

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2008 and 2007

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503 N. Main St., Suite 740

Pueblo, CO 81003-3131

Phone (719) 543-0516

Fax (719) 544-2849

McPherson,
Breyfogle,
Daveline &
Goodrich, PC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Charities of the Diocese of Pueblo, Inc.
Pueblo, Colorado

We have audited the accompanying statements of financial position of Catholic Charities of the Diocese of Pueblo, Inc. as of June 30, 2008 and 2007, and the related statements of activity, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Catholic Charities of the Diocese of Pueblo, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Pueblo, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The amounts reported in the comparative schedule of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. That information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McPherson, Breyfogle, Daveline & Goodrich, PC

November 13, 2008

STATEMENTS OF FINANCIAL POSITION
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2008 and 2007

| <u>ASSETS</u> | <u>2008</u> | <u>2007</u> |
|---|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 271,069 | \$ 236,873 |
| Investments | 762,988 | 875,267 |
| Accounts receivable, net of allowance for doubtful accounts | 3,323 | 2,543 |
| Grant and contract receivables | 107,434 | 110,954 |
| Prepaid expenses | 333 | - |
| Property and equipment, net of accumulated depreciation | <u>33,343</u> | <u>28,249</u> |
| TOTAL ASSETS | <u>\$ 1,178,490</u> | <u>\$ 1,253,886</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES | | |
| Accounts payable | \$ 8,101 | \$ 16,543 |
| Accrued payroll taxes and withholding | 778 | 563 |
| Deferred revenue | 25,000 | 49,384 |
| Client deposits | 131,483 | 131,159 |
| Accrued compensated absences | <u>25,310</u> | <u>26,847</u> |
| TOTAL LIABILITIES | <u>190,672</u> | <u>224,496</u> |
| NET ASSETS | | |
| Unrestricted | 180,344 | 275,145 |
| Board designated | <u>720,000</u> | <u>720,000</u> |
| Total Unrestricted | 900,344 | 995,145 |
| Temporarily Restricted | <u>87,474</u> | <u>34,245</u> |
| TOTAL NET ASSETS | <u>987,818</u> | <u>1,029,390</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,178,490</u> | <u>\$ 1,253,886</u> |

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

STATEMENTS OF ACTIVITIES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the years ended June 30, 2008 and 2007

| | 2008 | | TOTALS |
|---|-------------------|---------------------------|-------------------|
| | UNRESTRICTED | TEMPORARILY RESTRICTED | |
| SUPPORT AND REVENUES | | | |
| Support | | | |
| United Way allocations | \$ 55,335 | \$ - | \$ 55,335 |
| BDF support | 100,000 | - | 100,000 |
| Pueblo Deanery support | - | 35,314 | 35,314 |
| Contributions | 47,738 | 60,738 | 108,476 |
| Assistance programs | 32,198 | 378,115 | 410,313 |
| Total Support | <u>235,271</u> | <u>474,167</u> | <u>709,438</u> |
| Revenues | | | |
| Contract grants | 176,752 | - | 176,752 |
| County and private grants | 548,397 | 15,000 | 563,397 |
| Adoption fees | 37,385 | - | 37,385 |
| Counseling fees | 17,814 | - | 17,814 |
| Immigration service fees | 11,791 | - | 11,791 |
| Other fees | 39,941 | - | 39,941 |
| Money management fees | 42,229 | - | 42,229 |
| Special event, net of costs | 21,131 | - | 21,131 |
| Miscellaneous revenues | 5,170 | - | 5,170 |
| Investment income | 61,452 | - | 61,452 |
| Net realized and unrealized gain (loss) on investments | (173,544) | - | (173,544) |
| Total Revenues | <u>788,518</u> | <u>15,000</u> | <u>803,518</u> |
| Net Assets Released from Restrictions | <u>435,938</u> | <u>(435,938)</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUES | <u>1,459,727</u> | <u>53,229</u> | <u>1,512,956</u> |
| EXPENSES | | | |
| Functional Expenses | | | |
| Program services | 990,026 | - | 990,026 |
| Management and general | 125,148 | - | 125,148 |
| Total Functional Expenses | <u>1,115,174</u> | <u>-</u> | <u>1,115,174</u> |
| Assistance to Individuals | <u>439,354</u> | <u>-</u> | <u>439,354</u> |
| TOTAL EXPENSES | <u>1,554,528</u> | <u>-</u> | <u>1,554,528</u> |
| CHANGE IN NET ASSETS | (94,801) | 53,229 | (41,572) |
| NET ASSETS, beginning | <u>995,145</u> | <u>34,245</u> | <u>1,029,390</u> |
| NET ASSETS, ending | <u>\$ 900,344</u> | <u>\$ 87,474</u> | <u>\$ 987,818</u> |

