

CATHOLIC CHARITIES,
DIOCESE OF VENICE, INC.

INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND
CONTRACT COMPLIANCE

JUNE 30, 2011 AND 2010

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Kerkering, Barberio & Co.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.

We have audited the accompanying statements of financial position of Catholic Charities, Diocese of Venice, Inc. (Organization), as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and 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, Diocese of Venice, Inc. as of June 30, 2011 and 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2011 on our consideration of Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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.

Sarasota, Florida
October 27, 2011

Heckering Barheer & Co.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 2,844,480	\$ 1,266,131
Cash and cash equivalents - restricted	533,549	622,875
Contracts and grants receivable	311,070	371,979
Accounts receivable	9,055	14,221
Due from related entities, net of allowance	-	147,868
Prepaid insurance and other expenses	35,573	46,604
Total current assets	<u>3,733,727</u>	<u>2,469,678</u>
Beneficial interest in gift annuities	29,209	26,986
Land, building and equipment, net	<u>2,500,534</u>	<u>2,552,252</u>
Total Assets	<u>\$ 6,263,470</u>	<u>\$ 5,048,916</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 132,933	\$ 153,324
Accrued expenses	275,602	255,304
Refundable advances	13,234	39,304
Current portion of long-term debt	100,000	100,000
Total current liabilities	<u>521,769</u>	<u>547,932</u>
Other Liabilities		
Long-term debt, net of current portion	<u>673,389</u>	<u>804,639</u>
Total liabilities	<u>1,195,158</u>	<u>1,352,571</u>
Net Assets		
Unrestricted		
Undesignated	432,412	91,395
Designated for land, building and equipment	2,500,534	2,552,252
Board designated	1,590,023	418,782
Total unrestricted	<u>4,522,969</u>	<u>3,062,429</u>
Temporarily restricted	533,549	622,875
Permanently restricted	11,794	11,041
Total net assets	<u>5,068,312</u>	<u>3,696,345</u>
Total Liabilities and Net Assets	<u>\$ 6,263,470</u>	<u>\$ 5,048,916</u>

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED TOTALS FOR 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support			
Diocese of Venice	\$ 1,428,500	\$	\$
Contributions	1,994,257	111,223	
Government grants and contracts	3,353,435		
United Way grants	285,000	15,676	
Catholic and other organizations	241,658	85,111	
Other grants	383,060	122,611	
Total support	<u>7,685,910</u>	<u>334,621</u>	<u>-</u>
Revenue			
Program service fees	389,957		
Interest and dividends	52,078		
Change in value of gift annuities	1,470		753
Other income	48,186		
Total revenue	<u>491,691</u>	<u>-</u>	<u>753</u>
Net assets released from restriction	<u>423,947</u>	<u>(423,947)</u>	
Special events revenue	946,459		
Less direct costs of special events	<u>(315,876)</u>		
Net revenue from special events	<u>630,583</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>9,232,131</u>	<u>(89,326)</u>	<u>753</u>
Expenses			
Program services	7,261,241		
Management and general	291,649		
Fund raising	218,827		
Total expenses	<u>7,771,717</u>	<u>-</u>	<u>-</u>
Gain on acquisition and disposal of assets	<u>126</u>		
Increase (decrease) in net assets	1,460,540	(89,326)	753
Net assets at beginning of year	3,062,429	622,875	11,041
Net assets at end of year	<u>\$ 4,522,969</u>	<u>\$ 533,549</u>	<u>\$ 11,794</u>

<u>Total</u>	<u>2010 Total</u>
\$ 1,428,500	\$ 1,352,565
2,105,480	1,611,420
3,353,435	3,621,875
300,676	297,754
326,769	275,585
505,671	322,139
<u>8,020,531</u>	<u>7,481,338</u>
389,957	471,124
52,078	31,022
2,223	998
48,186	36,784
<u>492,444</u>	<u>539,928</u>
-	-
946,459	801,095
<u>(315,876)</u>	<u>(323,372)</u>
<u>630,583</u>	<u>477,723</u>
<u>9,143,558</u>	<u>8,498,989</u>
7,261,241	7,567,742
291,649	307,619
218,827	243,057
<u>7,771,717</u>	<u>8,118,418</u>
<u>126</u>	<u>34,499</u>
1,371,967	415,070
3,696,345	3,281,275
<u>\$ 5,068,312</u>	<u>\$ 3,696,345</u>

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010
(WITH SUMMARIZED TOTALS FOR 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support			
Diocese of Venice	\$ 1,352,565	\$	\$
Contributions	1,158,984	452,436	
Government grants and contracts	3,621,875		
United Way grants	297,754		
Catholic and other organizations	275,585		
Other grants	<u>322,139</u>		
Total support	<u>7,028,902</u>	<u>452,436</u>	<u>-</u>
Revenue			
Program service fees	471,124		
Interest and dividends	31,022		
Change in value of gift annuities	748		250
Other income	<u>36,784</u>		
Total revenue	<u>539,678</u>	<u>-</u>	<u>250</u>
Net assets released from restriction	<u>467,405</u>	<u>(467,405)</u>	
Special events revenue	801,095		
Less direct costs of special events	<u>(323,372)</u>		
Net revenue from special events	<u>477,723</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>8,513,708</u>	<u>(14,969)</u>	<u>250</u>
Expenses			
Program services	7,567,742		
Management and general	307,619		
Fund raising	<u>243,057</u>		
Total expenses	<u>8,118,418</u>	<u>-</u>	<u>-</u>
Gain on acquisition and disposal of assets	<u>34,499</u>		
Increase (decrease) in net assets	429,789	(14,969)	250
Net assets at beginning of year	<u>2,632,640</u>	<u>637,844</u>	<u>10,791</u>
Net assets at end of year	<u>\$ 3,062,429</u>	<u>\$ 622,875</u>	<u>\$ 11,041</u>

