

CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Catholic Charities of the Diocese of Pueblo, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Pueblo as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mr. Pherson, Brynogle, Purchins & Goodrich, PC

January 20, 2014

STATEMENTS OF FINANCIAL POSITION
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2013 and 2012

| <u>ASSETS</u> | <u>2013</u> | <u>2012</u> |
|---|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 504,512 | \$ 333,174 |
| Investments | 457,892 | 541,714 |
| Accounts receivable, net of allowance for doubtful accounts | 1,678 | 2,372 |
| Grant and contract receivables | 145,676 | 121,792 |
| Prepaid expenses | 14,805 | 1,179 |
| Property and equipment, net of accumulated depreciation | <u>96,458</u> | <u>110,917</u> |
| TOTAL ASSETS | <u>\$ 1,221,021</u> | <u>\$ 1,111,148</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES | | |
| Accounts payable | \$ 6,137 | \$ 12,539 |
| Accrued payroll taxes and withholding | 2,211 | 2,812 |
| Deferred revenue | 155,523 | 127,980 |
| Client deposits | 174,353 | 126,440 |
| Accrued compensated absences | <u>42,065</u> | <u>36,357</u> |
| TOTAL LIABILITIES | <u>380,289</u> | <u>306,128</u> |
| NET ASSETS | | |
| Unrestricted | 241,907 | 184,649 |
| Board designated | <u>520,000</u> | <u>520,000</u> |
| Total Unrestricted | 761,907 | 704,649 |
| Temporarily Restricted | <u>78,825</u> | <u>100,371</u> |
| TOTAL NET ASSETS | <u>840,732</u> | <u>805,020</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,221,021</u> | <u>\$ 1,111,148</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, 2013 and 2012

| | 2013 | | |
|---|---------------------|-----------------------------------|-------------------|
| | <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTALS</u> |
| SUPPORT AND REVENUES | | | |
| Support | | | |
| United Way allocations | \$ 26,650 | \$ - | \$ 26,650 |
| BDF support | 100,400 | - | 100,400 |
| Pueblo Deanery support | - | 21,786 | 21,786 |
| Contributions | 99,936 | 17,746 | 117,682 |
| Assistance programs | - | 461,183 | 461,183 |
| Total Support | <u>226,986</u> | <u>500,715</u> | <u>727,701</u> |
| Revenues | | | |
| Contract grants | 712,670 | - | 712,670 |
| County and private grants | 581,325 | - | 581,325 |
| Counseling fees | - | - | - |
| Immigration service fees | 32,155 | - | 32,155 |
| Other fees | 42,913 | - | 42,913 |
| Money management fees | 46,768 | - | 46,768 |
| Special event, net of costs \$2,191 and \$15,452 | 16,320 | - | 16,320 |
| Miscellaneous revenues | 30 | - | 30 |
| Investment income | 12,380 | - | 12,380 |
| Net realized and unrealized gain (loss) on investments | 67,227 | - | 67,227 |
| Total Revenues | <u>1,511,788</u> | <u>-</u> | <u>1,511,788</u> |
| Net Assets Released from Restrictions | <u>522,261</u> | <u>(522,261)</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUES | <u>2,261,035</u> | <u>(21,546)</u> | <u>2,239,489</u> |
| EXPENSES | | | |
| Functional Expenses | | | |
| Program services | 1,445,973 | - | 1,445,973 |
| Management and general | 272,119 | - | 272,119 |
| Total Functional Expenses | <u>1,718,092</u> | <u>-</u> | <u>1,718,092</u> |
| Assistance to Individuals | <u>485,685</u> | <u>-</u> | <u>485,685</u> |
| TOTAL EXPENSES | <u>2,203,777</u> | <u>-</u> | <u>2,203,777</u> |
| CHANGE IN NET ASSETS | 57,258 | (21,546) | 35,712 |
| NET ASSETS, beginning | <u>704,649</u> | <u>100,371</u> | <u>805,020</u> |
| NET ASSETS, ending | <u>\$ 761,907</u> | <u>\$ 78,825</u> | <u>\$ 840,732</u> |