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

2007

| <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTALS</u> |
|---------------------|-----------------------------------|---------------------|
| \$ 55,237 | \$ - | \$ 55,237 |
| 103,500 | - | 103,500 |
| - | 33,574 | 33,574 |
| 51,686 | 16,769 | 68,455 |
| 47,691 | 333,749 | 381,440 |
| <u>258,114</u> | <u>384,092</u> | <u>642,206</u> |
| 195,088 | - | 195,088 |
| 594,976 | - | 594,976 |
| 26,384 | - | 26,384 |
| 16,755 | - | 16,755 |
| 14,338 | - | 14,338 |
| 38,357 | - | 38,357 |
| 42,278 | - | 42,278 |
| - | - | - |
| 235 | - | 235 |
| 36,754 | - | 36,754 |
| <u>101,037</u> | <u>-</u> | <u>101,037</u> |
| <u>1,066,202</u> | <u>-</u> | <u>1,066,202</u> |
| <u>375,533</u> | <u>(375,533)</u> | <u>-</u> |
| <u>1,699,849</u> | <u>8,559</u> | <u>1,708,408</u> |
| 1,008,867 | - | 1,008,867 |
| <u>117,580</u> | <u>-</u> | <u>117,580</u> |
| 1,126,447 | - | 1,126,447 |
| <u>417,052</u> | <u>-</u> | <u>417,052</u> |
| <u>1,543,499</u> | <u>-</u> | <u>1,543,499</u> |
| 156,350 | 8,559 | 164,909 |
| <u>838,795</u> | <u>25,686</u> | <u>864,481</u> |
| <u>\$ 995,145</u> | <u>\$ 34,245</u> | <u>\$ 1,029,390</u> |

STATEMENTS OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the year ended June 30, 2008

| FUNCTIONAL EXPENSES | 2008 | | |
|--|------------------------------|-------------------|-------------------------------|
| | <u>BRIGHT BEGINNINGS</u> | <u>CLINICAL</u> | <u>IMMIGRANT PROGRAMS</u> |
| Salaries and Related Expenses | | | |
| Salaries | \$ 251,763 | \$ 128,721 | \$ 55,627 |
| Employee benefits | 25,756 | 17,401 | 15,435 |
| Payroll taxes | 19,602 | 10,022 | 4,331 |
| Total Salaries and Related Expenses | <u>297,121</u> | <u>156,144</u> | <u>75,393</u> |
| Other Expenses | | | |
| Audit fees | 2,000 | 500 | 500 |
| Auto expense | 5,752 | 746 | 82 |
| Conferences, conventions, and meetings | 17,142 | 1,265 | 4,643 |
| Dues and subscriptions | 439 | 499 | 1,018 |
| Insurance | 675 | 675 | 675 |
| Miscellaneous | - | - | - |
| Occupancy | 9,608 | 4,491 | 4,591 |
| Postage and shipping | 2,751 | 1,348 | 1,323 |
| Printing and publications | 960 | 907 | 554 |
| Professional services | 32,868 | 10,752 | 12,803 |
| Program expenses | 37,476 | 293 | 3,997 |
| Repairs and maintenance | 2,203 | 2,723 | 2,460 |
| Rent - equipment | 2,186 | 923 | 1,048 |
| Supplies | 2,402 | 2,252 | 2,249 |
| Telephone | 5,757 | 5,079 | 2,782 |
| Travel | 7,953 | 2,659 | 1,535 |
| Total Other Expenses | <u>130,172</u> | <u>35,112</u> | <u>40,260</u> |
| Total Expenses Before Depreciation | 427,293 | 191,256 | 115,653 |
| Depreciation | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 427,293</u> | <u>\$ 191,256</u> | <u>\$ 115,653</u> |

