and grants and the United Way. Pledges and grants receivable expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the years in which the promises are received, which was 5% for 2019. At December 31, 2020, all pledges and grants receivable are due within one year.

Based on management's assessment of collection history with its donors, it has concluded an allowance is not deemed necessary as of December 31, 2020 and 2019.

H. Property and Equipment – Purchased property and equipment is stated at cost. Donated property and equipment is stated at fair value at the time of the donation. All property and equipment is being depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from five to forty years. The Organization's policy is to capitalize assets greater than $5,000 with a useful life of more than one year. Repairs and maintenance are charged to expense as incurred, whereas the costs of property and equipment additions and improvements are capitalized.

I. Contributions and Grants – Contributions and grants received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a 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 consolidated statements of activities as net assets released from restrictions. For the years ended December 31, 2020 and 2019, the Organization released $455,692 and $371,373, respectively, in net assets with donor restrictions for the operations and general purposes of the Organization.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. As of December 31, 2020, government grants totaling approximately $520,000 have not been recognized in the accompanying consolidated financial statements because the conditions on which they depend have not been met.

Note 1. Summary of Significant Accounting Policies (Continued)

J. Tax Status – The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes.

The Organization is no longer subject to tax examinations for years before 2017 by taxing authorities in jurisdictions where the Organization has filed returns.

The Organization believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that would be material to the consolidated financial statements.

K. Fair Value Measurements – The carrying values of cash and cash equivalents, pledges receivable, grants and other receivable, accounts payable, and funds held in trust approximate fair value because of the short maturity of these financial instruments. Financial and nonfinancial assets and liabilities are required to be measured on an annual basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy based upon the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 – Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not sufficiently active to qualify as Level 1, other observable inputs, or inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

The carrying value of the Organization's investments approximates fair value in accordance with accounting principles generally accepted in the United States of America and is summarized below:

	Fair Value Total	Level 1	Level 2
December 31, 2020:			
Money market funds	$ 620,056	$ -	$ 620,056
Equity mutual funds	1,599,668	1,599,668	-
Fixed income mutual funds	899,732	899,732	-
	$ 3,119,456	$ 2,499,400	$ 620,056

Note 1. Summary of Significant Accounting Policies (Continued)

K. Fair Value Measurements (Continued)

	Fair Value Total	Level 1	Level 2
December 31, 2019:			
Money market funds	$ 401,447	$ -	$ 401,447
Equity mutual funds	1,375,444	1,375,444	-
Fixed income mutual funds	872,223	872,223	-
	$ 2,649,114	$ 2,247,667	$ 401,447

The Organization's investments consist of marketable equity and fixed income mutual funds, with quoted prices in active markets, and are considered to be Level 1 inputs. The money market funds are valued at $1 per share, as quoted by the fund managers, and are classified as Level 2 inputs. There have been no changes in the methodologies used as of December 31, 2020 and 2019.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are 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 as of the reporting date.

L. Donated Services and Materials – A substantial number of unpaid volunteers have donated a significant amount of time to the Organization's program services and fundraising campaigns. However, these services are not reflected in the consolidated financial statements since the services did not require specialized skills.

M. Functional Allocation of Expenses – The cost of providing various programs and supporting services has been summarized on a functional basis in the consolidated statements of activities. Certain categories of expense are attributable to one or more program or supporting functions of the Organization. Those expenses include some wages and benefits which are allocated based on estimates of time and effort and some general and administrative costs which are allocated based on program size.

N. Subsequent Events – Subsequent events have been evaluated through February 26, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	$ 1,093,945	$ 787,018
Pledges receivable - net	1,000	9,556
Grants receivable	187,750	158,559
Investments - non-endowed	454,552	403,158
	$ 1,737,247	$ 1,358,291

Note 2. Liquidity and Availability (Continued)

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Donor-restricted endowment funds are not available for general expenditure.

The Organization's board-designated endowment which is not included in the table above has a balance of $205,954 and $89,413 for the years ended December 31, 2020 and 2019, respectively, as described in Note 3. Although the Organization does not intend to spend from this board-designated endowment, these amounts could be made available if necessary.

The Organization receives significant 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. The Organization manages its liquidity and reserves following two guiding principles: maintaining adequate liquid assets to fund three months of operating needs and maintaining sufficient reserves to provide reasonable assurance that future opportunities of a long-term nature can be acted upon. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity and reserves monthly.

Note 3. Endowment

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments.