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

2012

| <u>UNRESTRICTED</u> | <u>TEMPORARILY RESTRICTED</u> | <u>TOTALS</u> |
|---------------------|-----------------------------------|-------------------|
| \$ 54,624 | \$ - | \$ 54,624 |
| 100,000 | - | 100,000 |
| - | 24,601 | 24,601 |
| 34,586 | 30,203 | 64,789 |
| <u>34,763</u> | <u>527,768</u> | <u>562,531</u> |
| <u>223,973</u> | <u>582,572</u> | <u>806,545</u> |
| 283,004 | - | 283,004 |
| 614,783 | - | 614,783 |
| 3,635 | - | 3,635 |
| 39,195 | - | 39,195 |
| 27,303 | - | 27,303 |
| 46,930 | - | 46,930 |
| 28,352 | - | 28,352 |
| 15,324 | - | 15,324 |
| 13,745 | - | 13,745 |
| <u>18,802</u> | <u>-</u> | <u>18,802</u> |
| <u>1,091,073</u> | <u>-</u> | <u>1,091,073</u> |
| <u>512,534</u> | <u>(512,534)</u> | <u>-</u> |
| <u>1,827,580</u> | <u>70,038</u> | <u>1,897,618</u> |
| 1,093,486 | - | 1,093,486 |
| <u>208,971</u> | <u>-</u> | <u>208,971</u> |
| 1,302,457 | - | 1,302,457 |
| <u>514,363</u> | <u>-</u> | <u>514,363</u> |
| <u>1,816,820</u> | <u>-</u> | <u>1,816,820</u> |
| 10,760 | 70,038 | 80,798 |
| <u>693,889</u> | <u>30,333</u> | <u>724,222</u> |
| <u>\$ 704,649</u> | <u>\$ 100,371</u> | <u>\$ 805,020</u> |

STATEMENTS OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the year ended June 30, 2013

| | 2013 | | |
|--|---------------------|------------------------|----------------------------------|
| | <u>FEEP</u> | <u>CLINICAL</u> | <u>IMMIGRANT PROGRAMS</u> |
| FUNCTIONAL EXPENSES | | | |
| Salaries and Related Expenses | | | |
| Salaries | \$ 616,514 | - | \$ 80,200 |
| Employee benefits | 94,635 | - | 2,675 |
| Payroll taxes | <u>52,383</u> | <u>-</u> | <u>6,649</u> |
| Total Salaries and Related Expenses | <u>763,532</u> | <u>-</u> | <u>89,524</u> |
| Other Expenses | | | |
| Audit fees | - | - | - |
| Auto expense | 2,110 | - | 275 |
| Conferences, conventions, and meetings | 16,199 | - | 2,231 |
| Dues and subscriptions | 13,252 | - | 3,604 |
| Insurance | 3,773 | - | 910 |
| Occupancy | 13,396 | - | 2,592 |
| Postage and shipping | 3,374 | - | 2,111 |
| Printing and publications | 8,478 | - | 899 |
| Professional services | 55,150 | - | - |
| Program expenses | 142,245 | - | 2,637 |
| Repairs and equipment maintenance | 34,881 | - | 6,155 |
| Rent - equipment | 4,210 | - | 560 |
| Supplies | 3,031 | - | 1,882 |
| Telephone | 31,098 | - | 2,400 |
| Travel | <u>40,043</u> | <u>-</u> | <u>4,839</u> |
| Total Other Expenses | <u>371,240</u> | <u>-</u> | <u>31,095</u> |
| Total Expenses Before Depreciation | 1,134,772 | - | 120,619 |
| Depreciation | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 1,134,772</u> | <u>\$ -</u> | <u>\$ 120,619</u> |