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

| 2008 | | | | |
|------------------------|--|-------------------------------|-------------------------------|---------------------|
| <u>FAMILY SERVICES</u> | <u>HOUSING & HOMELESS PREVENTION</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>MANAGEMENT AND GENERAL</u> | <u>TOTALS</u> |
| \$ 57,005 | \$ 111,748 | \$ 604,864 | \$ 55,635 | \$ 660,499 |
| 10,141 | 18,502 | 87,235 | 17,963 | 105,198 |
| 4,438 | 8,701 | 47,094 | 4,451 | 51,545 |
| <u>71,584</u> | <u>138,951</u> | <u>739,193</u> | <u>78,049</u> | <u>817,242</u> |
| 500 | 500 | 4,000 | 2,500 | 6,500 |
| 479 | - | 7,059 | 535 | 7,594 |
| 310 | 739 | 24,099 | 2,790 | 26,889 |
| 788 | 512 | 3,256 | 1,439 | 4,695 |
| 675 | 675 | 3,375 | 675 | 4,050 |
| - | - | - | 100 | 100 |
| 2,309 | 4,480 | 25,479 | 5,970 | 31,449 |
| 502 | 3,473 | 9,397 | 1,767 | 11,164 |
| 614 | 1,503 | 4,538 | 1,163 | 5,701 |
| 1,011 | 5,065 | 62,499 | 7,855 | 70,354 |
| 2,235 | - | 44,001 | - | 44,001 |
| 2,040 | 3,971 | 13,397 | - | 13,397 |
| 1,484 | 1,534 | 7,175 | 4,320 | 11,495 |
| 1,277 | 2,939 | 11,119 | 3,361 | 14,480 |
| 1,997 | 2,300 | 17,915 | 3,460 | 21,375 |
| 1,239 | 138 | 13,524 | 349 | 13,873 |
| <u>17,460</u> | <u>27,829</u> | <u>250,833</u> | <u>36,284</u> | <u>287,117</u> |
| 89,044 | 166,780 | 990,026 | 114,333 | 1,104,359 |
| - | - | - | 10,815 | 10,815 |
| <u>\$ 89,044</u> | <u>\$ 166,780</u> | <u>\$ 990,026</u> | <u>\$ 125,148</u> | <u>\$ 1,115,174</u> |

STATEMENTS OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the year ended June 30, 2007

