

CATHOLIC CHARITIES,
DIOCESE OF VENICE, INC.

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND
CONTRACT COMPLIANCE

JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities, Diocese of Venice, Inc. (the 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 audits. 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 evaluation 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.

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

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, 2013 and 2012, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental and other information

Our audits were 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, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Catholic Charities, Diocese of Venice, Inc.'s internal control over financial reporting and compliance.

Kerkering Barberio + Co.

Sarasota, Florida
October 31, 2013

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 1,356,109	\$ 1,254,015
Cash and cash equivalents - board designated	1,065,027	833,426
Cash and cash equivalents - restricted	825,757	626,055
Contracts and grants receivable	424,880	424,324
Accounts receivable	9,783	20,179
Prepaid insurance and other expenses	177,764	65,971
Total current assets	<u>3,859,320</u>	<u>3,223,970</u>
Beneficial interest in gift annuities	21,009	23,652
Land, building and equipment, net	<u>2,955,478</u>	<u>3,037,380</u>
Total Assets	<u>\$ 6,835,807</u>	<u>\$ 6,285,002</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 104,602	\$ 102,738
Accrued expenses	426,416	363,073
Refundable advances	450	788
Current portion of long-term debt	80,771	70,901
Total current liabilities	<u>612,239</u>	<u>537,500</u>
Other Liabilities		
Long-term debt, net of current portion	<u>443,765</u>	<u>602,488</u>
Total liabilities	<u>1,056,004</u>	<u>1,139,988</u>
Net Assets		
Unrestricted		
Undesignated	925,679	639,150
Designated for land, building and equipment	2,955,478	3,037,380
Board designated - programs	529,307	297,706
Board designated - capital facility needs	535,720	535,720
Total unrestricted	<u>4,946,184</u>	<u>4,509,956</u>
Temporarily restricted	824,085	624,383
Permanently restricted	9,534	10,675
Total net assets	<u>5,779,803</u>	<u>5,145,014</u>
Total Liabilities and Net Assets	<u>\$ 6,835,807</u>	<u>\$ 6,285,002</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, 2013
(WITH SUMMARIZED TOTALS FOR 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support			
Diocese of Venice	\$ 1,435,500	\$	\$
Contributions	1,712,957	186,181	
Government grants and contracts	2,341,708		
United Way grants	305,488		
Catholic and other organizations	220,247	340,922	
Other grants	300,422	178,299	
Total support	<u>6,316,322</u>	<u>705,402</u>	<u>-</u>
Revenue			
Program service fees	478,288		
Interest and dividends	73,478		
Change in value of gift annuities	(1,502)		(1,141)
Other income	32,338		
Total revenue	<u>582,602</u>	<u>-</u>	<u>(1,141)</u>
Net assets released from restriction	<u>513,671</u>	<u>(513,671)</u>	
Special events revenue	1,365,815	7,971	
Less direct costs of special events	(402,334)		
Net revenue from special events	<u>963,481</u>	<u>7,971</u>	<u>-</u>
Total support, revenue and reclassifications	<u>8,376,076</u>	<u>199,702</u>	<u>(1,141)</u>
Expenses			
Program services	7,314,037		
Management and general	318,670		
Fund raising	307,141		
Total expenses	<u>7,939,848</u>	<u>-</u>	<u>-</u>
Gain on disposal of assets	<u>-</u>		
Increase (decrease) in net assets	436,228	199,702	(1,141)
Net assets at beginning of year	4,509,956	624,383	10,675
Net assets at end of year	<u>\$ 4,946,184</u>	<u>\$ 824,085</u>	<u>\$ 9,534</u>