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

2013

| <u>HOUSING & HOMELESS PREVENTION</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>MANAGEMENT AND GENERAL</u> | <u>TOTALS</u> |
|---|--|--|----------------------|
| \$ 126,205 | \$ 822,919 | \$ 116,572 | \$ 939,491 |
| 25,126 | 122,436 | 40,600 | 163,036 |
| <u>10,634</u> | <u>69,666</u> | <u>8,925</u> | <u>78,591</u> |
| 161,965 | 1,015,021 | 166,097 | 1,181,118 |
| - | - | 6,500 | 6,500 |
| - | 2,385 | 126 | 2,511 |
| 353 | 18,783 | 14,984 | 33,767 |
| - | 16,856 | 2,927 | 19,783 |
| 910 | 5,593 | 1,060 | 6,653 |
| 2,199 | 18,187 | 205 | 18,392 |
| 3,158 | 8,643 | 227 | 8,870 |
| 808 | 10,185 | 15,806 | 25,991 |
| 2,680 | 57,830 | 40,825 | 98,655 |
| 344 | 145,226 | 1,264 | 146,490 |
| 10,436 | 51,472 | 998 | 52,470 |
| 795 | 5,565 | 86 | 5,651 |
| 3,796 | 8,709 | 1,618 | 10,327 |
| 2,676 | 36,174 | 1,327 | 37,501 |
| <u>462</u> | <u>45,344</u> | <u>3,610</u> | <u>48,954</u> |
| <u>28,617</u> | <u>430,952</u> | <u>91,563</u> | <u>522,515</u> |
| 190,582 | 1,445,973 | 257,660 | 1,703,633 |
| - | - | 14,459 | 14,459 |
| <u>\$ 190,582</u> | <u>\$ 1,445,973</u> | <u>\$ 272,119</u> | <u>\$ 1,718,092</u> |

STATEMENTS OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the year ended June 30, 2012

| | 2012 | | |
|--|--------------------|------------------------|----------------------------------|
| | <u>FEEP</u> | <u>CLINICAL</u> | <u>IMMIGRANT PROGRAMS</u> |
| FUNCTIONAL EXPENSES | | | |
| Salaries and Related Expenses | | | |
| Salaries | \$ 420,817 | \$ 42,158 | \$ 68,645 |
| Employee benefits | 74,605 | 2,441 | 1,948 |
| Payroll taxes | <u>35,455</u> | <u>3,552</u> | <u>5,784</u> |
| Total Salaries and Related Expenses | <u>530,877</u> | <u>48,151</u> | <u>76,377</u> |
| Other Expenses | | | |
| Audit fees | - | - | - |
| Auto expense | 4,517 | 293 | 1,430 |
| Conferences, conventions, and meetings | 14,609 | 1,128 | 2,655 |
| Dues and subscriptions | 2,540 | 402 | 2,122 |
| Insurance | 2,768 | 693 | 1,386 |
| Occupancy | 13,996 | 1,655 | 3,435 |
| Postage and shipping | 4,188 | 405 | 2,385 |
| Printing and publications | 3,256 | - | 20 |
| Professional services | 31,461 | 366 | 2,196 |
| Program expenses | 109,676 | 86 | 3,191 |
| Repairs and equipment maintenance | 16,019 | 1,490 | 3,081 |
| Rent - equipment | 3,404 | 170 | 855 |
| Supplies | 8,540 | 468 | 2,130 |
| Telephone | 15,717 | 2,475 | 2,681 |
| Travel | <u>9,439</u> | <u>20</u> | <u>364</u> |
| Total Other Expenses | <u>240,130</u> | <u>9,651</u> | <u>27,931</u> |
| Total Expenses Before Depreciation | 771,007 | 57,802 | 104,308 |
| Depreciation | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 771,007</u> | <u>\$ 57,802</u> | <u>\$ 104,308</u> |

