

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2009 and 2008

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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, 2009 and 2008, 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 disclosure 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, 2009 and 2008, 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. Such information has been subjected to the auditing procedures applied in the audit 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

December 15, 2009

STATEMENTS OF FINANCIAL POSITION
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 640,139	\$ 271,069
Investments	368,398	762,988
Accounts receivable, net of allowance for doubtful accounts	16,328	3,323
Grant and contract receivables	53,627	107,434
Prepaid expenses	9,195	333
Property and equipment, net of accumulated depreciation	<u>29,471</u>	<u>33,343</u>
TOTAL ASSETS	<u>\$ 1,117,158</u>	<u>\$ 1,178,490</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable	\$ 10,646	\$ 8,101
Accrued payroll taxes and withholding	714	778
Deferred revenue	95,757	25,000
Client deposits	125,467	131,483
Accrued compensated absences	<u>34,649</u>	<u>25,310</u>
TOTAL LIABILITIES	<u>267,233</u>	<u>190,672</u>
 NET ASSETS		
Unrestricted	33,957	180,344
Board designated	<u>720,000</u>	<u>720,000</u>
Total Unrestricted	753,957	900,344
Temporarily Restricted	<u>95,968</u>	<u>87,474</u>
TOTAL NET ASSETS	<u>849,925</u>	<u>987,818</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,117,158</u>	<u>\$ 1,178,490</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, 2009 and 2008

	2009		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTALS</u>
SUPPORT AND REVENUES			
Support			
United Way allocations	\$ 70,717	\$ -	\$ 70,717
BDF support	100,000	-	100,000
Pueblo Deanery support	-	32,308	32,308
Contributions	26,968	63,850	90,818
Assistance programs	57,250	363,744	420,994
Total Support	<u>254,935</u>	<u>459,902</u>	<u>714,837</u>
Revenues			
Contract grants	143,805	-	143,805
County and private grants	627,745	-	627,745
Adoption fees	21,533	-	21,533
Counseling fees	21,349	-	21,349
Immigration service fees	28,060	-	28,060
Other fees	58,603	-	58,603
Money management fees	52,686	-	52,686
Special event, net of costs \$130 and \$29,908	5,240	-	5,240
Miscellaneous revenues	3,562	-	3,562
Investment income	25,411	-	25,411
Net realized and unrealized gain (loss) on investments	(116,068)	-	(116,068)
Total Revenues	<u>871,926</u>	<u>-</u>	<u>871,926</u>
Net Assets Released from Restrictions	<u>451,408</u>	<u>(451,408)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>1,578,269</u>	<u>8,494</u>	<u>1,586,763</u>
EXPENSES			
Functional Expenses			
Program services	1,121,834	-	1,121,834
Management and general	143,545	-	143,545
Total Functional Expenses	<u>1,265,379</u>	<u>-</u>	<u>1,265,379</u>
Assistance to Individuals	<u>459,277</u>	<u>-</u>	<u>459,277</u>
TOTAL EXPENSES	<u>1,724,656</u>	<u>-</u>	<u>1,724,656</u>
CHANGE IN NET ASSETS	(146,387)	8,494	(137,893)
NET ASSETS, beginning	<u>900,344</u>	<u>87,474</u>	<u>987,818</u>
NET ASSETS, ending	<u>\$ 753,957</u>	<u>\$ 95,968</u>	<u>\$ 849,925</u>

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

2008

<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTALS</u>
\$ 55,335	\$ -	\$ 55,335
100,000	-	100,000
-	35,314	35,314
47,738	60,738	108,476
32,198	378,115	410,313
<u>235,271</u>	<u>474,167</u>	<u>709,438</u>
176,752	-	176,752
548,397	15,000	563,397
37,385	-	37,385
17,814	-	17,814
11,791	-	11,791
39,941	-	39,941
42,229	-	42,229
21,131	-	21,131
5,170	-	5,170
61,452	-	61,452
(173,544)	-	(173,544)
<u>788,518</u>	<u>15,000</u>	<u>803,518</u>
<u>435,938</u>	<u>(435,938)</u>	<u>-</u>
<u>1,459,727</u>	<u>53,229</u>	<u>1,512,956</u>
990,026	-	990,026
125,148	-	125,148
1,115,174	-	1,115,174
439,354	-	439,354
<u>1,554,528</u>	<u>-</u>	<u>1,554,528</u>
(94,801)	53,229	(41,572)
<u>995,145</u>	<u>34,245</u>	<u>1,029,390</u>
<u>\$ 900,344</u>	<u>\$ 87,474</u>	<u>\$ 987,818</u>