Interpretations of Relevant Law

The Board of Directors of the Organization interprets the Ohio Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to require consideration of the several factors, if relevant, in making management and investment decisions for donor-restricted endowment funds. These factors include general economic conditions, possible effect of inflation or deflation, tax consequences of investment strategies, other resources of the institution, and value to the Organization's charitable purpose. Absent explicit donor stipulation to the contrary, the Organization shall classify as donor-restricted net assets the original value of the gifts donated to the endowment.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results with a targeted annual return to exceed the rate of inflation by 1% to 2% on a rolling five year term, while assuming a moderate level of investment risk.

Note 3. Endowment (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a balanced portfolio to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

A board designated cash account has been established. It is restricted in purpose to those activities that the Board of Directors specifically votes to support and is to be segregated from the general operating funds of the Organization and invested in a cash management account that is liquid and free from risk of significant loss. An amount equal to 3% of the Organization's average endowment portfolio is transferred annually to the designated cash account provided that such transfer does not cause the balance in the designated cash account to exceed $200,000. Should the annual transfer from the endowment portfolio cause the board designated cash account to exceed $200,000, the amount by which the annual transfer would cause the board designated cash account to exceed $200,000 would be retained in the Organization's endowment portfolio, unless specific action directing otherwise is taken by the Board of Directors. The Organization's average endowment portfolio is measured as the average month end balance of the endowment portfolio for each of the twelve months immediately preceding the Organization's year end.

The spending policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held, in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 205,954	$ -	$ 205,954
Donor-restricted endowment funds:			
Corpus	-	994,050	994,050
Earnings on endowment	-	1,464,900	1,464,900
	$ 205,954	$ 2,458,950	$ 2,664,904

Note 3. Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 89,413	$ 2,156,543	$ 2,245,956
Investment return:			
Investment income	1,533	36,983	38,516
Net appreciation (realized and unrealized)	11,005	265,424	276,429
Total investment return	12,538	302,407	314,945
Appropriations	(63,237)	-	(63,237)
Contribution	167,240	-	167,240
Endowment net assets, end of year	$ 205,954	$ 2,458,950	$ 2,664,904

Endowment net asset composition by type of fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 89,413	$ -	$ 89,413
Donor-restricted endowment funds:			
Corpus	-	994,050	994,050
Earnings on endowment	-	1,162,493	1,162,493
	$ 89,413	$ 2,156,543	$ 2,245,956

Changes in endowment net assets for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 127,946	$ 1,813,123	$ 1,941,069
Investment return:			
Investment income	2,663	37,738	40,401
Net appreciation (realized and unrealized)	21,571	305,682	327,253
Total investment return	24,234	343,420	367,654
Appropriations	(62,767)	-	(62,767)
Endowment net assets, end of year	$ 89,413	$ 2,156,543	$ 2,245,956

Note 4. Property and Equipment

Property and equipment is summarized as follows at December 31:

	2020	2019
Land and improvement	$ 131,820	$ 131,820
Buildings	1,104,853	1,104,853
Building improvement	3,884,492	3,641,480
Equipment	151,934	149,064
Vehicles	25,065	25,065
Furniture and fixtures	33,745	33,745
Software	29,119	29,119
Construction in process	-	169,457
Total costs	5,361,028	5,284,603
Accumulated depreciation	(1,739,256)	(1,539,828)
	$ 3,621,772	$ 3,744,775

Depreciation expense was $199,429 and $181,894 for the years ended December 31, 2020 and 2019, respectively.

Note 5. Line of Credit

The Organization has a demand line of credit with maximum borrowings of $150,000 through a bank at December 31, 2020 and 2019. The line of credit bears interest at the prime rate of interest (3.25% at December 31, 2020) plus 1%. The line of credit is collateralized by all personal property of the Organization. There were no amounts outstanding on the line of credit at December 31, 2020 and 2019.

Note 6. Forgivable Loan

The Organization has accepted the conditions of a $143,140 Capital Funding to End Homelessness Initiative Repair Program commitment dated August 10, 2015 from the Ohio Housing Finance Agency. This is a forgivable loan, provided that the Organization renovates and maintains its emergency shelter. The loan will be reduced by 10% for each full year that the property is maintained in accordance with the terms and conditions of the loan agreement and fully forgiven in ten years. The loan term is ten years, at a fixed annual interest rate of 0%, with deferred interest and principal payments. Loan funds will be disbursed to the Organization as reimbursement for construction expenses. During 2017, the forgiveness period started and will continue for the remaining nine years. As of December 31, 2020 and 2019, the balance on the loan was $85,884 and $100,198, respectively.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes:

	2020	2019
Capital Campaign	$ 1,000	$ 9,122
Housing program	-	150,000
Shelter program	31,000	25,000
Economic opportunities	183,486	129,125
Center programs	-	59,126
Family engagement	4,466	-
Pizza operations	1,050	-
Endowment earnings	1,464,900	1,162,493
Endowment principal	994,050	994,050
	$ 2,679,952	$ 2,528,916

Net assets with donor restrictions of $371,373 and $455,692 were released in 2020 and 2019, respectively. Net assets released from restrictions relate primarily to shelter and housing program purposes.