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

2012

| <u>HOUSING & HOMELESS PREVENTION</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>MANAGEMENT AND GENERAL</u> | <u>TOTALS</u> |
|--|---------------------------------------|---------------------------------------|---------------------|
| \$ 106,380 | \$ 638,000 | \$ 71,364 | \$ 709,364 |
| 20,586 | 99,580 | 32,169 | 131,749 |
| <u>8,963</u> | <u>53,754</u> | <u>6,013</u> | <u>59,767</u> |
| 135,929 | 791,334 | 109,546 | 900,880 |
| - | - | 6,500 | 6,500 |
| - | 6,240 | 427 | 6,667 |
| 23 | 18,415 | 14,781 | 33,196 |
| - | 5,064 | 2,165 | 7,229 |
| 1,386 | 6,233 | 943 | 7,176 |
| 3,866 | 22,952 | 2,313 | 25,265 |
| 3,524 | 10,502 | 1,110 | 11,612 |
| 39 | 3,315 | 2,364 | 5,679 |
| - | 34,023 | 38,186 | 72,209 |
| - | 112,953 | 490 | 113,443 |
| 6,985 | 27,575 | 6,027 | 33,602 |
| 1,091 | 5,520 | 216 | 5,736 |
| 4,548 | 15,686 | 3,284 | 18,970 |
| 2,829 | 23,702 | 3,900 | 27,602 |
| <u>149</u> | <u>9,972</u> | <u>2,104</u> | <u>12,076</u> |
| 24,440 | 302,152 | 84,810 | 386,962 |
| 160,369 | 1,093,486 | 194,356 | 1,287,842 |
| - | - | 14,615 | 14,615 |
| <u>\$ 160,369</u> | <u>\$ 1,093,486</u> | <u>\$ 208,971</u> | <u>\$ 1,302,457</u> |

STATEMENTS OF CASH FLOWS
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the years ended June 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 35,712 | \$ 80,798 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 14,459 | 14,615 |
| Realized and unrealized (gain) loss on investments | (67,227) | (18,802) |
| (Increase) decrease in assets: | | |
| Accounts receivable | 694 | 3,762 |
| Grant and contract receivable | (23,884) | (13,737) |
| Prepaid expenses | (13,626) | 8,713 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (6,402) | 3,498 |
| Accrued payroll taxes and withholding | (601) | 1,354 |
| Deferred revenue | 27,543 | 12,247 |
| Client deposits | 47,913 | (27,915) |
| Accrued compensated absences | 5,708 | (2,743) |
| | <u>20,289</u> | <u>61,790</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | - | (16,005) |
| Proceeds from sale of investments | 163,521 | - |
| Purchase of investments | (12,472) | (13,739) |
| | <u>151,049</u> | <u>(29,744)</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH | 171,338 | 32,046 |
| CASH AND CASH EQUIVALENTS, beginning | <u>333,174</u> | <u>301,128</u> |
| CASH AND CASH EQUIVALENTS, ending | <u>\$ 504,512</u> | <u>\$ 333,174</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, 2013 and 2012

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 has not recognize any liability for unrecognized tax benefits.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) for 2010, 2011, 2012 and 2013 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.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$750. 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, 2013 and 2012

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, 2013 and 2012, the Organization was holding \$174,353 and \$126,440 respectively, of client funds.

Accrued Compensated Absences

The Organization provides vacation leave benefits to all employees. Effective January 1, 2012, vacation benefits are earned by employees based upon their years of service and range from ten to twenty days. Part-time employees earned hours will vary based on hours worked. Employees hired prior to September 30, 2011 will continue to follow the previous policy whereas 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, 2013 and 2012 were \$42,065 and \$36,357, 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, 2013 and 2012, were \$16,500 and \$16,875, 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.

Effective October 21, 2011, the counseling program was discontinued. This program was identified under clinical services in the Statement of Functional Expenses.

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2013 and 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 3 to 8 clients whose total assets at June 30, 2013 and 2012 totaled \$118,988 and \$285,510, respectively. Fees earned for conservator responsibilities for the years ended June 30, 2013 and 2012 approximated \$43,211 and \$40,976, respectively, which is recorded as money management revenue.

Business and Credit Concentration

The Organization's cash in financial institutions exceeded the federally insured limit of \$250,000 at June 30, 2013 and at various times throughout the year then ended.

The Organization receives funding from Federal, State and foundation grants which may be subject to regulatory or other oversight by various government or granting agencies. Such oversight may include audit or other compliance procedures. Any adjustments made by a granting agency would become a liability of the Organization. There are no such proceedings presently in progress.