<u>Total</u>	<u>2012 Total</u>
\$ 1,435,500	\$ 1,425,000
1,899,138	1,230,935
2,341,708	2,468,735
305,488	299,915
561,169	287,940
478,721	726,962
<u>7,021,724</u>	<u>6,439,487</u>
478,288	407,446
73,478	72,080
(2,643)	(3,886)
32,338	81,550
<u>581,461</u>	<u>557,190</u>
-	-
1,373,786	1,104,425
(402,334)	(395,755)
<u>971,452</u>	<u>708,670</u>
<u>8,574,637</u>	<u>7,705,347</u>
7,314,037	7,079,382
318,670	283,482
307,141	265,981
<u>7,939,848</u>	<u>7,628,845</u>
-	200
634,789	76,702
5,145,014	5,068,312
<u>\$ 5,779,803</u>	<u>\$ 5,145,014</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, 2012
(WITH SUMMARIZED TOTALS FOR 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Support			
Diocese of Venice	\$ 1,425,000	\$	\$
Contributions	1,139,473	91,462	
Government grants and contracts	2,468,735		
United Way grants	289,971	9,944	
Catholic and other organizations	241,498	46,442	
Other grants	471,519	255,443	
Total support	<u>6,036,196</u>	<u>403,291</u>	<u>-</u>
Revenue			
Program service fees	407,446		
Interest and dividends	72,080		
Change in value of gift annuities	(2,767)		(1,119)
Other income	81,550		
Total revenue	<u>558,309</u>	<u>-</u>	<u>(1,119)</u>
Net assets released from restriction	<u>312,457</u>	<u>(312,457)</u>	
Special events revenue	1,104,425		
Less direct costs of special events	(395,755)		
Net revenue from special events	<u>708,670</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>7,615,632</u>	<u>90,834</u>	<u>(1,119)</u>
Expenses			
Program services	7,079,382		
Management and general	283,482		
Fund raising	265,981		
Total expenses	<u>7,628,845</u>	<u>-</u>	<u>-</u>
Gain on disposal of assets	<u>200</u>		
Increase (decrease) in net assets	(13,013)	90,834	(1,119)
Net assets at beginning of year	4,522,969	533,549	11,794
Net assets at end of year	<u>\$ 4,509,956</u>	<u>\$ 624,383</u>	<u>\$ 10,675</u>

<u>Total</u>	<u>2013 Total</u>
\$ 1,425,000	\$ 1,435,500
1,230,935	1,899,138
2,468,735	2,341,708
299,915	305,488
287,940	561,169
726,962	478,721
<u>6,439,487</u>	<u>7,021,724</u>
407,446	478,288
72,080	73,478
(3,886)	(2,643)
81,550	32,338
<u>557,190</u>	<u>581,461</u>
-	-
1,104,425	1,373,786
(395,755)	(402,334)
<u>708,670</u>	<u>971,452</u>
<u>7,705,347</u>	<u>8,574,637</u>
7,079,382	7,314,037
283,482	318,670
265,981	307,141
<u>7,628,845</u>	<u>7,939,848</u>
<u>200</u>	-
76,702	634,789
5,068,312	5,145,014
<u>\$ 5,145,014</u>	<u>\$ 5,779,803</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, 2013
(WITH SUMMARIZED TOTALS FOR 2012)

	Immigration and Refugee	Prevention and Social Services	Counseling and Education	Total Program Services
Salaries	\$ 1,179,308	\$ 1,314,089	\$ 1,199,581	\$ 3,692,978
Employee benefits	344,444	396,999	311,083	1,052,526
Specific assistance	154,469	683,136	27,670	865,275
Outside services	42,334	52,362	65,232	159,928
Rent and utilities	95,547	105,890	56,859	258,296
Payroll taxes	86,000	98,611	88,273	272,884
Maintenance and equipment	35,929	122,103	116,632	274,664
Depreciation	31,232	110,508	24,496	166,236
Communications	28,218	44,233	28,236	100,687
Office supplies and postage	37,197	40,722	32,584	110,503
Religious stipends		26,253	2,685	28,938
Travel	36,532	55,154	29,328	121,014
Promotion				-
Printing	9,209	19,141	21,746	50,096
Other	3,150	8,832	22,250	34,232
Conferences, meetings and dues	7,040	3,108	7,066	17,214
Professional fees	10,374	11,960	8,504	30,838
Housing		7,020		7,020
General insurance	4,059	15,562	9,804	29,425
Staff training and recruiting	401	1,028	1,685	3,114
Interest expense		22,950		22,950
Grant expense		15,219		15,219
	<u>2,105,443</u>	<u>3,154,880</u>	<u>2,053,714</u>	<u>7,314,037</u>
Total functional expenses	\$ <u>2,105,443</u>	\$ <u>3,154,880</u>	\$ <u>2,053,714</u>	\$ <u>7,314,037</u>