| FUNCTIONAL EXPENSES | 2007 | | |
|--|------------------------------|-------------------|-------------------------------|
| | <u>BRIGHT BEGINNINGS</u> | <u>CLINICAL</u> | <u>IMMIGRANT PROGRAMS</u> |
| Salaries and Related Expenses | | | |
| Salaries | \$ 244,830 | \$ 117,608 | \$ 86,446 |
| Employee benefits | 21,271 | 17,444 | 15,899 |
| Payroll taxes | 18,630 | 8,949 | 6,578 |
| Total Salaries and Related Expenses | <u>284,731</u> | <u>144,001</u> | <u>108,923</u> |
| Other Expenses | | | |
| Audit fees | 1,000 | 1,000 | 1,000 |
| Auto expense | 2,726 | 2,336 | 318 |
| Conferences, conventions, and meetings | 8,513 | 1,573 | 2,420 |
| Dues and subscriptions | 260 | 504 | 766 |
| Insurance | 1,088 | 1,088 | 1,088 |
| Miscellaneous | - | - | - |
| Occupancy | 5,991 | 5,228 | 5,594 |
| Postage and shipping | 1,977 | 1,431 | 1,482 |
| Printing and publications | 861 | 963 | 1,255 |
| Professional services | 23,953 | 12,349 | 7,124 |
| Program expenses | 63,970 | 75 | 931 |
| Repairs and maintenance | 1,385 | 1,939 | 1,345 |
| Rent - equipment | 777 | 530 | 619 |
| Supplies | 4,352 | 2,101 | 3,608 |
| Telephone | 3,991 | 4,636 | 3,988 |
| Travel | 6,066 | 2,059 | 3,573 |
| Total Other Expenses | <u>126,910</u> | <u>37,812</u> | <u>35,111</u> |
| Total Expenses Before Depreciation | 411,641 | 181,813 | 144,034 |
| Depreciation | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 411,641</u> | <u>\$ 181,813</u> | <u>\$ 144,034</u> |

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

| 2007 | | | | |
|------------------------|--|-------------------------------|-------------------------------|---------------------|
| <u>FAMILY SERVICES</u> | <u>HOUSING & HOMELESS PREVENTION</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>MANAGEMENT AND GENERAL</u> | <u>TOTALS</u> |
| \$ 52,607 | \$ 117,777 | \$ 619,268 | \$ 50,503 | \$ 669,771 |
| 13,352 | 19,441 | 87,407 | 17,142 | 104,549 |
| 4,003 | 8,962 | 47,122 | 3,843 | 50,965 |
| <u>69,962</u> | <u>146,180</u> | <u>753,797</u> | <u>71,488</u> | <u>825,285</u> |
| 1,000 | 1,000 | 5,000 | 1,000 | 6,000 |
| 736 | - | 6,116 | 435 | 6,551 |
| 893 | 946 | 14,345 | 8,323 | 22,668 |
| 409 | 50 | 1,989 | 376 | 2,365 |
| 1,088 | 1,083 | 5,435 | 672 | 6,107 |
| - | - | - | 1,604 | 1,604 |
| 5,228 | 5,800 | 27,841 | 5,300 | 33,141 |
| 473 | 3,188 | 8,551 | 1,697 | 10,248 |
| 686 | 955 | 4,720 | 186 | 4,906 |
| 700 | 8,782 | 52,908 | 5,360 | 58,268 |
| 4,732 | 464 | 70,172 | - | 70,172 |
| 1,300 | 3,666 | 9,635 | 1,548 | 11,183 |
| 530 | 478 | 2,934 | - | 2,934 |
| 1,206 | 4,253 | 15,520 | 3,568 | 19,088 |
| 1,737 | 2,542 | 16,894 | 3,433 | 20,327 |
| 896 | 416 | 13,010 | 1,186 | 14,196 |
| <u>21,614</u> | <u>33,623</u> | <u>255,070</u> | <u>34,688</u> | <u>289,758</u> |
| 91,576 | 179,803 | 1,008,867 | 106,176 | 1,115,043 |
| - | - | - | 11,404 | 11,404 |
| <u>\$ 91,576</u> | <u>\$ 179,803</u> | <u>\$ 1,008,867</u> | <u>\$ 117,580</u> | <u>\$ 1,126,447</u> |

STATEMENTS OF CASH FLOWS
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the years ended June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (41,572) | \$ 164,909 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 10,815 | 11,404 |
| Unrealized (gain) loss on investments | 173,544 | (101,037) |
| (Increase) decrease in assets: | | |
| Accounts receivable | (780) | 242 |
| Grant receivable | 3,520 | (68,930) |
| Prepaid expenses | (333) | 9,449 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (8,442) | 7,574 |
| Accrued payroll taxes and withholding | 215 | (251) |
| Deferred revenue | (24,384) | 11,884 |
| Client deposits | 324 | (18,416) |
| Accrued compensated absences | (1,537) | (1,520) |
| | 111,370 | 15,308 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (15,909) | (4,518) |
| Purchase of investments | (61,265) | (35,732) |
| Proceeds from notes receivable | - | 183 |
| | (77,174) | (40,067) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH | 34,196 | (24,759) |
| CASH AND CASH EQUIVALENTS, beginning | 236,873 | 261,632 |
| CASH AND CASH EQUIVALENTS, ending | \$ 271,069 | \$ 236,873 |