<u>Total</u>	<u>2011 Total</u>
\$ 1,352,565	\$ 1,428,500
1,611,420	2,105,480
3,621,875	3,353,435
297,754	300,676
275,585	326,769
322,139	505,671
<u>7,481,338</u>	<u>8,020,531</u>
471,124	389,957
31,022	52,078
998	2,223
36,784	48,186
<u>539,928</u>	<u>492,444</u>
-	-
801,095	946,459
(323,372)	(315,876)
<u>477,723</u>	<u>630,583</u>
<u>8,498,989</u>	<u>9,143,558</u>
7,567,742	7,261,241
307,619	291,649
243,057	218,827
<u>8,118,418</u>	<u>7,771,717</u>
<u>34,499</u>	<u>126</u>
415,070	1,371,967
3,281,275	3,696,345
<u>\$ 3,696,345</u>	<u>\$ 5,068,312</u>

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED TOTALS FOR 2010)

	Immigration and Refugee	Prevention and Social Services	Counseling and Education	Total Program Services
Salaries	\$ 1,187,783	\$ 1,367,386	973,168	\$ 3,528,337
Employee benefits	328,372	404,453	217,135	949,960
Direct assistance	142,585	919,549		1,062,134
Outside services	23,931	25,663	96,750	146,344
Rent and utilities	149,544	115,554	85,843	350,941
Payroll taxes	89,483	105,205	75,397	270,085
Maintenance and equipment	31,841	67,488	75,596	174,925
Depreciation	20,326	113,767	36,296	170,389
Telephone	36,578	57,029	27,306	120,913
Office supplies and postage	37,657	30,719	48,028	116,404
Religious stipends		27,883		27,883
Travel	42,352	61,287	21,841	125,480
Promotion				-
Printing	6,994	19,948	20,815	47,757
Other	5,422	7,718	16,638	29,778
Conferences, meetings and dues	5,768	6,186	5,626	17,580
Professional fees	9,953	12,710	7,872	30,535
Housing		7,620		7,620
General insurance	737	15,120	13,520	29,377
Staff training and recruiting	2,072	3,919	4,203	10,194
Interest expense			2,600	2,600
Grant expense		11,255	30,750	42,005
Total functional expenses	<u>\$ 2,121,398</u>	<u>\$ 3,380,459</u>	<u>\$ 1,759,384</u>	<u>\$ 7,261,241</u>

	Management and General	Fund Raising	Total	2010 Total
\$	72,330	17,087	\$ 3,617,754	\$ 3,825,471
	14,434	4,959	969,353	994,823
			1,062,134	1,010,438
	45,745	40,013	232,102	325,242
	60,600	394	411,935	410,196
	5,353	1,373	276,811	317,014
	2,393	2,422	179,740	163,666
	592		170,981	178,623
	4,165	806	125,884	144,159
	10,534	26,195	153,133	164,077
			27,883	50,097
	31,451	321	157,252	134,096
		69,814	69,814	67,802
	5,191	45,133	98,081	95,284
	12,424	7,619	49,821	69,310
	15,894	579	34,053	34,658
	10,543	146	41,224	41,140
			7,620	10,620
			29,377	30,887
		1,966	12,160	8,356
			2,600	1,459
			42,005	41,000
\$	<u>291,649</u>	<u>218,827</u>	<u>\$ 7,771,717</u>	<u>\$ 8,118,418</u>

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010
(WITH SUMMARIZED TOTALS FOR 2011)

	Immigration and Refugee	Prevention and Social Services	Counseling and Education	Total Program Services
Salaries	\$ 1,371,426	\$ 1,310,886	\$ 1,016,078	\$ 3,698,390
Employee benefits	362,792	374,931	230,885	968,608
Direct assistance	197,495	812,943		1,010,438
Outside services	43,714	43,819	114,858	202,391
Rent and utilities	167,192	102,879	91,888	361,959
Payroll taxes	110,489	110,791	85,547	306,827
Maintenance and equipment	31,737	63,151	63,156	158,044
Depreciation	21,898	105,036	50,508	177,442
Telephone	43,198	56,399	37,789	137,386
Office supplies and postage	46,697	33,508	57,825	138,030
Religious stipends		50,097		50,097
Travel	35,963	56,663	27,020	119,646
Promotion				-
Printing	10,538	19,431	21,602	51,571
Other	10,049	15,549	14,924	40,522
Conferences, meetings and dues	4,853	7,022	3,279	15,154
Professional fees	12,567	12,653	13,695	38,915
Housing		10,620		10,620
General insurance	1,114	14,840	14,933	30,887
Staff training and recruiting	1,094	2,960	4,302	8,356
Interest expense			1,459	1,459
Grant expense			41,000	41,000
	<u>2,472,816</u>	<u>3,204,178</u>	<u>1,890,748</u>	<u>7,567,742</u>
Total functional expenses	\$ <u>2,472,816</u>	\$ <u>3,204,178</u>	\$ <u>1,890,748</u>	\$ <u>7,567,742</u>