Management and General	Fund Raising	Total	2012 Total
\$ 83,820	\$ 71,752	\$ 3,848,550	\$ 3,706,047
17,426	15,985	1,085,937	964,760
		865,275	979,613
55,541	79,084	294,553	212,870
34,608	3,108	296,012	371,178
6,146	5,355	284,385	277,065
1,750	1,258	277,672	152,357
4,818	165	171,219	165,128
5,374	3,120	109,181	114,067
9,299	16,691	136,493	155,488
		28,938	26,115
34,349	2,336	157,699	159,153
	70,870	70,870	65,829
6,192	24,042	80,330	82,059
37,096	7,153	78,481	44,670
20,297	5,622	43,133	38,620
1,162	600	32,600	48,554
		7,020	7,020
		29,425	29,522
792		3,906	1,931
		22,950	4,761
		15,219	22,038
<u>\$ 318,670</u>	<u>\$ 307,141</u>	<u>\$ 7,939,848</u>	<u>\$ 7,628,845</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, 2012
(WITH SUMMARIZED TOTALS FOR 2013)

	Immigration and Refugee	Prevention and Social Services	Counseling and Education	Total Program Services
Salaries	\$ 1,191,187	\$ 1,331,203	\$ 1,035,638	\$ 3,558,028
Employee benefits	312,296	392,669	230,090	935,055
Specific assistance	156,197	823,416		979,613
Outside services	19,720	21,304	83,263	124,287
Rent and utilities	144,405	119,609	71,479	335,493
Payroll taxes	87,887	100,062	77,850	265,799
Maintenance and equipment	36,770	61,264	48,440	146,474
Depreciation	22,676	116,096	23,194	161,966
Communications	33,546	46,205	26,107	105,858
Office supplies and postage	32,722	37,073	63,015	132,810
Religious stipends		26,115		26,115
Travel	42,081	59,895	20,559	122,535
Promotion		-		-
Printing	8,025	18,532	21,832	48,389
Other	3,134	6,909	13,035	23,078
Conferences, meetings and dues	5,406	8,735	4,660	18,801
Professional fees	9,899	11,552	8,358	29,809
Housing		7,020		7,020
General insurance	1,386	15,701	12,435	29,522
Staff training and recruiting	858	299	774	1,931
Interest expense		4,761		4,761
Grant expense		11,788	10,250	22,038
	<u>2,108,195</u>	<u>3,220,208</u>	<u>1,750,979</u>	<u>7,079,382</u>
Total functional expenses	\$ <u>2,108,195</u>	\$ <u>3,220,208</u>	\$ <u>1,750,979</u>	\$ <u>7,079,382</u>

Management and General	Fund Raising	Total	2013 Total
\$ 78,315	\$ 69,704	\$ 3,706,047	\$ 3,848,550
15,237	14,468	964,760	1,085,937
		979,613	865,275
44,515	44,068	212,870	294,553
33,600	2,085	371,178	296,012
6,008	5,258	277,065	284,385
5,845	38	152,357	277,672
2,873	289	165,128	171,219
4,917	3,292	114,067	109,181
8,663	14,015	155,488	136,493
		26,115	28,938
34,853	1,765	159,153	157,699
	65,829	65,829	70,870
5,026	28,644	82,059	80,330
8,853	12,739	44,670	78,481
16,588	3,231	38,620	43,133
18,189	556	48,554	32,600
		7,020	7,020
		29,522	29,425
		1,931	3,906
		4,761	22,950
		22,038	15,219
<u>\$ 283,482</u>	<u>\$ 265,981</u>	<u>\$ 7,628,845</u>	<u>\$ 7,939,848</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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ <u>634,789</u>	\$ <u>76,702</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	171,219	165,128
Gain on disposal of assets	-	(200)
Change in value of gift annuities	2,643	3,886
Contribution from gift annuity	-	1,671
(Increase) decrease in operating assets		
Contracts and grants receivable	(556)	(113,254)
Accounts receivable	10,396	(11,124)
Prepaid insurance and other expenses	(111,793)	(30,398)
Increase (decrease) in operating liabilities		
Accounts payable	1,864	(30,195)
Accrued expenses	63,343	87,471
Refundable advances	(338)	(12,446)
Total adjustments	<u>136,778</u>	<u>60,539</u>
Net cash provided by operating activities	<u>771,567</u>	<u>137,241</u>
Cash Flows from Investing Activities		
Purchases of land, building and equipment	(89,317)	(701,974)
Proceeds from sale of land, buildings and equipment	-	200
Net cash used in investing activities	<u>(89,317)</u>	<u>(701,774)</u>
Cash Flows from Financing Activities		
Payments on long-term debt	(148,853)	(100,000)
Net cash used in financing activities	<u>(148,853)</u>	<u>(100,000)</u>
Increase (decrease) in cash and cash equivalents	533,397	(664,533)
Cash and cash equivalents - beginning of year	2,713,496	3,378,029
Cash and cash equivalents - end of year	<u>\$ <u>3,246,893</u></u>	<u>\$ <u>2,713,496</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest totaled \$27,711 and \$2,600 in 2013 and 2012 respectively.