Fair Value Measurements

On July 1, 2008, the Organization adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, 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. ASC Topic 820 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. ASC Topic 820 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. The investments consisted of the following at June 30:

| | 2013 | | |
|---------------------|--------------------|--|--|
| | <u>Cost</u> | <u>Unrealized Gain (Loss)</u> | <u>Estimated Market Value</u> |
| Equity mutual funds | \$ 327,516 | \$ 130,376 | \$ 457,892 |
| | 2012 | | |
| Equity mutual funds | \$ 461,405 | \$ 80,309 | \$ 541,714 |

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
June 30, 2013 and 2012

NOTE B - INVESTMENTS (Continued)

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

| | <u>2013</u> | <u>2012</u> |
|--------------------------------|-------------------------|-------------------------|
| Dividends | \$ 12,377 | \$ 13,740 |
| Interest income | 3 | 5 |
| Total Investment Income | <u>\$ 12,380</u> | <u>\$ 13,745</u> |
| Realized gain (loss) | 17,160 | - |
| Unrealized gain (loss) | 50,067 | 18,802 |
| Total Investment Return | <u><u>\$ 79,607</u></u> | <u><u>\$ 32,547</u></u> |

NOTE C- PROPERTY AND EQUIPMENT

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

| | <u>2013</u> | <u>2012</u> |
|-------------------------------------|-------------------------|--------------------------|
| Leasehold improvements | \$ 119,222 | \$ 119,222 |
| Office furniture and equipment | 177,699 | 177,699 |
| Vehicle | <u>14,198</u> | <u>14,198</u> |
| Total Property and Equipment | 311,119 | 311,119 |
| Less: accumulated depreciation | <u>214,661</u> | <u>200,202</u> |
| Net Property and Equipment | <u><u>\$ 96,458</u></u> | <u><u>\$ 110,917</u></u> |

Depreciation expense for the years ended June 30, 2013 and 2012 was \$14,459 and \$14,615, respectively.

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

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

| | <u>2013</u> | <u>2012</u> |
|--|-------------------------|--------------------------|
| Aid To The Needy Grant | \$ 1,313 | \$ 2,991 |
| Cares | 3,797 | 6,314 |
| Colorado Trust | - | 1,094 |
| Community Problem Solving | - | 354 |
| Disaster Relief Donations | 530 | - |
| DSS / HB1451 | 478 | 407 |
| Emergency Food and Shelter Program | 70 | 70 |
| Energy Outreach Colorado | 71,067 | 77,273 |
| HIPPY matching funds | - | 11,273 |
| Pueblo County Rent Assistance | 605 | - |
| Pueblo Deanery Assistance | <u>965</u> | <u>595</u> |
| Total Temporarily Restricted Net Assets | <u><u>\$ 78,825</u></u> | <u><u>\$ 100,371</u></u> |

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2013 and 2012

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, 2013 and 2012:

| | <u>2013</u> | <u>2012</u> |
|------------------------------------|--------------------------|--------------------------|
| Cares | \$ 118,828 | \$ 96,059 |
| Colorado Bright Beginnings | - | 4,100 |
| Colorado Trust | 4,465 | 1,847 |
| Community Problem Solving | 2,854 | 2,146 |
| Diocese of Pueblo Foundation | - | 2,985 |
| Disaster Relief Donations | 9,070 | - |
| DSS / HB1451 | 7,874 | 5,619 |
| Energy Outreach Colorado | 313,331 | 299,731 |
| Emergency Food and Shelter Program | - | 23,950 |
| Emergency Shelter Grant | - | 19,000 |
| HIPPY Marching Funds | 11,273 | 3,556 |
| Pueblo County Rent Assistance | 23,326 | - |
| Pueblo Deanery | <u>31,240</u> | <u>53,541</u> |
| Total Restrictions Released | <u>\$ 522,261</u> | <u>\$ 512,534</u> |

NOTE E - OPERATING LEASE COMMITMENTS

The Organization leased a Sharp Copier from Lewan and Associates. The lease term was sixty months starting September 6, 2007 and required monthly lease payments of \$477.97. The lease expired. On May 23, 2013, the Organization entered into a lease with Great America Financial Services for a Canon copier. The lease term is sixty months starting June 23, 2013 and requires monthly lease payments of \$393.07. The amount of the lease expense reported was \$5,651 and \$5,736 for the years ended June 30, 2013 and 2012.