Management and General	Fund Raising	Total	2011 Total
\$ 71,822	\$ 55,259	\$ 3,825,471	\$ 3,617,754
13,484	12,731	994,823	969,353
		1,010,438	1,062,134
85,353	37,498	325,242	232,102
48,237		410,196	411,935
5,958	4,229	317,014	276,811
4,201	1,421	163,666	179,740
1,181		178,623	170,981
4,888	1,885	144,159	125,884
10,124	15,923	164,077	153,133
		50,097	27,883
12,851	1,599	134,096	157,252
	67,802	67,802	69,814
5,857	37,856	95,284	98,081
22,426	6,362	69,310	49,821
19,504		34,658	34,053
1,733	492	41,140	41,224
		10,620	7,620
		30,887	29,377
		8,356	12,160
		1,459	2,600
		41,000	42,005
<u>\$ 307,619</u>	<u>\$ 243,057</u>	<u>\$ 8,118,418</u>	<u>\$ 7,771,717</u>

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ <u>1,371,967</u>	\$ <u>415,070</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	170,981	178,623
Gain on acquisition and disposal of assets	(126)	(34,499)
Change in value of gift annuities	(2,223)	(998)
(Increase) decrease in operating assets		
Contracts and grants receivable	60,909	172,007
Accounts receivable	5,166	(2,226)
Due from related entities, net of allowance	147,868	(60,393)
Prepaid insurance and other expenses	11,031	3,719
Increase (decrease) in operating liabilities		
Accounts payable	(20,391)	38,235
Accrued expenses	27,224	55,138
Refundable advances	(26,070)	(25,393)
Total adjustments	<u>374,369</u>	<u>324,213</u>
Net cash provided by operating activities	<u>1,746,336</u>	<u>739,283</u>
Cash Flows from Investing Activities		
Purchases of land, building and equipment	(119,264)	(286,415)
Proceeds from sale of land, buildings and equipment	127	1,138
Net cash used in investing activities	<u>(119,137)</u>	<u>(285,277)</u>
Cash Flows from Financing Activities		
Payments on long-term debt	(138,176)	(161,000)
Net cash used in financing activities	<u>(138,176)</u>	<u>(161,000)</u>
Increase (decrease) in cash and cash equivalents	1,489,023	293,006
Cash and cash equivalents - beginning of year	<u>1,889,006</u>	<u>1,596,000</u>
Cash and cash equivalents - end of year	\$ <u><u>3,378,029</u></u>	\$ <u><u>1,889,006</u></u>

Supplemental disclosure of cash flow information:

Non cash acquisitions of assets totaled \$33,749 in 2010.

Non cash acquisition of assets under capital leases totaled \$6,926 in 2010.

Cash paid during the year for interest totaled \$2,600 and \$1,459 in 2011 and 2010, respectively.

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Operations

Catholic Charities, Diocese of Venice, Inc. (Catholic Charities), is a not-for-profit 501(c)(3) charitable organization exempt from federal income taxes and established for the purpose of providing social services to individuals and families without distinction of race or religion in Southwest Florida, and has the ability to administer services in other languages, including Spanish and Creole in a culturally competent manner within the counties of Charlotte, Collier, DeSoto, Glades, Hardee, Hendry, Highlands, Lee, Manatee, and Sarasota.

Catholic Charities has numerous sites in the above ten counties and provides a variety of services that include: individual and family counseling, direct financial assistance to families in need, immigration and legalization processing, refugee resettlement and employment, after-school tutoring, English as a second or other language, citizenship, summer camps, housing counseling services, elderly outreach, day care for working poor, case management and shelter services for women and their infant children, and community centers for persons affected with HIV/AIDS.

Catholic Charities has, among its staff, certified personnel who are recognized by the federal Immigration and Naturalization Office (INS) to complete federal documents regarding citizenship and other formal requirements to allow non-citizens to be legally present in the United States of America.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and assumptions.

Financial Statements

The financial statements and notes are representations of Catholic Charities' management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Net assets and revenues, expenses, gains and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, net assets of Catholic Charities 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 explicit or implicit donor-imposed stipulations that will be met either by actions of Catholic Charities and/or the passage of time.

Permanently restricted assets - Net assets subject to donor-imposed stipulations to be maintained permanently by Catholic Charities. Generally, the donors of these assets permit Catholic Charities to use all or part of the income earned on related investments for general or specific purposes.

Functional Allocation of Expenses

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

Income Tax Status

Catholic Charities is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, Catholic Charities has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of Catholic Charities.

The Organization files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Foundation is subject includes fiscal years ended June 30, 2008 through June 30, 2011.

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents represents cash on hand and bank accounts with original maturities of three months or less.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Cash Equivalents

Cash and cash equivalents are considered restricted when received and donor stipulations have not been satisfied.

Contracts and Grants Receivable

Contracts and grants receivable relate to amounts due to Catholic Charities from federal, state and local contracts relating to immigration, refugee and other social programs. Management considers all contracts and grants due to be fully collectible. Management determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual agencies.

Accounts Receivable

Accounts receivable consists primarily of program fees. Management evaluates the receivables monthly. Management determines the appropriateness of an allowance for bad debts based upon its review of existing receivables and historical collections by individual payer. Management considers all accounts receivable due to be fully collectible. Therefore, no allowance for uncollectible accounts has been recorded in the accompanying financial statements.

Beneficial Interest in Gift Annuities

Catholic Charities was named beneficiary of three gift annuity agreements. The recorded beneficial interest is Catholic Charities' portion of the charitable remainder interest of the annuities and is based upon actuarial assumptions. Contributions of charitable gift annuities are recorded when Catholic Charities is informed of the contribution and its interest is irrevocable. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. The present values of payments to beneficiaries under these arrangements are calculated using applicable tax discount rates at year end. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as changes in the value of the gift annuities in the Statements of Activities. Charitable gift annuities are classified as unrestricted, temporarily restricted and permanently restricted based upon the individual gift agreements. Distributions of the annuities are paid from income first then as a release of principal, if necessary.