STATEMENTS OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the year ended June 30, 2009

	2009		
FUNCTIONAL EXPENSES	<u>BRIGHT</u>	<u>CLINICAL</u>	<u>IMMIGRANT</u>
	<u>BEGINNINGS</u>		<u>PROGRAMS</u>
Salaries and Related Expenses			
Salaries	\$ 267,686	\$ 118,897	\$ 114,259
Employee benefits	32,156	19,021	16,034
Payroll taxes	<u>20,767</u>	<u>9,224</u>	<u>8,864</u>
Total Salaries and Related Expenses	<u>320,609</u>	<u>147,142</u>	<u>139,157</u>
Other Expenses			
Audit fees	1,850	1,250	1,250
Auto expense	4,251	372	1,031
Conferences, conventions, and meetings	4,352	1,552	4,462
Dues and subscriptions	798	299	903
Insurance	1,500	-	-
Miscellaneous	-	-	-
Occupancy	10,663	4,378	4,365
Postage and shipping	2,380	1,379	1,536
Printing and publications	2,555	279	1,283
Professional services	46,867	6,222	1,500
Program expenses	99,752	6,503	3,940
Repairs and maintenance	3,122	2,430	6,207
Rent - equipment	2,225	885	1,846
Supplies	2,243	2,639	2,732
Telephone	7,186	5,260	2,537
Travel	<u>9,538</u>	<u>1,836</u>	<u>455</u>
Total Other Expenses	<u>199,282</u>	<u>35,284</u>	<u>34,047</u>
Total Expenses Before Depreciation	519,891	182,426	173,204
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 519,891</u>	<u>\$ 182,426</u>	<u>\$ 173,204</u>

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

2009				
<u>FAMILY SERVICES</u>	<u>HOUSING & HOMELESS PREVENTION</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTALS</u>
\$ 49,723	\$ 117,209	\$ 667,774	\$ 73,631	\$ 741,405
7,416	17,913	92,540	19,096	111,636
<u>3,858</u>	<u>9,093</u>	<u>51,806</u>	<u>4,781</u>	<u>56,587</u>
60,997	144,215	812,120	97,508	909,628
650	1,250	6,250	1,250	7,500
617	24	6,295	82	6,377
188	999	11,553	4,623	16,176
617	248	2,865	567	3,432
39	-	1,539	513	2,052
-	-	-	110	110
1,544	4,324	25,274	6,644	31,918
975	2,849	9,119	1,606	10,725
410	60	4,587	368	4,955
710	3,355	58,654	8,553	67,207
1,044	-	111,239	-	111,239
2,691	5,116	19,566	-	19,566
1,092	1,689	7,737	4,807	12,544
1,129	4,326	13,069	3,767	16,836
919	2,574	18,476	3,534	22,010
<u>1,643</u>	<u>19</u>	<u>13,491</u>	<u>548</u>	<u>14,039</u>
14,268	26,833	309,714	36,972	346,686
75,265	171,048	1,121,834	134,480	1,256,314
-	-	-	9,065	9,065
<u>\$ 75,265</u>	<u>\$ 171,048</u>	<u>\$ 1,121,834</u>	<u>\$ 143,545</u>	<u>\$ 1,265,379</u>