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

NOTES TO FINANCIAL STATEMENTS
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2008 and 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Catholic Charities of the Diocese of Pueblo, Inc. (the Organization) was incorporated April 6, 1944. The mission of the Organization is to enhance the dignity and self worth of individuals and families through the provision of services that respond to the physical, spiritual, emotional and economical needs of those served and to collaborate with the communities of Southern Colorado to solve social problems and to work to bring about systemic change so that justice is attained. The Organization is organized exclusively for charitable and educational purposes.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time.

Income Tax Status

The Organization is organized under Section 501(c)(3) of the Internal Revenue Code as a non-profit, tax-exempt organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on an evaluation of outstanding accounts receivable at year end. The allowance for doubtful accounts at June 30, 2008 and 2007, was \$500 and \$500, respectively.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated assets, at the fair market value on the date of donation. Depreciation is provided over estimated useful lives of three to thirty-nine years on a straight-line basis.

Client Deposits

The Organization provides cash management and immigration services to clients. Cash management services include collection of client funds and payment of client expenses and debts. Immigration services include collection of client funds and payment of attorney fees on behalf of the client. At June 30, 2008 and 2007, the Organization was holding \$131,483 and \$131,159 respectively, of client funds.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2008 and 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

The Organization provides vacation leave benefits to all employees. Full-time employees earn 12.5 hours and part-time employees earn 6.25 hours for each month of employment completed, up to 150 hours and 75 hours per year, respectively. The maximum amount of hours that can be accumulated is 150. Upon separation from service, employees are paid for unused vacation leave.

The Organization provides sick leave benefits to all employees. Full-time employees earn 7.5 hours and part-time employees earn 3.75 hours for each month of employment completed, up to 180 hours and 90 hours per year, respectively. The maximum amount of hours that can be accumulated is 180. Accumulated sick leave benefits are not paid upon separation.

Accrued compensated absences at June 30, 2008 and 2007 were \$25,310 and \$26,847, respectively.

Retirement Plan

The Organization offers a tax shelter annuity plan to employees. Plan benefits are available to employees who work 20 hours or more per week and who have worked a full six months. Effective July 1, 2008, the Organization will make matching contributions of 5% of the employee's gross salary up to \$100 per month. In prior years, the matching contribution by the Organization was up to \$50 per month. The Organization's contributions for the years ended June 30, 2008 and 2007, were \$17,050 and \$8,900, respectively.

Public Support and Revenue

Unrestricted contributions received for the Organization's programs are recognized as support when received.

Assistance grant awards and contributions that are restricted are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other grant awards and contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Conservatorship

The Organization sometimes agrees to serve as a court appointed conservator. Any fees earned are recognized as income when received. The Organization has certain fiduciary responsibilities in this capacity but the conservatorship's assets are not in the possession of or controlled by the Organization.

The conservatorship's assets are held in separate accounts at various financial institutions. The Organization serves approximately 11 to 18 clients whose total assets at June 30, 2008 and 2007 totaled \$808,140 and \$897,076, respectively. Fees earned for conservator responsibilities for the years ended June 30, 2008 and 2007 approximated \$12,055 and \$12,538, respectively, which is recorded as money management revenue.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2008 and 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Organization's cash in financial institutions exceeded the federally insured limit of \$100,000 at June 30, 2008 and at various times throughout the year then ended.