Refundable Advances

Catholic Charities receives advances on certain government contracts based upon the estimated cost of providing specific services. Advances for services that have not yet been performed as of June 30, 2011 and 2010 are classified as liabilities in the accompanying Statements of Financial Position.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Land, Building and Equipment

Land, building and equipment are stated at historical cost at the date of acquisition or fair value at the date of donation, in the case of gifts. Land, building and equipment are recorded as unrestricted net assets or temporarily restricted net assets, in the case of donations with time stipulations.

Expenditures exceeding \$1,000 that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. In accordance with contract provisions, Catholic Charities has segregated and identified property and equipment that has been purchased or improved with funds received from government agencies. These agencies maintain a reversionary interest in the respective property and equipment. Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis for periods ranging from three to forty years.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that restrict the use of donated assets, or have time restrictions, are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year as when the donation is received are reported as unrestricted support.

Gifts of cash restricted for the purpose of acquiring or constructing long-lived assets are recorded as temporarily restricted net assets until the long-lived asset is acquired or constructed at which time the net assets are released from the restriction and reclassified to unrestricted net assets.

Grants, which are limited to the use of various Catholic Charities' programs, are reflected as unrestricted revenue if these funds are received and spent during the same year and if they support the activities of Catholic Charities within the limits of Catholic Charities' articles of organization.

Donated Materials, Services and Space

A substantial number of volunteers have donated a significant amount of time to Catholic Charities' program services. However, donated services have not been recorded in the financial statements since no objective basis is available to measure the value of such services. Additionally, certain parishes and the Diocese of Venice (Diocese) have provided office space to Catholic Charities at no charge. The fair market value of the donated space in the amount of \$60,600 and \$48,237, which reflects the most recent appraisal, is recorded in the accompanying financial statements for the years ended June 30, 2011 and 2010, respectively.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Financial Instruments Not Measured at Fair Value

Catholic Charities' financial instruments, with the exception of investments, are not measured at fair value on a recurring basis, but are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, contracts and grants receivable, accounts receivable, due from related entities, prepaid insurance and other expenses, accounts payable, accrued expenses, and refundable advances.

Note 2 - Land, Building and Equipment

Land, building and equipment consisted of the following as of June 30:

	2011	2010
Land	\$ 947,931	\$ 947,931
Buildings	2,673,375	2,629,661
Equipment	391,039	351,324
Vehicles	145,289	115,979
	<u>4,157,634</u>	<u>4,044,895</u>
Less accumulated depreciation	1,657,100	1,492,643
Land, building and equipment, net	<u>\$ 2,500,534</u>	<u>\$ 2,552,252</u>

Depreciation expense for the years ended June 30, 2011 and 2010 totaled \$170,981 and \$178,623, respectively.

Note 3 - Long-Term Debt

Mortgage Payable

During the fiscal year 2005, Catholic Charities incurred a mortgage, which is payable to the County of Sarasota. This note bears interest at the rate of 0% per annum and will be forgiven in full on August 1, 2024. Within this twenty-year period, the note is due and payable upon the sale of the property or when the property is no longer used to house persons in accordance with the Subrecipient Agreement. The note is secured by a lien on certain real property, and may be prepaid in full at any time without penalty. As of June 30, 2011 and 2010, the balance was \$80,000 and is included in long-term debt.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 3 - Long-Term Debt (Continued)

Promissory Note

On March 1, 2009, Catholic Charities incurred a loan payable to the Diocese of Venice (related party - see Note 11) for the purchase of an apartment complex related to Our Mother's House, which is a transitional residential housing program that provides single mothers and their child(ren) a safe and secure environment in which to achieve self-sufficiency through education, vocational training and personal growth. The loan bears interest at the rate of 0% for the period of 5 years concluding on December 31, 2013. At that time the applicable rate charged in the Savings and Loan Program would apply (currently the rate would be 4.75% per annum). Thereafter, interest rates will be periodically reviewed and adjusted as necessary. Principal payments are payable in monthly installments of \$8,333, with the loan due and payable in full on February 1, 2021. The loan may be prepaid in whole or part at any time without penalty. As of June 30, 2011, the balance was \$693,389.

Maturities of the promissory note are as follows as of June 30:

2012	\$	100,000
2013		100,000
2014		86,342
2015		70,248
2016		74,395
Thereafter		262,404
Total	\$	<u>693,389</u>

Note 4 - Board Designated Net Assets

As of June 30, 2011 and 2010, Catholic Charities had Board designated net assets of the following for future program services:

	2011	2010
District 2 - Lee County	\$ 25,000	\$ -
District 3 - Naples	124,618	177,057
District 3 - Guadalupe Social Services - Immokalee	290,405	241,725
Capital Facility Needs	1,150,000	-
Total board designated net assets	\$ <u>1,590,023</u>	\$ <u>418,782</u>

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets available as of June 30 are for the following:

	2011	2010
Clare House	\$ 4,019	\$ 3,839
Counseling	25,368	63,554
Direct assistance	228,738	313,205
District IV programs	67,169	37,229
Guadalupe Social Services	12,560	33,168
Other	106,749	48,802
Our Mothers' House	21,643	52,128
Catholic Hispanic Social Services	60,853	65,929
Bethesda House	2,062	-
Hurricane	4,388	5,021
Total temporarily restricted net assets	\$ 533,549	\$ 622,875

Note 6 - Net Assets Released from Restrictions

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donor for the years ended June 30 are for the following:

	2011	2010
Clare House	\$ -	\$ 789
Counseling	63,554	30,547
Direct assistance	247,824	122,499
District IV programs	19,660	18,759
Guadalupe Social Services	30,608	11,155
Other	41,403	57,724
Our Mothers' House	15,189	165,467
Catholic Hispanic Social Services	5,076	-
Bethesda House	-	14,361
Hurricane	633	46,104
Total net assets released from restrictions	\$ 423,947	\$ 467,405

