

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2010 and 2009

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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, 2010 and 2009, 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 the 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, 2010 and 2009, 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 22, 2010

STATEMENTS OF FINANCIAL POSITION
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 538,574	\$ 640,139
Investments	416,573	368,398
Accounts receivable, net of allowance for doubtful accounts	4,454	16,328
Grant and contract receivables	78,011	53,627
Prepaid expenses	10,182	9,195
Property and equipment, net of accumulated depreciation	<u>65,521</u>	<u>29,471</u>
TOTAL ASSETS	<u>\$ 1,113,315</u>	<u>\$ 1,117,158</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable	\$ 18,725	\$ 10,646
Accrued payroll taxes and withholding	321	714
Deferred revenue	120,803	95,757
Client deposits	128,721	125,467
Accrued compensated absences	<u>37,144</u>	<u>34,649</u>
TOTAL LIABILITIES	<u>305,714</u>	<u>267,233</u>
 NET ASSETS		
Unrestricted	106,375	33,957
Board designated	<u>520,000</u>	<u>720,000</u>
Total Unrestricted	626,375	753,957
Temporarily Restricted	<u>181,226</u>	<u>95,968</u>
TOTAL NET ASSETS	<u>807,601</u>	<u>849,925</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,113,315</u>	<u>\$ 1,117,158</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, 2010 and 2009

	2010		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTALS</u>
SUPPORT AND REVENUES			
Support			
United Way allocations	\$ 64,724	\$ -	\$ 64,724
BDF support	100,000	-	100,000
Pueblo Deanery support	-	28,222	28,222
Contributions	53,290	129,780	183,070
Assistance programs	24,000	337,042	361,042
Total Support	<u>242,014</u>	<u>495,044</u>	<u>737,058</u>
Revenues			
Contract grants	295,726	-	295,726
County and private grants	470,793	-	470,793
Adoption fees	3,227	-	3,227
Counseling fees	16,809	-	16,809
Immigration service fees	38,011	-	38,011
Other fees	72,683	-	72,683
Money management fees	43,715	-	43,715
Special event, net of costs \$22,383 and \$130	18,472	-	18,472
Miscellaneous revenues	2,378	-	2,378
Investment income	13,197	-	13,197
Net realized and unrealized gain (loss) on investments	35,144	-	35,144
Total Revenues	<u>1,010,155</u>	<u>-</u>	<u>1,010,155</u>
Net Assets Released from Restrictions	<u>409,786</u>	<u>(409,786)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>1,661,955</u>	<u>85,258</u>	<u>1,747,213</u>
EXPENSES			
Functional Expenses			
Program services	1,204,159	-	1,204,159
Management and general	187,871	-	187,871
Total Functional Expenses	<u>1,392,030</u>	<u>-</u>	<u>1,392,030</u>
Assistance to Individuals	<u>397,507</u>	<u>-</u>	<u>397,507</u>
TOTAL EXPENSES	<u>1,789,537</u>	<u>-</u>	<u>1,789,537</u>
CHANGE IN NET ASSETS	(127,582)	85,258	(42,324)
NET ASSETS, beginning	<u>753,957</u>	<u>95,968</u>	<u>849,925</u>
NET ASSETS, ending	<u>\$ 626,375</u>	<u>\$ 181,226</u>	<u>\$ 807,601</u>