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

	2008		
	<u>BRIGHT BEGINNINGS</u>	<u>CLINICAL</u>	<u>IMMIGRANT PROGRAMS</u>
FUNCTIONAL EXPENSES			
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 CASH FLOWS
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (137,893)	\$ (41,572)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,065	10,815
Realized and unrealized (gain) loss on investments	116,068	173,544
(Increase) decrease in assets:		
Accounts receivable	(13,005)	(780)
Grant receivable	53,807	3,520
Prepaid expenses	(8,862)	(333)
Increase (decrease) in liabilities:		
Accounts payable	2,545	(8,442)
Accrued payroll taxes and withholding	(64)	215
Deferred revenue	70,757	(24,384)
Client deposits	(6,016)	324
Accrued compensated absences	9,339	(1,537)
	<u>95,741</u>	<u>111,370</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(5,193)	(15,909)
Purchase of investments	(21,478)	(61,265)
Proceeds from sale of investments	300,000	-
	<u>273,329</u>	<u>(77,174)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	369,070	34,196
CASH AND CASH EQUIVALENTS, beginning	<u>271,069</u>	<u>236,873</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 640,139</u>	<u>\$ 271,069</u>

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, 2009 and 2008

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, 2009 and 2008, 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, 2009 and 2008, the Organization was holding \$125,467 and \$131,483 respectively, of client funds.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2009 and 2008

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, 2009 and 2008 were \$34,649 and \$25,310, 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. The Organization matches contributions at 5% of the employee's gross salary up to \$100 per month. The Organization's contributions for the years ended June 30, 2009 and 2008, were \$17,500 and \$17,050, 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 9 to 15 clients whose total assets at June 30, 2009 and 2008 totaled \$521,798 and \$808,140, respectively. Fees earned for conservator responsibilities for the years ended June 30, 2009 and 2008 approximated \$12,593 and \$12,055, respectively, which is recorded as money management revenue.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2009 and 2008

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 \$250,000 at June 30, 2009 and at various times throughout the year then ended.

Fair Value Measurements

On July 1, 2008, the Organization adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, (SFAS 157) for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. SFAS 157 defines fair value as 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. SFAS 157 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

NOTE B - INVESTMENTS

Investments are presented in the financial statement at their market value. At June 30, 2009 and 2008 investments consisted of:

	2009		
	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Estimated Market Value</u>
Mutual funds	\$ 421,185	\$ (52,787)	\$ 368,398
	2008		
Mutual funds	\$ 665,673	\$ 97,315	\$ 762,988

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

	2009	2008
Dividends	\$ 24,671	\$ 22,549
Capital gain distributions	-	38,903
Interest income	740	-
Total Investment Income	\$ 25,411	\$ 61,452
Realized gain (loss)	(6,513)	-
Unrealized gain (loss)	(109,555)	(173,544)
Total Realized and Unrealized Loss	(116,068)	(173,544)
Total Investment Return	\$ (90,657)	\$ (112,092)

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2009 and 2008

NOTE C- PROPERTY AND EQUIPMENT

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

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 41,856	\$ 41,856
Office furniture and equipment	<u>152,671</u>	<u>147,478</u>
Total Property and Equipment	194,527	189,334
Less: accumulated depreciation	<u>165,056</u>	<u>155,991</u>
Net Property and Equipment	<u>\$ 29,471</u>	<u>\$ 33,343</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$9,065 and \$10,815, respectively.

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2009 and 2008, consisted of unexpended funds from the following sources:

	<u>2009</u>	<u>2008</u>
Aid To The Needy Grant	\$ 391	\$ 753
Cares	9,660	1,878
Colorado Trust	-	180
Community Services Funding	20	6,250
Emergency Food and Shelter Program	33,931	2,450
Emergency Shelter Grant	1,500	-
Energy Outreach Colorado	1,784	27,708
Helping Hands	6,394	7,799
Packard Foundation	-	8,389
Pueblo Deanery Assistance	10,964	3,217
SC Ministry	2,824	-
Temple Hoyne Buell Foundation	<u>28,500</u>	<u>28,850</u>
Total Temporarily Restricted Net Assets	<u>\$ 95,968</u>	<u>\$ 87,474</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2009 and 2008

NOTE D - TEMPORARILY RESTRICTED NET ASSETS (Continued)