Note 7 - Permanently Restricted Net Assets

As of June 30, 2011 and 2010, Catholic Charities had gift annuities which are permanently restricted net assets in the amount of \$11,794 and \$11,041, respectively.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 8 - Pension Plan

Catholic Charities is a participant in a multi-employer defined benefit pension plan that covers substantially all employees of the Archdiocese of Miami and Diocese of Venice. The pension contribution to the plan by Catholic Charities for the years ended June 30, 2011 and 2010 was \$289,080 and \$276,891, respectively, which included amortization of past service costs over 24 years. Calculations are based on separate actuarial valuations for each employee group. The multi-employer plan valuation was prepared in the aggregate for all covered employers. Therefore, the individual plan valuation for the Organization has not been determined.

Actuarial present value of accumulated plan benefits for the most recent plan years totaled:

	2011*	2010
Vested	\$ 388,528,134	\$ 366,775,773
Non-vested	12,448,138	13,403,802
Total	400,976,272	380,179,575
Net assets available for plan benefits	\$ **	\$ 320,973,072

* For the year ending June 30, 2011, the plan's audit was not issued as of the report date. Therefore, the information for 2011 was used based on an actuary report as of February 1, 2011 and does not reflect the estimated balances as of June 30, 2011.

**Not available as of the date of issuance.

Note 9 - Lease Commitments

Vehicle and Equipment Leases

Catholic Charities has entered into operating lease agreements for office space, equipment and vehicles expiring through 2015 with lease terms from three to five years. Catholic Charities also leases various storage areas and containers on a month-to-month basis.

The future minimum payments under operating leases of equipment are as follows as of June 30:

2012	\$ 20,538
2013	17,132
2014	7,025
2015	456
Total operating lease commitment for equipment and vehicles	\$ 45,151

Total expenses for operating equipment leases and automotive leases amounted to \$23,585 and \$33,672 for the years ended June 30, 2011 and 2010, respectively.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 9 - Lease Commitments (Continued)

Office Leases

Catholic Charities leases several office facilities for various terms under long-term operating lease agreements for providing its program services. The leases expire at various dates through fiscal year 2015 and provide for increases in future minimum payments as defined in the leases and Consumer Price Index.

Future minimum required lease payments under operating office leases at June 30, 2011 consisted of the following:

		\$	214,842
2012			126,414
2013			49,378
2014			49,378
2015			<u>49,378</u>
Total office lease commitments		\$	<u>440,012</u>

Office rent expense for the years ended June 30, 2011 and 2010 was \$220,966 and \$204,682, respectively.

Note 10 - Related Party Transactions

Contributions and Insurance

The Diocese contributes significant funds to the Organization each year. For the years ended June 30, 2011 and 2010 \$1,428,500 and \$1,352,565 respectively, or approximately 16% and 17% of total support and revenue, respectively, was provided by the Diocese. Catholic Charities also participates in the pension plan of the Diocese and purchases employee life and health insurance and liability and property insurance from the Diocese. For the years ended June 30, 2011 and 2010, Catholic Charities paid premiums of \$838,263 and \$717,932, respectively, for life, health and workman's compensation insurance and \$23,093 and \$30,887 respectively for liability and property insurance to the Diocese. In addition, Catholic Charities incurred \$10,800 and \$8,400 of vehicle insurance paid to the Diocese for the years ended June 30, 2011 and 2010, respectively.

Catholic Charities shares in the use of certain facilities for various program services. A significant portion of the office space is provided at no cost by certain parishes and the Diocese. The fair market value of the donated space in the amount of \$60,600 and \$48,327 is recorded in the accompanying financial statements for the years ended June 30, 2011 and 2010, respectively.

During the years ending June 30, 2011 and 2010, Catholic Charities received contributions from Catholic Charities Foundation totaling \$13,427 and \$23,888, respectively. These amounts are included under Contributions in the accompanying Statement of Activities.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 10 - Related Party Transactions (Continued)

Promissory Note

On March 1, 2009, Catholic Charities incurred a loan payable to the Diocese of Venice for the purchase of an apartment complex related to Our Mother's House, which is a transitional residential housing program that provides single mothers and their child(ren) a safe and secure environment in which to achieve self-sufficiency through education, vocational training and personal growth. See Note 3 to the financial statements.

Cash Deposits

Catholic Charities also maintains significant cash deposits with the Diocese. See Note 14 to the financial statements.

Receivables and Sub Grants with Housing Entities

The Organization has transactions with related housing entities that have been established for the purpose of providing workforce housing. This includes a receivable from Catholic Charities Housing, Diocese of Venice, Inc. of \$0 and \$139,795 for the years ended June 30, 2011 and 2010, respectively. In addition, the Organization received a grant which a portion of the grant was passed through to Catholic Charities Housing, Diocese of Venice, Inc. totaling \$66,302 and \$56,190 for the years ended June 30, 2011 and 2010.

As of June 30, 2011 and 2010, the total receivable from Catholic Charities Housing Sarasota, Inc., formerly known as Village of Hope, Inc., totaled \$0 and \$60,943, respectively, with an allowance for doubtful accounts of \$59,943 as of June 30, 2010; the allowance was written off as of June 30, 2011. Lastly, the receivable balance from Marian Manor, Inc. totaled \$0 and \$7,044 at June 30, 2011 and 2010, respectively.

