



**CATHOLIC CHARITIES OF FAIRFIELD  
COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 and 2011**

## CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position - June 30, 2012 and 2011	2
Statement of Activities - Years ended June 30, 2012 and 2011	3
Statement of Functional Expenses - Year ended June 30, 2012	4
Statement of Functional Expenses - Year ended June 30, 2011	5
Statement of Cash Flows - Years ended June 30, 2012 and 2011	6
Notes to Financial Statements	7-17

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Catholic Charities of Fairfield County, Inc.  
Bridgeport, Connecticut

We have audited the accompanying statements of financial position of Catholic Charities of Fairfield County, Inc. ("Catholic Charities") as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Catholic Charities' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of Catholic Charities of Fairfield County, Inc. as of June 30, 2012 and 2011, 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.



New York, New York  
December 17, 2012

Catholic Charities of Fairfield County, Inc.

**STATEMENT OF FINANCIAL POSITION**

<u>ASSETS</u>	June 30,	
	2012	2011
Cash and cash equivalents	\$ 1,114,545	\$ 1,482,561
Accounts receivable	104,749	95,253
Annual Bishop's Appeal pledges receivable	139,521	243,963
Grants receivable	509,621	325,922
Diocese of Bridgeport receivable	705,169	1,168,258
United Way receivable	-	86,491
Prepaid expenses	71,100	132,091
Property and equipment, net	923,849	899,637
Total assets	<u>\$ 3,568,554</u>	<u>\$ 4,434,176</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 174,298	\$ 253,637
Accrued expenses	435,287	432,546
Diocese of Bridgeport payable	238,745	293,468
Refundable advances	151,442	134,186
Conditional asset retirement obligation	46,990	44,881
Total liabilities	<u>1,046,762</u>	<u>1,158,718</u>
Net assets:		
Unrestricted	2,311,077	2,813,490
Temporarily restricted	<u>210,715</u>	<u>461,968</u>
Total net assets	<u>2,521,792</u>	<u>3,275,458</u>
Total liabilities and net assets	<u>\$ 3,568,554</u>	<u>\$ 4,434,176</u>

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

Catholic Charities of Fairfield County, Inc.

STATEMENT OF ACTIVITIES

	<u>Years ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
<b>Changes in Unrestricted Net Assets:</b>		
Operations		
Public support and related revenue:		
Contributions, Annual Bishop's Appeal, fundraising, parish special collections, in-kind and United Way	\$ 3,225,348	\$ 3,257,487
Net assets released from restrictions	<u>416,264</u>	<u>404,917</u>
Total public support and related revenue	3,641,612	3,662,404
Revenue and grants from governmental agencies	5,153,623	5,268,426
Program revenue:		
Food services	268,231	292,503
Behavioral health services	891,796	779,208
Family services	292,997	317,492
Community services	9,149	8,888
Housing	<u>16,190</u>	<u>14,163</u>
Total program revenue	1,478,363	1,412,254
Other revenue	<u>28,996</u>	<u>33,303</u>
Total revenue from operations	<u>10,302,594</u>	<u>10,376,387</u>
Program expenses:		
Food services	3,152,496	3,143,259
Behavioral health services	1,768,564	1,632,351
Family services	1,680,914	1,607,532
Community services	1,414,041	1,400,483
Housing	<u>1,192,496</u>	<u>1,135,661</u>
Total program expenses	9,208,511	8,919,286
Administration and general	1,442,828	1,382,746
Fundraising	<u>153,668</u>	<u>110,248</u>
Total operating expenses	<u>10,805,007</u>	<u>10,412,280</u>
Decrease in unrestricted net assets from operations	<u>(502,413)</u>	<u>(35,893)</u>
Non-operating activities:		
Bequest	-	769,244
Facility renovation write-off	<u>-</u>	<u>(62,225)</u>
Increase in unrestricted net assets from non-operating activities	<u>-</u>	<u>707,019</u>
(Decrease) increase in unrestricted net assets	<u>(502,413)</u>	<u>671,126</u>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Annual Bishop's Appeal, United Way and other contributions	165,011	407,219
Net assets released from restrictions	<u>(416,264)</u>	<u>(404,917)</u>
(Decrease) increase in temporarily restricted net assets	<u>(251,253)</u>	<u>2,302</u>
(Decrease) increase in net assets	(753,666)	673,428
Net assets, beginning of year	<u>3,275,458</u>	<u>2,602,030</u>
Net assets, end of year	<u>\$ 2,521,792</u>	<u>\$ 3,275,458</u>

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

Catholic Charities of Fairfield County, Inc.