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

Note I - 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, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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 Organization is subject includes fiscal years ended June 30, 2010 through June 30, 2013.

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.

Restricted Cash Equivalents

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

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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. During the year ended June 30, 2012, one of the agreements matured resulting in a contribution to Catholic Charities totaling \$1,671.

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, 2013 and 2012 are classified as liabilities in the accompanying Statements of Financial Position.

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.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Land, Building and Equipment (Continued)

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, the Diocese of Venice (Diocese) has provided office space to Catholic Charities at no charge. The fair market value of the donated space in the amount of \$34,608 and \$33,600 is recorded in the accompanying financial statements for the years ended June 30, 2013 and 2012, respectively, and is included in contributions and rent expense on the statement of activities. Furthermore, Catholic Charities receives free rent at various facilities. However, they are required to pay utilities, ground maintenance, and building upkeep and repairs. The fair value of this space provided is not readily determinable and has not been included in the accompanying financial statements.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

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, prepaid insurance and other expenses, accounts payable, accrued expenses, and refundable advances.

Reclassifications

To facilitate comparison of financial data, certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

Note 2 - Land, Building and Equipment

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

	2013	2012
Land	\$ 1,257,722	\$ 1,257,722
Buildings	3,024,392	3,022,713
Equipment	434,963	401,705
Vehicles	162,802	162,802
	4,879,879	4,844,942
Less accumulated depreciation	1,924,401	1,807,562
Land, building and equipment, net	\$ 2,955,478	\$ 3,037,380

Depreciation expense for the years ended June 30, 2013 and 2012 totaled \$171,219 and \$165,128, 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, 2013 and 2012, 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, 2013 AND 2012

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 10) 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 originally charged interest at the rate of 0% for the period of 5 years concluding on December 31, 2013. A new agreement was signed effective May 1, 2012, which changed the interest to accrue at a variable rate consistent with Savings and Loan program, which is currently at 4.75%. Principal and interest payments are payable in monthly installments of \$8,333, with the loan due and payable in full on July 1, 2019. The loan may be prepaid in whole or part at any time without penalty. As of June 30, 2013 and 2012, the balance was \$444,536 and \$593,389, respectively.

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

2014	\$	80,771
2015		84,546
2016		88,651
2017		92,954
2018		97,467
Thereafter		147
Total	\$	<u>444,536</u>

Note 4 - Board Designated Net Assets

As of June 30, 2013 and 2012, Catholic Charities had Board designated net assets of the following for future program services:

	<u>2013</u>	<u>2012</u>
Boca Grande Child Care Center	\$ 83,877	\$ -
District 3 - Naples	314,211	155,879
District 3 - Guadalupe Social Services - Immokalee	131,219	141,827
Capital Facility Needs	535,720	535,720
Total board designated net assets	<u>\$ 1,065,027</u>	<u>\$ 833,426</u>

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

Note 5 - Temporarily Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Clare House	\$ 4,777	\$ 4,039
Counseling	17,107	-
Specific assistance	245,751	233,020
Rural services programs	36,501	64,995
Guadalupe Social Services	10,608	13,970
Other	120,543	232,812
Our Mothers' House	18,209	16,196
Catholic Hispanic Social Services	45,240	57,289
Bethesda House	7,862	2,062
Boca Grande Child Care	317,487	-
Total temporarily restricted net assets	<u>\$ 824,085</u>	<u>\$ 624,383</u>

Note 6 - Permanently Restricted Net Assets

As of June 30, 2013 and 2012, Catholic Charities had gift annuities which are permanently restricted net assets in the amount of \$9,534 and \$10,675, respectively.

Note 7 - 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:

	<u>2013</u>	<u>2012</u>
Boca Grande Child Care Center	\$ 80,756	\$ -
Counseling	-	25,368
Direct assistance	151,028	173,448
Rural services programs	34,851	19,759
Guadalupe Social Services	13,970	11,927
Other	206,042	52,328
Our Mothers' House	14,730	21,125
Catholic Hispanic Social Services	12,049	3,614
Bethesda House	245	500
Hurricane	-	4,388
Total net assets released from restrictions	<u>\$ 513,671</u>	<u>\$ 312,457</u>

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

Note 8 - Pension Plan

Catholic Charities is a participant in a multiemployer defined benefit pension plan (the Plan) that covers substantially all employees of the Diocese of Venice. The Plan spun-off from the Pension Plan for Employees with the Archdiocese of Miami / Diocese of Venice effective July 1, 2012. The spin-off did not change the benefits applicable to plan participants. However, a transfer of assets and liabilities occurred to create the Plan. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- A. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- B. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- C. If Catholic Charities chooses to stop participating in some of its multiemployer plans, Catholic Charities may be required to pay the plan a withdrawal liability based on the funded status of the plan.