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

2009

<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTALS</u>
\$ 70,717	\$ -	\$ 70,717
100,000	-	100,000
-	32,308	32,308
26,968	63,850	90,818
<u>57,250</u>	<u>363,744</u>	<u>420,994</u>
<u>254,935</u>	<u>459,902</u>	<u>714,837</u>
143,805	-	143,805
627,745	-	627,745
21,533	-	21,533
21,349	-	21,349
28,060	-	28,060
58,603	-	58,603
52,686	-	52,686
5,240	-	5,240
3,562	-	3,562
25,411	-	25,411
<u>(116,068)</u>	<u>-</u>	<u>(116,068)</u>
<u>871,926</u>	<u>-</u>	<u>871,926</u>
<u>451,408</u>	<u>(451,408)</u>	<u>-</u>
<u>1,578,269</u>	<u>8,494</u>	<u>1,586,763</u>
1,121,834	-	1,121,834
<u>143,545</u>	<u>-</u>	<u>143,545</u>
1,265,379	-	1,265,379
<u>459,277</u>	<u>-</u>	<u>459,277</u>
<u>1,724,656</u>	<u>-</u>	<u>1,724,656</u>
(146,387)	8,494	(137,893)
<u>900,344</u>	<u>87,474</u>	<u>987,818</u>
<u>\$ 753,957</u>	<u>\$ 95,968</u>	<u>\$ 849,925</u>

STATEMENTS OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the year ended June 30, 2010

FUNCTIONAL EXPENSES	2010		
	<u>FEEP</u>	<u>CLINICAL</u>	<u>IMMIGRANT PROGRAMS</u>
Salaries and Related Expenses			
Salaries	\$ 305,256	\$ 127,353	\$ 63,880
Employee benefits	41,222	20,600	11,644
Payroll taxes	<u>23,794</u>	<u>9,927</u>	<u>4,979</u>
Total Salaries and Related Expenses	<u>370,272</u>	<u>157,880</u>	<u>80,503</u>
Other Expenses			
Audit fees	3,750	625	625
Auto expense	3,750	210	1,019
Conferences, conventions, and meetings	10,640	1,968	1,233
Dues and subscriptions	60	368	-
Insurance	1,196	824	974
Miscellaneous	-	10	-
Occupancy	9,449	3,481	4,821
Postage and shipping	2,697	1,476	1,662
Printing and publications	255	75	795
Professional services	80,234	11,124	18,938
Program expenses	96,424	3,132	5,111
Repairs and maintenance	3,557	3,557	4,667
Rent - equipment	2,742	762	1,141
Supplies	4,435	1,826	1,753
Telephone	9,614	5,230	2,847
Travel	<u>9,722</u>	<u>933</u>	<u>178</u>
Total Other Expenses	<u>242,836</u>	<u>35,601</u>	<u>45,764</u>
Total Expenses Before Depreciation	613,108	193,481	126,267
Depreciation	-	-	-
TOTAL FUNCTIONAL EXPENSES	<u>\$ 613,108</u>	<u>\$ 193,481</u>	<u>\$ 126,267</u>

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

2010				
<u>FAMILY SERVICES</u>	<u>HOUSING & HOMELESS PREVENTION</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTALS</u>
\$ 42,124	\$ 136,158	\$ 674,771	\$ 87,483	\$ 762,254
9,489	21,014	103,969	21,224	125,193
3,284	10,613	52,597	6,816	59,413
<u>54,897</u>	<u>167,785</u>	<u>831,337</u>	<u>115,523</u>	<u>946,860</u>
625	625	6,250	1,250	7,500
315	15	5,309	188	5,497
1,127	963	15,931	6,786	22,717
382	-	810	155	965
1,162	3,813	7,969	1,729	9,698
-	-	10	240	250
1,243	3,481	22,475	6,070	28,545
829	3,477	10,141	1,713	11,854
100	75	1,300	646	1,946
2,811	2,927	116,034	19,059	135,093
4,743	-	109,410	11,494	120,904
2,625	6,109	24,826	-	24,826
504	1,177	6,326	3,276	9,602
431	3,697	12,142	3,524	15,666
1,127	2,547	21,365	5,237	26,602
1,667	24	12,524	1,495	14,019
<u>19,691</u>	<u>28,930</u>	<u>372,822</u>	<u>62,862</u>	<u>435,684</u>
74,588	196,715	1,204,159	178,385	1,382,544
-	-	-	9,486	9,486
<u>\$ 74,588</u>	<u>\$ 196,715</u>	<u>\$ 1,204,159</u>	<u>\$ 187,871</u>	<u>\$ 1,392,030</u>