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2012

	Compensation and benefits	Professional services	Food, rent and other client assistance	Office, occupancy, communications and equipment	Travel, vehicles, events, conferences and training	Depreciation, amortization and accretion	Other	Total
Food services	\$ 1,313,798	\$ 64,597	\$ 1,412,425	\$ 229,390	\$ 62,708	\$ 66,840	\$ 2,738	\$ 3,152,496
Behavioral health services	1,314,075	135,220	3,967	294,183	13,698	6,635	786	1,768,564
Family services	1,340,129	24,913	74,457	198,435	26,571	14,027	2,382	1,680,914
Community services	1,093,384	694	55,785	213,060	33,089	17,278	751	1,414,041
Housing	<u>628,770</u>	<u>49,313</u>	<u>402,279</u>	<u>89,252</u>	<u>6,901</u>	<u>15,981</u>	-	<u>1,192,496</u>
Total program expenses	5,690,156	274,737	1,948,913	1,024,320	142,967	120,761	6,657	9,208,511
Administration and general	1,075,537	188,300	9,965	124,346	15,780	23,301	5,599	1,442,828
Fundraising	<u>-</u>	<u>50,428</u>	<u>-</u>	<u>24,933</u>	<u>76,091</u>	<u>-</u>	<u>2,216</u>	<u>153,668</u>
Total operating expenses	<u>\$ 6,765,693</u>	<u>\$ 513,465</u>	<u>\$ 1,958,878</u>	<u>\$ 1,173,599</u>	<u>\$ 234,838</u>	<u>\$ 144,062</u>	<u>\$ 14,472</u>	<u>\$ 10,805,007</u>
In-kind expenses included above are as follows:								
Food services			\$ 307,624	\$ -	\$ -			\$ 307,624
Family services			37,529	30,630	-			68,159
Administration and general			-	190	4,588			4,778
			<u>\$ 345,153</u>	<u>\$ 30,820</u>	<u>\$ 4,588</u>			<u>\$ 380,561</u>

The accompanying notes are an integral part of this statement.

Catholic Charities of Fairfield County, Inc.

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2011

	Compensation and benefits	Professional services	Food, rent and other client assistance	Office, occupancy, communications and equipment	Travel, vehicles, events, conferences and training	Depreciation, amortization and accretion	Other	Total
Food services	\$ 1,281,092	\$ 79,092	\$ 1,420,768	\$ 237,898	\$ 56,065	\$ 67,234	\$ 1,110	\$ 3,143,259
Behavioral health services	1,248,200	102,713	4,027	254,668	12,271	8,663	1,809	1,632,351
Family services	1,282,295	19,506	59,548	200,782	29,793	13,608	2,000	1,607,532
Community services	1,073,136	3,581	47,036	221,018	38,243	16,487	982	1,400,483
Housing	<u>583,239</u>	<u>30,033</u>	<u>396,993</u>	<u>107,792</u>	<u>5,044</u>	<u>12,459</u>	<u>101</u>	<u>1,135,661</u>
Total program expenses	5,467,962	234,925	1,928,372	1,022,158	141,416	118,451	6,002	8,919,286
Administration and general	1,079,281	108,309	10,611	142,020	13,996	22,654	5,875	1,382,746
Fundraising	<u>-</u>	<u>1,650</u>	<u>-</u>	<u>19,763</u>	<u>86,046</u>	<u>-</u>	<u>2,789</u>	<u>110,248</u>
Total operating expenses	<u>\$ 6,547,243</u>	<u>\$ 344,884</u>	<u>\$ 1,938,983</u>	<u>\$ 1,183,941</u>	<u>\$ 241,458</u>	<u>\$ 141,105</u>	<u>\$ 14,666</u>	<u>\$ 10,412,280</u>
In-kind expenses included above are as follows:								
Food services			\$ 292,491	\$ -				\$ 292,491
Family services			<u>33,577</u>	<u>30,630</u>				<u>64,207</u>
			<u>\$ 326,068</u>	<u>\$ 30,630</u>				<u>\$ 356,698</u>

*The accompanying notes are an integral part of this statement.*

Catholic Charities of Fairfield County, Inc.

**STATEMENT OF CASH FLOWS**

	Years ended June 30	
	2012	2011
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (753,666)	\$ 673,428
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation, amortization and accretion	144,062	141,105
Facility renovation write-off	-	62,225
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(9,496)	29,215
Decrease (increase) in Annual Bishop's Appeal pledges receivable	104,442	(18,104)
(Increase) decrease in grants receivable	(183,699)	100,242
Decrease (increase) in receivable/payable from the Diocese of Bridgeport	408,366	(402,937)
Decrease in United Way receivable	86,491	25,666
Decrease in prepaid expense	60,991	86,263
(Decrease) increase in accounts payable	(79,339)	36,467
Increase (decrease) in accrued expenses	2,741	(353,671)
Increase in refundable advances	17,256	18,405
Net cash (used in) provided by operating activities	<u>(201,851)</u>	<u>398,304</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(166,165)</u>	<u>(289,982)</u>
Net cash used in investing activities	<u>(166,165)</u>	<u>(289,982)</u>
(Decrease) increase in cash and cash equivalents	(368,016)	108,322
Cash and cash equivalents, beginning of year	<u>1,482,561</u>	<u>1,374,239</u>
Cash and cash equivalents, end of year	<u>\$ 1,114,545</u>	<u>\$ 1,482,561</u>

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



**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE A - ORGANIZATION AND PROGRAMS**

**Organization**

Catholic Charities of Fairfield County, Inc. (“Catholic Charities”) is a not-for-profit, non-stock corporation organized under the laws of the State of Connecticut by the Bridgeport Roman Catholic Diocesan Corporation (the “Diocese”). The members of Catholic Charities are the Administrator, and the Chancellor of the Diocese together with the President of Catholic Charities. Prior to May 16, 2012, when he was installed as the Archbishop of the Archdiocese of Baltimore, the Bishop of the Diocese and the three Vicars General of the Diocese were also members of Catholic Charities. When a new Bishop of the Diocese is installed and appoints a Vicar General, they will become members of Catholic Charities as a result of holding their positions. Catholic Charities has a Board of Directors consisting of the members and up to nineteen lay people.