NOTE B - INVESTMENTS

Investments are presented in the financial statement at their market value. At June 30, 2008 and 2007 investments consisted of:

| | 2008 | | |
|--------------------|--|--|-------------------|
| <u>Cost</u> | <u>Unrealized Gain (Loss)</u> | <u>Estimated Market Value</u> | |
| Mutual funds | \$ <u>665,673</u> | \$ <u>97,315</u> | \$ <u>762,988</u> |
| | 2007 | | |
| Mutual funds | \$ <u>604,408</u> | \$ <u>270,859</u> | \$ <u>875,267</u> |

The following schedule summarizes investment return for the years ended June 30:

| | 2008 | 2007 |
|--------------------------------|----------------------------|--------------------------|
| Dividends | \$ 22,549 | \$ 19,692 |
| Capital gain distributions | 38,903 | 16,040 |
| Unrealized gain (loss) | <u>(173,544)</u> | <u>101,037</u> |
| Total Investment Return | \$ <u>(112,092)</u> | \$ <u>136,769</u> |

NOTE C- PROPERTY AND EQUIPMENT

Property and equipment at June 30, consisted of the following:

| | 2008 | 2007 |
|-------------------------------------|-------------------------|-------------------------|
| Leasehold Improvements | \$ 41,856 | \$ 41,856 |
| Office furniture and equipment | <u>147,478</u> | <u>131,569</u> |
| Total Property and Equipment | 189,334 | 173,425 |
| Less: accumulated depreciation | <u>155,991</u> | <u>145,176</u> |
| Net Property and Equipment | \$ <u>33,343</u> | \$ <u>28,249</u> |

Depreciation expense for the years ended June 30, 2008 and 2007 was \$10,815 and \$11,404, respectively.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2008 and 2007

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2008 and 2007, consisted of unexpended funds from the following sources:

| | <u>2008</u> | <u>2007</u> |
|--|------------------|------------------|
| Aid To The Needy Grant | \$ 753 | \$ 1,469 |
| Cares | 1,878 | - |
| Colorado Trust | 180 | - |
| Community Services Funding | 6,250 | - |
| Energy Outreach Colorado | 27,708 | 25,398 |
| FEMA Grant | 2,450 | 381 |
| Helping Hands | 7,799 | 3,120 |
| March of Dimes | - | 235 |
| Packard Foundation | 8,389 | - |
| Pueblo Deanery Assistance | 3,217 | 3,642 |
| Temple Hoyne Buell Foundation | 28,850 | - |
| Total Temporarily Restricted Net Assets | <u>\$ 87,474</u> | <u>\$ 34,245</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows for the years ended June 30, 2008 and 2007:

| | <u>2008</u> | <u>2007</u> |
|------------------------------------|-------------------|-------------------|
| Cares | \$ 2,502 | \$ 810 |
| Colorado Trust | 11,180 | - |
| Community Services Funding | 18,722 | - |
| Energy Outreach Colorado | 293,182 | 300,208 |
| Emergency Food and Shelter Program | 40,257 | 18,786 |
| Helping Hands | 5,500 | 5,319 |
| March of Dimes | 7,630 | 7,160 |
| Packard Foundation | 6,639 | - |
| Pueblo Deanery | 50,326 | 43,250 |
| Total Restrictions Released | <u>\$ 435,938</u> | <u>\$ 375,533</u> |

NOTE E - OPERATING LEASE COMMITMENTS

The Organization leases a 2006 Honda CRV through American Honda Finance Corporation. The lease term is thirty-six months starting March 30, 2006 and requires monthly lease payments of \$408. The amount of the lease expense reported as auto expense was \$4,896 and \$4,896, respectively, for the years ended June 30, 2008 and 2007.

The Organization leases real property from The Bishop of Pueblo. The lease term is twelve months starting April 1, 2007 and requires monthly lease payments of \$1,675. The term of the lease expired April 1, 2008. The lease was renewed with a twelve month term expiring April 1, 2009. The monthly rent is \$1,675. The amount reported in rent expense was \$20,100 and \$20,100 for the years ended June 30, 2008 and 2007, respectively.