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

FUNCTIONAL EXPENSES	2009		
	<u>FEEP</u>	<u>CLINICAL</u>	<u>IMMIGRANT 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>
<u>60,997</u>	<u>144,215</u>	<u>812,120</u>	<u>97,508</u>	<u>909,628</u>
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>
<u>14,268</u>	<u>26,833</u>	<u>309,714</u>	<u>36,972</u>	<u>346,686</u>
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 CASH FLOWS
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (42,324)	\$ (137,893)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,486	9,065
Realized and unrealized (gain) loss on investments	(35,144)	116,068
(Increase) decrease in assets:		
Accounts receivable	11,874	(13,005)
Grant receivable	(24,384)	53,807
Prepaid expenses	(987)	(8,862)
Increase (decrease) in liabilities:		
Accounts payable	8,079	2,545
Accrued payroll taxes and withholding	(393)	(64)
Deferred revenue	25,046	70,757
Client deposits	3,254	(6,016)
Accrued compensated absences	<u>2,495</u>	<u>9,339</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(42,998)</u>	<u>95,741</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(45,536)	(5,193)
Purchase of investments	(13,031)	(21,478)
Proceeds from sale of investments	<u>-</u>	<u>300,000</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(58,567)</u>	<u>273,329</u>
NET INCREASE (DECREASE) IN CASH	(101,565)	369,070
CASH AND CASH EQUIVALENTS, beginning	<u>640,139</u>	<u>271,069</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 538,574</u>	<u>\$ 640,139</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, 2010 and 2009

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. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) for 2007, 2008 and 2009 are subject to examination by the IRS, generally for three years after they were filed.

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, 2010 and 2009, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2010 and 2009, the Organization was holding \$128,721 and \$125,467 respectively, of client funds.

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, 2010 and 2009 were \$37,144 and \$34,649, 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, 2010 and 2009, were \$16,500 and \$17,500, 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 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conservatorship (Continued)

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, 2010 and 2009 totaled \$612,413 and \$521,798, respectively. Fees earned for conservator responsibilities for the years ended June 30, 2010 and 2009 approximated \$10,715 and \$12,593, respectively, which is recorded as money management revenue.

Concentration of Credit Risk

The Organization's cash in financial institutions exceeded the federally insured limit of \$250,000 at June 30, 2010 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, 2010 and 2009 investments consisted of:

	2010		
	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Estimated Market Value</u>
Mutual funds	\$ 434,215	\$ (17,642)	\$ 416,573
	2009		
Mutual funds	\$ 421,185	\$ (52,787)	\$ 368,398

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

	2010	2009
Dividends	\$ 13,031	\$ 24,671
Capital gain distributions	-	-
Interest income	166	740
Total Investment Income	\$ 13,197	\$ 25,411
Realized gain (loss)	-	(6,513)
Unrealized gain (loss)	35,144	(109,555)
Total Realized and Unrealized Loss	35,144	(116,068)
Total Investment Return	\$ 48,341	\$ (90,657)

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2010 and 2009

NOTE C- PROPERTY AND EQUIPMENT

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

	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 66,631	\$ 41,856
Office furniture and equipment	<u>173,432</u>	<u>152,671</u>
Total Property and Equipment	240,063	194,527
Less: accumulated depreciation	<u>174,542</u>	<u>165,056</u>
Net Property and Equipment	<u>\$ 65,521</u>	<u>\$ 29,471</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$9,486 and \$9,065, respectively.