The pension contribution to the plan by Catholic Charities for the years ended June 30, 2013 and 2012 was \$378,443 and \$300,048, respectively. Calculations are based on separate actuarial valuations for each employee group. The multi-employer plan valuation was prepared in the aggregate for all covered employees. Therefore, individual plan valuation for Catholic Charities has not been determined.

The following table discloses the name and funded status of the Plan as of February 1, 2013 (the date of the latest actuarial valuation), inclusive of the fair value of the plan assets as of June 30, 2013. The zone status is based on information that Catholic Charities received from the Plan and is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded; plans in the yellow zone are less than 80% funded; and plans in the green zone are at least 80% funded.

<u>Legal name and plan number</u>	<u>Plan EIN</u>	<u>Actuarial present value of accumulated plan benefits</u>	<u>Fair value of plan assets</u>	<u>Total contributions</u>	<u>Funded Status</u>
Diocese of Venice Pension Plan & Trust, Number 001	45-6947361	\$ 93,661,822	\$ 83,700,363	\$ 5,259,562	76% - Yellow Zone

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

Note 9 - Lease Commitments

Vehicle and Equipment Leases

Catholic Charities has entered into operating lease agreements for office space, equipment and vehicles expiring through 2017 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:

2014	\$ 16,386
2015	8,138
2016	7,073
2017	6,484
Total operating lease commitment for equipment and vehicles	<u>\$ 38,081</u>

Total expenses for operating equipment leases and automotive leases amounted to \$20,250 and \$23,065 for the years ended June 30, 2013 and 2012, respectively.

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 2016 and provide for increases in future minimum payments as defined in the leases and Consumer Price Index. The future minimum required lease payments under operating office leases are as follows as of June 30:

2014	\$ 126,078
2015	77,096
2016	14,218
Total office lease commitments	<u>\$ 217,392</u>

Office rent expense for the years ended June 30, 2013 and 2012 was \$131,579 and \$210,020, 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, 2013 and 2012, \$1,435,500 and \$1,425,000 respectively, or approximately 17% and 18% 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, 2013 and 2012, Catholic Charities paid premiums of \$864,941 and \$844,330, respectively, for life, health and workman's compensation insurance and \$29,425 and \$29,512 respectively for liability and property insurance to the Diocese.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

Note 10 - Related Party Transactions (Continued)

Contributions and Insurance (Continued)

In addition, Catholic Charities incurred \$15,000 and \$9,600 of vehicle insurance paid to the Diocese for the years ended June 30, 2013 and 2012, 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. See Note 1 for details.

During the years ending June 30, 2013 and 2012, Catholic Charities received contributions from Catholic Charities Foundation totaling \$9,600 and \$0, respectively. These amounts are included under Contributions in the accompanying Statement of Activities.

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 13 to the financial statements.

Sub Grants and Guarantees with Housing Entities

The Organization received a grant which a portion of the grant was passed through Catholic Charities Housing, Diocese of Venice, Inc. totaling \$74,232 and \$69,930 for the years ended June 30, 2013 and 2012, respectively.

In April 2012, Diocese of Venice modified a loan agreement with Casa San Juan Bosco, Inc., a related housing entity, to include certain land and buildings of Catholic Charities as additional collateral. The loan is collateralized by land owned by Casa San Juan Bosco with estimate value of \$900,000. The outstanding balance of the loan totaled \$555,829 as of June 30, 2013. Catholic Charities potential liability is limited to the land and building of the District 1 office which is recorded at cost of \$659,129.

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

Note 10 - Related Party Transactions (Continued)

Management Fees

During the year ended June 30, 2012, 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. The guarantee stays in place until the project is successfully completed. 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 all of the fifty-three units, therefore, limiting potential operating losses.

Beginning in the year ending June 30, 2010, Catholic Charities assessed a management fee to Catholic Charities Housing, Diocese of Venice, Inc. The monthly fee is approximately \$1,872 and 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., Marian Manor, Inc., and Casa San Juan Bosco, Inc. Total management fees charged during the years ending June 30, 2013 and 2012 totaled \$22,464 and \$23,208, respectively, and is included in other income in the accompanying financial statements.