Note 8. Pension Plan

The Organization has a defined contribution plan that provides benefits to eligible participants as determined according to the provisions of the plan agreement. Employer contributions were $35,841 and $28,599 for the years ended December 31, 2020 and 2019, respectively.

Note 9. COVID-19 Global Pandemic

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease 2019 ("C0VID-19") a global health emergency and subsequently declared the COVID-19 outbreak a global pandemic in March 2020. The pandemic has adversely affected domestic and global economic activity and the full impact continues to evolve as of the date of this report.

On March 27, 2020, the federal government enacted the Coronavirus Aid, Relief and Economic Security ("CARES") Act. The CARES Act created the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA"). In May 2020, the Organization received a $423,200 loan under the PPP but during the fiscal year returned $128,000 as the majority of the payroll costs were covered by other federal grants. The PPP loan bears interest at a fixed rate of 1% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the SBA. Provisions of the PPP allow for partial or full forgiveness of the loan provided the proceeds are used for covered expenditures and certain other requirements are satisfied. The loan will be recorded as debt until forgiven. The Organization intends to submit an application for loan forgiveness, and expects all or nearly all of the loan will be forgiven and at that time it will be recorded as income.

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

UNIFORM GUIDANCE AUDIT REQUIREMENTS

WEST SIDE CATHOLIC CENTER AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing & Urban Development			
Continuum of Care Program	14.267	$ 361,055	$ 589,758
U.S. Department of Housing & Urban Development passed through Cuyahoga County			
Continuum of Care Program - Rapid Re-housing for Families	14.267		147,167
Total Continuum of Care Program			736,925
U.S. Department of Housing & Urban Development passed through City of Cleveland Department of Development			
Emergency Solutions Grant Program	14.231		51,177
U.S. Department of Housing & Urban Development passed through Cuyahoga County			
Emergency Solutions Grant Program	14.231		64,061
Total Emergency Solutions Grant Program			115,238
U.S. Department of Agriculture passed through the Ohio Department of Education			
Child and Adult Care Food Program	10.558		33,623
Emergency Food and Shelter Board passed through Cuyahoga County			
Emergency Food and Shelter Program	97.024		42,736
U.S. Department of Veterans Affairs			
Veterans Special Needs Program	64.024		43,060
U.S. Department of Housing & Urban Development passed through City of Cleveland Department of Development			
CDBG Cares	14.218		27,832
U.S. Department of Agriculture passed through Cuyahoga County			
SNAP E&T	10.537		64,792
Total Expenditures of Federal Awards		$ 361,055	$ 1,064,206

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of West Side Catholic Center and Subsidiary under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of West Side Catholic Center and Subsidiary, it is not intended to and does not present the financial position, changes in net assets, or cash flows of West Side Catholic Center and Subsidiary.

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 in reimbursement.

Note 3. Indirect Cost Rate

West Side Catholic Center and Subsidiary have elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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*

Board of Directors
West Side Catholic Center
Cleveland, Ohio

We have audited, 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, the consolidated financial statements of West Side Catholic Center (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered West Side Catholic Center and Subsidiary's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Side Catholic Center and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of West Side Catholic Center and Subsidiary's internal control over financial reporting.

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 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Side Catholic Center and Subsidiary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Side Catholic Center and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maloney + Novotny LLC

Cleveland, Ohio
February 26, 2021

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Maloney
Maloney + Novotny LLC

Independent Auditors' Report on Compliance for the Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
West Side Catholic Center
Cleveland, Ohio

Report on Compliance for the Major Federal Program

We have audited West Side Catholic Center and Subsidiary's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Compliance Supplement that could have a direct and material effect on West Side Catholic Center and Subsidiary's major federal program for the year ended December 31, 2020. West Side Catholic Center and Subsidiary's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of West Side Catholic Center and Subsidiary's compliance.

Opinion on Each Major Federal Program

In our opinion, West Side Catholic Center and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of West Side Catholic Center and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Side Catholic Center and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for West Side Catholic Center and Subsidiary's major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Side Catholic Center and Subsidiary's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maloney + Novotny LLC

Cleveland, Ohio
February 26, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?		yes	X	no

Identification of major federal programs:

CFDA Number(s)	**Name of Federal Program or Cluster**
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as a low risk auditee?	X	yes		no

Section II - Financial Statement Findings

No findings were noted.

Section III - Federal Award Findings and Questioned Costs

No findings were noted.