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2010 and 2009, consisted of unexpended funds from the following sources:

	<u>2010</u>	<u>2009</u>
Aid To The Needy Grant	\$ 1,356	\$ 391
Cares	4,309	9,660
Community Services Funding	72	20
Diocese of Pueblo Foundation	3,540	-
El Pomar Foundation	50,000	-
Emergency Food and Shelter Program	324	33,931
Emergency Shelter Grant	4,956	1,500
Energy Outreach Colorado	46,460	1,784
Helping Hands	10,619	6,394
Pueblo Deanery Assistance	14,393	10,964
SC Ministry	-	2,824
Temple Hoyne Buell Foundation	<u>45,197</u>	<u>28,500</u>
Total Temporarily Restricted Net Assets	<u>\$ 181,226</u>	<u>\$ 95,968</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2010 and 2009

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Cares	\$ 36,986	\$ 10,013
Colorado Trust	-	8,254
Community Services Funding	26,448	31,230
Diocese of Pueblo Foundation	460	-
Energy Outreach Colorado	182,019	275,298
Emergency Food and Shelter Program	66,569	20,519
Emergency Shelter Grant	11,804	-
Helping Hands	13,527	6,500
Packard Foundation	-	8,389
Pueblo Deanery	40,649	55,180
SC Ministry	2,824	7,176
Temple Hoyne Buell Foundation	<u>28,500</u>	<u>28,850</u>
Total Restrictions Released	\$ <u>409,786</u>	\$ <u>451,409</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 \$3,689 and \$4,184, respectively, for the years ended June 30, 2010 and 2009.

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 for the years ended June 30, 2010 and 2009.

Effective March 1, 2009, a new lease for office space 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. In August 2010, the existing lease was extended with the same provisions and will expire July 31, 2011. The amount reported in occupancy expense was \$19,667 and \$13,401 for the years ended June 30, 2010 and 2009, respectively.

Future minimum lease payments are as follows as of June 30, 2010:

	<u>Vehicle</u>	<u>Copier</u>
2011	\$ 3,689	\$ 5,736
2012	2,767	5,736
2013	-	955
	<u>\$ 6,456</u>	<u>\$ 12,427</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2010 and 2009

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>2010</u>	<u>2009</u>
Capital improvements	\$ 25,000	\$ 25,000
Operating reserve	125,000	325,000
Diocesan Expansion of programs	<u>370,000</u>	<u>370,000</u>
Total Board Designated Net Assets	<u>\$ 520,000</u>	<u>\$ 720,000</u>

NOTE G - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2010 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>\$ 416,573</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 22, 2010, 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, 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>VARIANCES</u>	
			<u>DOLLAR</u> <u>AMOUNT</u>	<u>PERCENT</u>
Salaries	\$ 762,254	\$ 741,405	\$ 20,849	2.8%
Payroll taxes	125,193	111,636	13,557	12.1%
Benefits	<u>59,413</u>	<u>56,587</u>	<u>2,826</u>	5.0%
TOTAL SALARIES AND BENEFITS	946,860	909,628	37,232	4.1%
Auto expense	5,497	6,377	(880)	(13.8)%
Conferences, conventions, and meetings	22,717	16,176	6,541	40.4%
Depreciation	9,486	9,065	421	4.6%
Dues and subscriptions	965	3,432	(2,467)	(71.9)%
Insurance	9,698	2,052	7,646	372.6%
Miscellaneous	250	110	140	127.3%
Occupancy	28,545	31,918	(3,373)	(10.6)%
Postage and shipping	11,854	10,725	1,129	10.5%
Printing and publications	1,946	4,955	(3,009)	(60.7)%
Professional fees	142,593	74,707	67,886	90.9%
Program expenses	120,904	111,239	9,665	8.7%
Repairs and maintenance	24,826	19,566	5,260	26.9%
Rent-building and equipment	9,602	12,544	(2,942)	(23.5)%
Supplies	15,666	16,836	(1,170)	(6.9)%
Telephone	26,602	22,010	4,592	20.9%
Travel	<u>14,019</u>	<u>14,039</u>	<u>(20)</u>	(0.1)%
TOTAL FUNCTIONAL EXPENSES	\$ <u>1,392,030</u>	\$ <u>1,265,379</u>	\$ <u>126,651</u>	10.0%