The Organization leased a Sharp Copier from Lewan and Associates. The lease term is sixty months starting February 27, 2003 and requires monthly lease payments of \$169.73. As of June 30, 2008, this lease has been completed.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2008 and 2007

NOTE E - OPERATING LEASE COMMITMENTS (Continued)

The Organization leases a Sharp Copier from Lewan and Associates. The lease term is sixty months starting September 6, 2007 and requires monthly lease payments of \$477.97. The amount of the lease expense reported by both copier leases was \$5,119 and \$2,037 for the years ended June 30, 2008 and 2007.

Future minimum lease payments are as follows as of June 30, 2008:

| | <u>Vehicle</u> | <u>Building</u> | <u>Copier</u> |
|------|-----------------|------------------|------------------|
| 2009 | \$ 1,631 | \$ 16,750 | \$ 5,736 |
| 2010 | - | - | 5,736 |
| 2011 | - | - | 5,736 |
| 2012 | - | - | 5,736 |
| 2013 | - | - | 959 |
| | <u>\$ 1,631</u> | <u>\$ 16,750</u> | <u>\$ 23,903</u> |

NOTE F - BOARD DESIGNATED NET ASSETS

Unrestricted net assets included funds which have been designated by the governing board for specific purposes. The following board designations existed as of June 30:

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| Capital improvements | \$ 25,000 | \$ 25,000 |
| Operating reserve | 325,000 | 325,000 |
| Diocesan Expansion of programs | <u>370,000</u> | <u>370,000</u> |
| Total Board Designated Net Assets | <u>\$ 720,000</u> | <u>\$ 720,000</u> |

SUPPLEMENTAL INFORMATION

COMPARATIVE SCHEDULE OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the years ended June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> | <u>VARIANCES</u> | |
|--|----------------------------|----------------------------|--------------------------------|----------------|
| | | | <u>DOLLAR</u> <u>AMOUNT</u> | <u>PERCENT</u> |
| Salaries | \$ 660,499 | \$ 669,771 | \$ (9,272) | 3.4% |
| Payroll taxes | 105,198 | 104,549 | 649 | 2.9% |
| Benefits | <u>51,545</u> | <u>50,965</u> | <u>580</u> | (2.7)% |
| TOTAL SALARIES AND BENEFITS | 817,242 | 825,285 | (8,043) | 5.6% |
| Auto expense | 7,594 | 6,551 | 1,043 | (36.6)% |
| Conferences, conventions, and meetings | 26,889 | 22,668 | 4,221 | 18.5% |
| Depreciation | 10,815 | 11,404 | (589) | (4.9)% |
| Dues and subscriptions | 4,695 | 2,365 | 2,330 | (58.3)% |
| Insurance | 4,050 | 6,107 | (2,057) | 51.2% |
| Miscellaneous | 100 | 1,604 | (1,504) | (19.4)% |
| Occupancy | 31,449 | 33,141 | (1,692) | (1.7)% |
| Postage and shipping | 11,164 | 10,248 | 916 | 14.9% |
| Printing and publications | 5,701 | 4,906 | 795 | 7.5% |
| Professional fees | 76,854 | 64,268 | 12,586 | 4.6% |
| Program expenses | 44,001 | 70,172 | (26,171) | 2126.9% |
| Repairs and maintenance | 13,397 | 11,183 | 2,214 | (52.1)% |
| Rent-building and equipment | 11,495 | 2,934 | 8,561 | (16.9)% |
| Supplies | 14,480 | 19,088 | (4,608) | (29.6)% |
| Telephone | 21,375 | 20,327 | 1,048 | 25.4% |
| Travel | <u>13,873</u> | <u>14,196</u> | <u>(323)</u> | (1.0)% |
| TOTAL FUNCTIONAL EXPENSES | \$ <u>1,115,174</u> | \$ <u>1,126,447</u> | \$ <u>(11,273)</u> | 9.2% |