Management Fees

Beginning in the year ending June 30, 2010, Catholic Charities assessed a management fee of approximately \$1,740 per month to Catholic Charities Housing, Diocese of Venice, Inc. This fee was assessed in order to reimburse Catholic Charities for the time that their employees spend working on the various housing entities, which include Catholic Charities Housing, Diocese of Venice, Inc., Catholic Charities Housing Sarasota, Inc., formerly known as Village of Hope, Inc., Marian Manor, Inc., and Casa San Juan Bosco, Inc. Total management fees charged during the years ending June 30, 2011 and 2010 totaled \$21,012 and \$20,866, respectively, and is included in due from related entities, as well as other income in the accompanying financial statements.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 11 - Lee County Operations

To comply with reporting requirements of the contract between Catholic Charities and the Lee County Board of County Commissioners for the years ended June 30, 2011 and 2010, management has identified the following assets as related to the Lee County Funded Programs of Catholic Charities.

The Lee County assets are considered a component of the unrestricted and temporarily restricted net assets at June 30, 2011 and 2010. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

	2011	2010
Cash-restricted	\$ 82,418	\$ 83,762
Contracts receivable	34,717	50,492
Land, building and equipment, net of accumulated depreciation of \$257,146 and \$283,568, respectively	56,854	53,359
Total Lee County assets	\$ 173,989	\$ 187,613

Note 12 - Contingencies

Catholic Charities receives financial assistance from Federal, State and local agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to an audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of Catholic Charities. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of Catholic Charities as of June 30, 2011 and 2010.

Note 13 - Reclassifications

To facilitate comparison of financial data, certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 14 - Concentrations of Risk

Financial instruments that potentially subject Catholic Charities to concentrations of credit risk consist principally of cash and cash equivalents. Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). Catholic Charities has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents, which at times, exceeds federally insured limits.

Catholic Charities also maintains significant cash deposits with the Diocese. These deposits are not insured. Cash balances held by the Diocese as of June 30, 2011 and 2010 amounted to \$2,985,470 and \$1,357,844, respectively. Catholic Charities has not experienced any such losses in such accounts and does not believe it is exposed to any significant credit risk on cash held with the Diocese or with financial institutions.

Note 15 - Subsequent Events

Catholic Charities has evaluated all events subsequent to the balance sheet date of June 30, 2011 through the date these financial statements were available to be issued, October 27, 2011, and have determined that except as set forth below, there are no subsequent events that require disclosure.

Subsequent to June 30, 2011, Catholic Charities guaranteed a loan from the Florida Housing Financing Corporation to Casa San Juan Bosco, Inc., a related housing entity. The amount of the guarantee totaled \$6,223,838, which guarantees construction completion and stays in place until the project is successfully completed. The project is anticipated to take approximately twelve months to complete. In addition, Catholic Charities provided a guarantee that the owners will do nothing to contaminate the site with hazardous materials during its ownership of the property. Lastly, Catholic Charities entered into an operating deficit guaranty that is expected to remain in place for six months from stabilized occupancy while Casa San Juan Bosco, Inc. maintains a 1.0 to 1.0 debt service coverage ratio. The USDA is providing 85% rental assistance on forty-four of the fifty-three units, therefore, limiting potential operating losses to nine unassisted units.

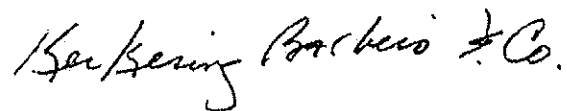
SUPPLEMENTAL INFORMATION

Kerkering, Barberio & Co.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards and State Financial Assistance on page 22, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organization" is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Revenues and Expenses - Lee County Funded Programs of Catholic Charities is not a required part of the basic financial statements. Such information is the responsibility of the Organization's 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.



Sarasota, Florida
October 27, 2011

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Contract Number	Contract or Award Amount
FEDERAL GRANTS AND CONTRACTS			
<u>Department of Homeland Security</u>			
ARRA - Emergency Food and Shelter National Board Program	97.114	AR-1590-00	\$ 22,220
Emergency Food and Shelter National Board Program	97.024	27-1654-00	10,000
ARRA - Emergency Food and Shelter National Board Program	97.114	AR-1654-00	17,500
ARRA - Emergency Food and Shelter National Board Program	97.114	AR-1714-00	12,000
Emergency Food and Shelter National Board Program	97.024	28-1666-00	10,000
Emergency Food and Shelter National Board Program	97.024	28-1590-00	74,172
Emergency Food and Shelter National Board Program	97.024	28-1604-00	21,526
Total Department of Homeland Security			<u>167,418</u>
<u>U.S. Department of Justice</u>			
Passed-through United States Catholic Conference Services for Trafficking Victims	16.320	2008-VT-BX-K006	430,000
Cuban/Haitian Entrant Program	97.009	N/A	46,750
Cuban/Haitian Entrant Program	97.009	N/A	50,000
Total U.S. Department of Justice			<u>526,750</u>
<u>U.S. Department of State</u>			
Passed-through United States Catholic Conference			
US Refugee Admissions Program	19.510	N/A	127,840
US Refugee Admissions Program	19.510	N/A	126,000
Match Grant	19.UNK	N/A	170,000
Refugee and Entrant Assistance: Voluntary Agency Program	93.567	2/1/10 - 1/31/11	170,000
Total U.S. Department of State			<u>593,840</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed-through Catholic Charities U.S.A.			
Housing Counseling Assistance Program	14.169	HC100011-006	20,000
Housing Counseling Assistance Program	14.169	HC-08-0000-002	15,000
Total Housing and Counseling Assistance Program			<u>35,000</u>
Supportive Housing Program	14.235	FL0004B4H000801	120,137
Supportive Housing Program	14.235	FL0004B4H000802	120,137
Supportive Housing Program	14.235	FL0002B4H000802	79,166
Fannie Mae Corporation	10.UNK	N/A	28,750
ARRA - Neighborhood Reinvestment Corporation Act	21.000	PL111-117:95X1350	14,940
Total Supportive Housing Program			<u>363,130</u>
Total U.S. Department of Housing and Urban Development			<u>398,130</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through State of Florida Department of Children and Families			
Social Services Block Grant	93.667	LJZ55	366,818
State Administrative Matching Grants for Food Stamp Program	10.561	LF904	103,242
Refugee and Entrant Assistance: State Administered Programs	93.566	LK123	502,298
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK123	-
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK133	-
Refugee and Entrant Assistance: State Administered Programs	93.566	LK876	1,793,274
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK876	-
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK912	953,021
Refugee and Entrant Assistance: Targeted Assistance	93.584	LK912	-
Refugee and Entrant Assistance: State Administered Programs	93.566	LK982	332,500
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK982	-
USCCB Human Trafficking	UNK	TR 230	N/A
Total U.S. Department of Health and Human Services			<u>4,051,153</u>
<u>U.S. Department of Agriculture</u>			
Passed-through State of Florida Department of Health Child and Adult Care Food Program	10.558	1565	Cost Reimbursement
Total U.S. Department of Agriculture			<u>-</u>
Total Federal Grants and Contracts			<u>\$ 5,737,291</u>