Note 11 - Lee County Operations

To comply with reporting requirements of the contract between Catholic Charities and the Lee County Board of County Commissioners, 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 as of June 30, 2013 and 2012. Services are provided primarily to the Hispanic and Haitian populations within Lee County.

	<u>2013</u>	<u>2012</u>
Cash-restricted	\$ 99,576	\$ 80,495
Contracts receivable	32,451	30,698
Land, building and equipment, net of accumulated depreciation of \$281,330 and \$257,712, respectively	25,366	40,797
Total Lee County assets	<u>\$ 157,393</u>	<u>\$ 151,990</u>

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

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, 2013 and 2012.

Note 13 - 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 banking institutions 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, 2013 and 2012 amounted to \$2,813,711 and \$2,540,628, 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 14 - Subsequent Events

Catholic Charities has evaluated all events subsequent to the balance sheet date of June 30, 2013 through the date these financial statements were available to be issued, October 31, 2013, and have determined that, except as set forth below, there were no subsequent events that require disclosure.

As stated in Note 10, Catholic Charities guaranteed a housing project on behalf of Casa San Juan Bosco, Inc., a related entity. In July of 2013, all fifty-three units were 100% occupied, and Casa San Juan Bosco officially completed construction in August of 2013. In October of 2013, Catholic Charities requested that the guarantees be released and are currently awaiting a response from the project's funding source.

SUPPLEMENTAL INFORMATION

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2013

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>			
Passed-through United States Catholic Conference			
Cuban/Haitian Entrant Program	97.009	N/A	\$ 30,000
Cuban/Haitian Entrant Program	97.009	N/A	5,200
Total Cuban/Haitian Entrant Program			<u>35,200</u>
Emergency Food and Shelter National Board Program	97.024	29-1714-00-009	10,000
Emergency Food and Shelter National Board Program	97.024	30-1714-00-009	3,000
Emergency Food and Shelter National Board Program	97.024	30-1666-00-007	2,401
Emergency Food and Shelter National Board Program	97.024	28-1590-00	9,661
Emergency Food and Shelter National Board Program	97.024	16-3000-003	12,035
Emergency Food and Shelter National Board Program	97.024	29-1604-00	14,628
Total Emergency Food and Shelter National Board Program			<u>51,725</u>
Total Department of Homeland Security			<u>86,925</u>
<u>U.S. Department of Justice</u>			
Passed-through Tapestri, Inc.			
Services for Trafficking Victims	16.320	N/A	12,670
National Mentoring Program	16.726	2012-JU-FX-0005	21,820
Total U.S. Department of Justice			<u>34,490</u>
<u>U.S. Department of State</u>			
Passed-through United States Catholic Conference			
US Refugee Admissions Program	19.510	N/A	72,500
US Refugee Admissions Program	19.510	N/A	136,859
Refugee and Entrant Assistance: Voluntary Agency Program	93.567	90RV0064	340,000
Total U.S. Department of State			<u>549,359</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	HC120011018	15,000
Housing Counseling Assistance Program	14.169	HC110017009	27,645
Housing Counseling Assistance Program	14.169	FL0294L4D061204	-
Making Home Affordable	UNK	N/A	8,494
National Foreclosure Mitigation Counseling	21.000	PL 112-1095X1350	3,071
Total Housing and Counseling Assistance Program			<u>74,210</u>
Office of Comptroller: IFR Initiative	UNK	N/A	5,000
Supportive Housing Program	14.235	FL0004B4H001104	120,137
Supportive Housing Program	14.235	FL0004B4H0001003	120,137
Supportive Housing Program	14.235	FL0002B4H001104	79,166
Total Supportive Housing Program			<u>324,440</u>
Total U.S. Department of Housing and Urban Development			<u>398,650</u>

Reimbursable Expenditures

Federal & State	Local	Total
\$ 10,368		\$ 10,368
5,200		5,200
<u>15,568</u>	-	<u>15,568</u>
337		337
3,000		3,000
2,401		2,401
9,661		9,661
12,035		12,035
14,628		14,628
<u>42,062</u>	-	<u>42,062</u>
<u>57,630</u>	-	<u>57,630</u>
12,670		12,670
3,053		3,053
<u>15,723</u>	-	<u>15,723</u>
11,801		11,801
136,859		136,859
192,852		192,852
<u>341,512</u>	-	<u>341,512</u>
7,767		7,767
13,377		13,377
10,396		10,396
12,558		12,558
867		867
3,071		3,071
<u>48,036</u>	-	<u>48,036</u>
5,000		5,000
113,175		113,175
10,059		10,059
74,232		74,232
<u>202,466</u>	-	<u>202,466</u>
<u>250,502</u>	-	<u>250,502</u>