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Cares	\$ 10,013	\$ 2,502
Colorado Trust	8,254	11,180
Community Services Funding	31,230	18,722
Energy Outreach Colorado	275,298	293,182
Emergency Food and Shelter Program	20,519	40,257
Helping Hands	6,500	5,500
March of Dimes	-	7,630
Packard Foundation	8,389	6,639
Pueblo Deanery	55,180	50,326
SC Ministry	7,176	-
Temple Hoyne Buell Foundation	28,850	-
Total Restrictions Released	<u>\$ 451,409</u>	<u>\$ 435,938</u>

NOTE E - OPERATING LEASE COMMITMENTS

The Organization leased 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. This lease expired March 2009. The Organization leases a 2009 Subaru Forester through Chase Auto Finance Corporation. The lease term is thirty-six months starting March 31, 2009 and requires monthly payments of \$307. The amount of the lease expense reported as auto expense was \$4,184 and \$4,896, respectively, for the years ended June 30, 2009 and 2008.

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 was \$5,736 and \$5,119 for the years ended June 30, 2009 and 2008.

The Organization leases real property from The Bishop of Pueblo. The lease term is twelve months starting April 1, 2008 and requires monthly lease payments of \$1,675. The term of the lease expires April 1, 2009. Effective March 1, 2009, a new lease was executed. The lease term is twelve months and requires one payment of \$1. As part of the new agreement, the Organization agrees to provide janitorial, trash removal and general building maintenance. The term of the lease expires February 28, 2010. The amount reported in occupancy expense was \$13,401 and \$20,100 for the years ended June 30, 2009 and 2008, respectively.

Future minimum lease payments are as follows as of June 30, 2009:

	<u>Vehicle</u>	<u>Copier</u>
2010	\$ 3,689	\$ 5,736
2011	3,689	5,736
2012	2,767	5,736
2013	-	955
	<u>\$ 10,145</u>	<u>\$ 18,163</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2009 and 2008

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>2009</u>	<u>2008</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>

NOTE G - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>
Investments	<u>\$ 368,398</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE H - SUBSEQUENT EVENTS

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*. SFAS 165 established general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Among other things, SFAS 165 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The statement did not have a material effect on the Organization's financial statements. In connection with the adoption of SFAS 165, the Organization has evaluated subsequent events through December 15, 2009, the date financial statements are available to be issued.

SUPPLEMENTAL INFORMATION

COMPARATIVE SCHEDULE OF FUNCTIONAL EXPENSES

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.

For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>	<u>VARIANCES</u>	
			<u>DOLLAR</u> <u>AMOUNT</u>	<u>PERCENT</u>
Salaries	\$ 741,405	\$ 660,499	\$ 80,906	12.2%
Payroll taxes	111,636	105,198	6,438	6.1%
Benefits	<u>56,587</u>	<u>51,545</u>	<u>5,042</u>	9.8%
TOTAL SALARIES AND BENEFITS	909,628	817,242	92,386	11.3%
Auto expense	6,377	7,594	(1,217)	(16.0)%
Conferences, conventions, and meetings	16,176	26,889	(10,713)	(39.8)%
Depreciation	9,065	10,815	(1,750)	(16.2)%
Dues and subscriptions	3,432	4,695	(1,263)	(26.9)%
Insurance	2,052	4,050	(1,998)	(49.3)%
Miscellaneous	110	100	10	10.0%
Occupancy	31,918	31,449	469	1.5%
Postage and shipping	10,725	11,164	(439)	(3.9)%
Printing and publications	4,955	5,701	(746)	(13.1)%
Professional fees	74,707	76,854	(2,147)	(2.8)%
Program expenses	111,239	44,001	67,238	152.8%
Repairs and maintenance	19,566	13,397	6,169	46.0%
Rent-building and equipment	12,544	11,495	1,049	9.1%
Supplies	16,836	14,480	2,356	16.3%
Telephone	22,010	21,375	635	3.0%
Travel	<u>14,039</u>	<u>13,873</u>	<u>166</u>	1.2%
TOTAL FUNCTIONAL EXPENSES	\$ <u>1,265,379</u>	\$ <u>1,115,174</u>	\$ <u>150,205</u>	13.5%