Reimbursable Expenditures

Federal & State	Local	Total
\$ 101		\$ 101
(7,820)		(7,820)
(4,322)		(4,322)
8,751		8,751
4,433		4,433
55,859		55,859
17,071		17,071
<u>74,073</u>	<u>-</u>	<u>74,073</u>
174,760		174,760
1,237		1,237
9,680		9,680
<u>185,677</u>	<u>-</u>	<u>185,677</u>
47,062		47,062
154,085		154,085
68,089		68,089
79,818		79,818
<u>349,054</u>	<u>-</u>	<u>349,054</u>
12,477		12,477
3,143		3,143
<u>15,620</u>	<u>-</u>	<u>15,620</u>
10,010		10,010
110,122		110,122
66,302		66,302
14,375		14,375
6,101		6,101
<u>206,910</u>	<u>-</u>	<u>206,910</u>
<u>222,530</u>	<u>-</u>	<u>222,530</u>
366,818		366,818
29,899		29,899
339,221		339,221
37,498		37,498
17,273		17,273
130,760		130,760
12,500		12,500
85,108		85,108
454,201		454,201
81,268		81,268
248,243		248,243
21,754		21,754
<u>1,824,543</u>	<u>-</u>	<u>1,824,543</u>
16,010		16,010
<u>16,010</u>	<u>-</u>	<u>16,010</u>
\$ 2,671,887	\$ -	\$ 2,671,887

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)

YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Contract Number	Contract or Award Amount
STATE GRANTS AND CONTRACTS			
Department of Juvenile Justice	N/A	DP-101	\$ 60,000
FL DCF-Food Stamp Match	10.561	LF904	103,242
FL DCF-Refugee Student Academic	N/A	LK133	140,000
Total State Grants and Contracts			<u>303,242</u>
LOCAL GRANTS			
City Of Ft. Myers - CASP	N/A	N/A	9,700
Collier County HPRP	14.257	S09-UY-12-0024-2009-01	130,000
Sarasota County CDBG	N/A	11/04/10-09/30/11	25,000
Sarasota County CDBG	N/A	5/14/10-09/30/10	25,000
Sarasota County DCF Challenge	N/A	QFZ11 3/1/11-6/30/11	18,397
Manatee County	N/A	N/A	32,075
Manatee County	N/A	N/A	33,763
Manatee County CDBG	14.218	N/A	30,000
Collier County School Board	N/A	N/A	25,000
Lee County	N/A	5381	354,780
Lee County - Choose Life	N/A	5385	85,822
Lee County	N/A	4993	429,085
Lee County - Choose Life	N/A	4968	107,617
Total Local Grants			<u>1,306,239</u>
Total Grants and Contracts			<u>\$ 7,346,772</u>

Note 1 - Basis of Presentation

This schedule includes the federal, state and local grant activity of Catholic Charities Diocese of Venice, Inc. and is presented on the accrual basis of accounting. The information in this schedule is in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Reimbursable Expenditures

<u>Federal & State</u>	<u>Local</u>	<u>Total</u>
\$ 44,867	\$	\$ 44,867
29,899		29,899
17,273		17,273
<u>92,039</u>	<u>-</u>	<u>92,039</u>
	9,700	9,700
	42,944	42,944
	25,000	25,000
	20,270	20,270
	18,397	18,397
	18,093	18,093
	6,795	6,795
	7,500	7,500
	6,045	6,045
	294,941	294,941
	57,251	57,251
	56,799	56,799
	25,774	25,774
<u>-</u>	<u>589,509</u>	<u>589,509</u>
<u>\$ 2,763,926</u>	<u>\$ 589,509</u>	<u>\$ 3,353,435</u>