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

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

YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Contract Number	Contract or Award Amount
U.S. Department of Health and Human Services			
Passed-through State of Florida Department of Children and Families			
State Administrative Matching Grants for Food Stamp Program	10.561	LF904 & LF913	195,406
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK133	140,000
Refugee and Entrant Assistance: State Administered Programs	93.566	LK174	1,800,333
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK174	-
Refugee and Entrant Assistance: State Administered Programs	93.566	XK023	2,037,527
Refugee and Entrant Assistance: Discretionary Grants	93.576	XK023	-
Refugee and Entrant Assistance: State Administered Programs	93.566	XK034	1,067,244
Refugee and Entrant Assistance: Discretionary Grants	93.576	XK034	-
Refugee and Entrant Assistance: Discretionary Grants	93.566	LK912	683,853
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK912	-
Refugee and Entrant Assistance: State Administered Programs	93.566	LK982	332,500
Refugee and Entrant Assistance: Discretionary Grants	93.576	LK982	-
Total U.S. Department of Health and Human Services			<u>6,256,863</u>
U.S. Department of Agriculture			
Passed-through State of Florida Department of Health Child and Adult Care Food Program			
Total U.S. Department of Agriculture	10.558	1565	Cost Reimburse <u>-</u>
Total Federal Grants and Contracts			<u>\$ 7,326,287</u>
STATE GRANTS AND CONTRACTS			
FL DCF-Food Stamp Match	10.561	LF904 & LF913	\$ <u>195,406</u>
Total State Grants and Contracts			<u>195,406</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
Collier County	N/A	N/A	-
Sarasota County CDBG	14.218	5/14/10-09/30/10	25,000
Manatee County	N/A	N/A	32,075
Manatee County	N/A	N/A	22,871
Manatee County - Assistance	N/A	N/A	7,600
Lee County	N/A	5885	185,063
Lee County	N/A	6244	<u>185,003</u>
Total Local Grants			<u>597,312</u>
Total Grants and Contracts			<u>\$ 8,119,005</u>

Note I - 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>
	35,299		35,299
	24,873		24,873
	367,124		367,124
	42,297		42,297
	415,200		415,200
	50,000		50,000
	38,000		38,000
	266,609		266,609
	102,139		102,139
	261		261
	8,155		8,155
	38,171		38,171
	<u>1,388,128</u>	<u>-</u>	<u>1,388,128</u>
ent	<u>11,943</u>	<u>-</u>	<u>11,943</u>
	<u>11,943</u>	<u>-</u>	<u>11,943</u>
\$	<u>2,065,438</u>	<u>-</u>	<u>\$ 2,065,438</u>
\$	<u>35,299</u>	<u>-</u>	<u>\$ 35,299</u>
	<u>35,299</u>	<u>-</u>	<u>35,299</u>
		9,700	9,700
		(4,393)	(4,393)
		936	936
		23,423	23,423
		4,534	4,534
		17,145	17,145
		7,600	7,600
		43,772	43,772
		<u>138,254</u>	<u>138,254</u>
	<u>-</u>	<u>240,971</u>	<u>240,971</u>
\$	<u>2,100,737</u>	<u>240,971</u>	<u>\$ 2,341,708</u>

CATHOLIC CHARITIES, DIOCESE OF VENICE, INC.