The existing office lease initially expired July 31, 2011 and the lease was for twelve months for \$1. As part of the agreement, the Organization agreed to provide janitorial, trash removal and general building maintenance. On August, 2012, the lease was extended with the same provisions and expires July 31, 2014. The amount reported in occupancy expense was \$19,144 and \$18,113 for the years ended June 30, 2013 and 2012, respectively.

Future minimum lease payments are as follows as of June 30, 2013:

| | <u>Copier</u> | |
|------|-------------------------|--|
| 2014 | \$ 4,717 | |
| 2015 | 4,717 | |
| 2016 | 4,717 | |
| 2017 | 4,717 | |
| 2018 | <u>4,324</u> | |
| | <u>\$ 23,192</u> | |

NOTES TO FINANCIAL STATEMENTS (Continued)
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
 June 30, 2013 and 2012

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:

| | | |
|-------------------|-------------------|-------------------|
| | 2013 | 2012 |
| Operating reserve | <u>\$ 520,000</u> | <u>\$ 520,000</u> |

NOTE G - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2013 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>\$ 457,892</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

The Organization is subject to the provisions of ASC Topic 855, Subsequent Events, which establishes a requirement for disclosing the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. The Organization has evaluated subsequent events through January 20, 2014 and the financial statements were available to be issued January 2014.

SUPPLEMENTAL INFORMATION

COMPARATIVE SCHEDULE OF FUNCTIONAL EXPENSES
CATHOLIC CHARITIES OF THE DIOCESE OF PUEBLO, INC.
For the years ended June 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> | <u>VARIANCES</u> | |
|--|---------------------|---------------------|--------------------------------|----------------|
| | | | <u>DOLLAR</u> <u>AMOUNT</u> | <u>PERCENT</u> |
| Salaries | \$ 939,491 | \$ 709,364 | \$ 230,127 | 32.4% |
| Payroll taxes | 163,036 | 131,749 | 31,287 | 23.7% |
| Benefits | <u>78,591</u> | <u>59,767</u> | <u>18,824</u> | 31.5% |
| TOTAL SALARIES AND BENEFITS | <u>1,181,118</u> | <u>900,880</u> | <u>280,238</u> | 31.1% |
| Auto expense | 2,511 | 6,667 | (4,156) | (62.3)% |
| Conferences, conventions, and meetings | 33,767 | 33,196 | 571 | 1.7% |
| Depreciation | 14,459 | 14,615 | (156) | (1.1)% |
| Dues and subscriptions | 19,783 | 7,229 | 12,554 | 173.7% |
| Insurance | 6,653 | 7,176 | (523) | (7.3)% |
| Occupancy | 18,392 | 25,265 | (6,873) | (27.2)% |
| Postage and shipping | 8,870 | 11,612 | (2,742) | (23.6)% |
| Printing and publications | 25,991 | 5,679 | 20,312 | 357.8% |
| Professional fees | 105,155 | 78,709 | 26,446 | 33.6% |
| Program expenses | 146,490 | 113,443 | 33,047 | 29.1% |
| Repairs and maintenance | 52,470 | 33,602 | 18,868 | 73.0% |
| Rent-equipment | 5,651 | 5,736 | - | - |
| Supplies | 10,327 | 18,970 | (8,643) | (45.6)% |
| Telephone | 37,501 | 27,602 | 9,899 | 35.9% |
| Travel | <u>48,954</u> | <u>12,076</u> | <u>36,878</u> | 305.4% |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 1,718,092</u> | <u>\$ 1,302,457</u> | <u>\$ 415,720</u> | 32.4% |