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

SCHEDULE OF REVENUES AND EXPENSES -
LEE COUNTY FUNDED PROGRAMS OF CATHOLIC CHARITIES

YEAR ENDED JUNE 30, 2011

	Unrestricted			
	Social Services	Education	Citizenship	Counseling
Support				
Diocese of Venice	\$ 100,956	\$ 212,592	\$ 53,569	\$
Contributions	134,541	38,901		
Board of County Commissioners, Lee County		259,392		
United Way grants	27,951	53,806		
Federal grants	36,723	44,867		
Other grants	6,500	62,111		
Total support	<u>306,671</u>	<u>671,669</u>	<u>53,569</u>	<u>-</u>
Revenues				
Program service fees	135	14,785	39,998	
Other income		8,255		
Total revenues	<u>135</u>	<u>23,040</u>	<u>39,998</u>	<u>-</u>
Net assets released from restrictions	<u>2,670</u>			
Special events revenue		<u>45,532</u>		
Total support, revenues and reclassifications	<u>309,476</u>	<u>740,241</u>	<u>93,567</u>	<u>-</u>
Expenses				
Salaries	198,114	458,340	60,791	
Conferences, meetings and dues	61	1,213	403	
Depreciation	1,691	15,449	180	
Employee benefits	56,085	99,266	17,930	
General insurance	1,118	8,967		
Maintenance and equipment	9,967	28,839	2,798	
Office supplies and postage	4,433	12,322	778	
Other	3,952	22,951	670	
Outside services	1,635	12,543	3,792	
Payroll taxes	15,310	36,178	4,659	
Professional fees	1,676	3,693	519	
Rent and utilities	21,504	47,610	576	
Direct assistance	21,191			
Fund raising		284		
Staff training and recruiting		1,015		
Telephone	8,559	10,684	999	
Travel	4,294	10,971	53	
Interest expense		2,600		
Grant expense		30,750		
Total expenses	<u>349,590</u>	<u>803,675</u>	<u>94,148</u>	<u>-</u>
Decrease in net assets	\$ <u>(40,114)</u>	\$ <u>(63,434)</u>	\$ <u>(581)</u>	\$ <u>-</u>

<u>Elderly Services</u>	<u>Unrestricted Total</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 119,829	\$ 486,946	\$	\$ 486,946
5,775	179,217	4,912	184,129
102,047	361,439		361,439
75,544	157,301		157,301
	81,590		81,590
	68,611		68,611
<u>303,195</u>	<u>1,335,104</u>	<u>4,912</u>	<u>1,340,016</u>
	54,918		54,918
	8,255		8,255
<u>-</u>	<u>63,173</u>	<u>-</u>	<u>63,173</u>
<u>2,406</u>	<u>5,076</u>	<u>(5,076)</u>	<u>-</u>
<u>72,588</u>	<u>118,120</u>		<u>118,120</u>
<u>378,189</u>	<u>1,521,473</u>	<u>(164)</u>	<u>1,521,309</u>
240,882	958,127		958,127
245	1,922		1,922
180	17,500		17,500
78,427	251,708		251,708
	10,085		10,085
1,767	43,371		43,371
2,038	19,571		19,571
2,632	30,205		30,205
1,391	19,361		19,361
18,686	74,833		74,833
2,102	7,990		7,990
2,343	72,033		72,033
5,130	26,321		26,321
	284		284
	1,015		1,015
4,894	25,136		25,136
17,684	33,002		33,002
	2,600		2,600
	30,750		30,750
<u>378,401</u>	<u>1,625,814</u>	<u>-</u>	<u>1,625,814</u>
\$ <u>(212)</u>	\$ <u>(104,341)</u>	\$ <u>(164)</u>	\$ <u>(104,505)</u>

CONTRACT COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.

We have audited the financial statements of Catholic Charities, Diocese of Venice, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated October 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Catholic Charities, Diocese of Venice, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sarasota, Florida
October 27, 2011

Herbert P. ... & Co.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.

Compliance

We have audited the compliance of Catholic Charities, Diocese of Venice, Inc. (Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on Catholic Charities, Diocese of Venice, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Catholic Charities, Diocese of Venice, Inc.'s compliance with those requirements.

In our opinion, Catholic Charities, Diocese of Venice, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

The Board of Directors
Catholic Charities, Diocese of Venice, Inc.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

This report is intended solely for the information of the Board of Directors, finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sarasota, Florida
October 27, 2011

Kevin Patrick J.C.

Catholic Charities, Diocese of Venice, Inc.
Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2011

Section I - Summary of Auditors' Results (Continued)

Federal Programs Tested as Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.566, 93.576, 93.584 93.667	Refugee and Entrant Assistance Program Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings

None

Catholic Charities, Diocese of Venice, Inc.
Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2011

Section III – Federal Award Questioned Costs

None

Section IV - Status of Prior Year Findings and Questioned Costs

Finding 2010-01: During the year ending June 30, 2010, the Organization applied for and received a Social Service Block Grant (SSBG), CFDA #93.667, which was passed through the State of Florida, Department of Children and Families. The federal grant reimbursed them for expenses incurred in fiscal year 2007 and 2006 relating to the 2005 Gulf Coast Hurricanes. The terms of the grant stated that expenses claimed in the invoice for reimbursement were not to be paid for or reimbursed by any local, county, state, or federal government source. During our audit procedures, it was noted that a portion of one employee's salary totaling \$5,782, which was reimbursed by SSBG was already paid for by another federal government source. We recommend that management and others responsible for submitting grant applications provide oversight to ensure these mistakes cease to exist.

Management's Response: This grant was very unique and required compiling documentation for disaster related services provided over three years ago. The Finance Committee of the Board of Director's addressed concerns about the grant process on November 16, 2009. In the meeting, the committee established timelines and protocols to be followed for the possibility of applying for a similar grant in the next fiscal year. The protocol included more oversight by management. These protocols and increased management oversight occurred in the recent Fiscal 2011 SSBG grant application.

Status: Corrective Action Taken

Section V - Other

No management letter is required because there were no findings to be reported in a management letter as required by Section 215.97(8)(f) and 215.97(9)(d) of the Florida Statutes, Auditor General Rule 10.544(1)(e) or 10.656(3)(e).