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

YEAR ENDED JUNE 30, 2013

	Unrestricted			
	Social Services	Education	Citizenship	Counseling
Support				
Diocese of Venice	\$ 106,589	\$ 250,350	\$ 46,774	\$ 21,259
Contributions	86,455	120,138		
Board of County Commissioners, Lee County		146,928		
United Way grants	9,996	90,296		
Federal grants	49,873	3,053		
Other grants		5,250		
Total support	<u>252,913</u>	<u>616,015</u>	<u>46,774</u>	<u>21,259</u>
Revenues				
Program service fees		12,369	41,995	9,182
Other income				
Total revenues	<u>-</u>	<u>12,369</u>	<u>41,995</u>	<u>9,182</u>
Net assets released from restrictions	<u>3,260</u>	<u>14,557</u>	<u>215</u>	<u>12,103</u>
Special events revenue	<u>41,857</u>	<u>30,589</u>		<u>12,025</u>
Total support, revenues and reclassifications	<u>298,030</u>	<u>673,530</u>	<u>88,984</u>	<u>54,569</u>
Expenses				
Salaries	169,300	444,127	49,605	33,851
Conferences, meetings and dues	71	2,323	266	103
Depreciation	683	11,748	144	50
Employee benefits	50,839	100,174	14,919	9,336
General insurance	1,339	5,568		
Maintenance and equipment	7,084	15,639	1,514	416
Office supplies and postage	5,452	12,804	937	363
Religious Stipends		2,685		
Other	5,588	24,917	920	1,385
Outside services	5,494	11,856	4,600	4,875
Payroll taxes	13,165	33,156	3,637	2,441
Professional fees	1,504	3,739	439	294
Rent and utilities	26,296	32,882	993	7,819
Direct assistance	13,627			
Staff training and recruiting	330	198	66	54
Telephone	5,955	10,000	1,173	621
Travel	5,597	14,378	628	2,502
Total expenses	<u>312,324</u>	<u>726,194</u>	<u>79,841</u>	<u>64,110</u>
Increase (decrease) in net assets	<u>\$ (14,294)</u>	<u>\$ (52,664)</u>	<u>\$ 9,143</u>	<u>\$ (9,541)</u>

<u>Elderly Services</u>	<u>Unrestricted Total</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 29,737	\$ 454,709	\$	\$ 454,709
23,320	229,913	39,725	269,638
44,798	191,726		191,726
56,700	156,992		156,992
	52,926		52,926
500	5,750		5,750
<u>155,055</u>	<u>1,092,016</u>	<u>39,725</u>	<u>1,131,741</u>
	63,546		63,546
<u>-</u>	<u>63,546</u>	<u>-</u>	<u>63,546</u>
<u>575</u>	<u>30,710</u>	<u>(30,710)</u>	<u>-</u>
<u>6,934</u>	<u>91,405</u>		<u>91,405</u>
<u>162,564</u>	<u>1,277,677</u>	<u>9,015</u>	<u>1,286,692</u>
116,519	813,402		813,402
372	3,135		3,135
619	13,244		13,244
35,526	210,794		210,794
409	7,316		7,316
1,704	26,357		26,357
1,769	21,325		21,325
	2,685		2,685
2,914	35,724		35,724
1,917	28,742		28,742
8,723	61,122		61,122
1,036	7,012		7,012
1,906	69,896		69,896
4,349	17,976		17,976
208	856		856
4,447	22,196		22,196
8,864	31,969		31,969
<u>191,282</u>	<u>1,373,751</u>	<u>-</u>	<u>1,373,751</u>
\$ <u>(28,718)</u>	\$ <u>(96,074)</u>	\$ <u>9,015</u>	\$ <u>(87,059)</u>

CONTRACT COMPLIANCE

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Catholic Charities, Diocese of Venice, Inc. (the Organization) as of and for the year ended June 30, 2013, and have issued our report thereon dated October 31, 2013. 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

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kerkering Barberis + Co.

Sarasota, Florida
October 31, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Catholic Charities, Diocese of Venice, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Catholic Charities, Diocese of Venice, Inc.'s major federal programs for the year ended June 30, 2013. Catholic Charities, Diocese of Venice, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Catholic Charities, Diocese of Venice, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 Catholic Charities, Diocese of Venice, Inc.'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Catholic Charities, Diocese of Venice, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Catholic Charities, Diocese of Venice, Inc. complied, in all material respects, with the types of 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, 2013.

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

Report on Internal Control Over Compliance

Management of Catholic Charities, Diocese of Venice, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catholic Charities, Diocese of Venice, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Catholic Charities, Diocese of Venice, Inc.'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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kerkering Barberio + Co.

Sarasota, Florida
October 31, 2013

Catholic Charities, Diocese of Venice, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no

- Significant deficiency(ies) identified
that are not considered to be material
weakness(es)? yes none reported

Noncompliance material to financial statements
noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no

- Significant deficiency(ies) identified
that are not considered to be material
weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with section 510(a) of
Circular A-133? yes no

Catholic Charities, Diocese of Venice, Inc.
Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2013

Section I - Summary of Auditor's 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	Refugee and Entrant Assistance Program

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

Auditee qualified as low-risk auditee? x yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Catholic Charities, Diocese of Venice, Inc.
Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2013

Section IV – Summary Schedule of Prior Audit Findings

None

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).