Catholic Charities is a Section 501(c)(3) not-for-profit organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the “IRC”) and has been classified as an organization that is not a private foundation under Section 509(a) of the IRC.

**Programs**

Catholic Charities comprises five major service groups:

*Food Services*

Food services includes the State of Connecticut’s two largest soup kitchens, a mobile breakfast program, food pantries, and a congregate and home delivered meal program for the elderly. Food delivery programs are funded through a combination of government and private grants, voluntary individual and corporate contributions, fundraising activities, support from the Diocese, and local United Way contributions.

*Behavioral Health Services*

Behavioral health services provide family and individual counseling throughout Fairfield County, Connecticut. Behavioral health services has district offices in Bridgeport, Danbury, Norwalk and Stamford, Connecticut. These offices are funded primarily through support from the Diocese, third party insurance payments, individual user fees, local United Way contributions, fundraising activities and voluntary individual contributions.

*Family Services*

Family services provides school readiness for children who would otherwise not receive pre-school preparation, through the Room to Grow Early Childhood Education Center, as well as a

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE A (continued)**

full array of Family Directions services including adoption and pregnancy outreach activities. In addition, family services includes immigration outreach services that have been accredited by the U.S. Department of Justice to meet a broad spectrum of challenges normally faced by families new to the United States. Outreach to the Hispanic and senior citizen populations is another service offered through the Catholic Charities family services programs. These programs are funded through a combination of government and private grants, family tuition and fees, support from the Diocese, individual and corporate contributions, fundraising activities, and local United Way contributions.

*Community Services*

Community services programs provide assistance, training and counseling to the chronically homeless and individuals dealing with substance abuse and mental health issues. In addition, job safety-net and family support services, as well as prison and community outreach services are provided. Community services programs are funded with grants awarded through the Connecticut Department of Mental Health and Addiction Services, other government grants, support from the Diocese, and corporate and individual contributions.

*Housing Services*

Housing services programs provide rental assistance and support services to formerly homeless families and individuals who have documented disabilities. The support services assist these families and individuals with life skills as they move towards self-sufficiency. Housing programs consist of a network of both transitional and permanent housing and are funded with grants awarded through the U.S. Department of Housing and Urban Development, the Connecticut Department of Mental Health and Addiction Services, the Connecticut Department of Social Services, support from the Diocese and client rental payments.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*1. Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under these principles, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE B (continued)**

Net assets are classified as unrestricted, temporarily restricted, and permanently restricted, based upon the absence or existence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted – Net assets that are subject to donor-imposed restrictions that either expire with the passage of time or can be fulfilled by the actions of Catholic Charities.

Permanently restricted – Net assets that are subject to donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled by the actions of Catholic Charities. As of June 30, 2012 and 2011, Catholic Charities had no permanently restricted net assets.

Contributions are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed temporary or permanent restrictions. When temporary restrictions either expire with the passage of time or are fulfilled through the actions of Catholic Charities, the related net assets are reclassified to unrestricted net assets and any related expenses are reported as a decrease in unrestricted net assets. Contributions restricted by donors for the acquisition of property and equipment are released from their restrictions when the assets are acquired or constructed. When contribution restrictions expire or are fulfilled in the fiscal year in which the contribution is received, the contribution is reported as an increase in unrestricted net assets.

2. *Cash and Cash Equivalents*

Catholic Charities considers funds in money market accounts and all highly liquid investments with original maturities of three months or less to be cash equivalents.

3. *Property and Equipment*

All capital expenditures in excess of \$2,000 are capitalized. Donated property and equipment are capitalized at their fair market value when received. Property and equipment are depreciated on the straight-line basis over their estimated useful lives as follows:

Buildings	30-40 years
Furniture and fixtures	3-5 years
Automobiles	3-5 years
Software licenses	3-5 years
Leasehold improvements	5-30 years

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE B (continued)**

4. *Refundable Advances*

Refundable advances represent funds received in advance of related program services and expenditures. Both the Family Directions and pre-school programs receive deposits in advance of services provided. Additionally, refundable advances include prepayments for grant funded programs and fundraising events (e.g. golf outings, breakfasts), when the event is scheduled to take place in the following fiscal year.

5. *Conditional Asset Retirement Obligation*

Catholic Charities has a conditional asset retirement obligation for asbestos material associated with property it owns. This obligation is defined as a legal obligation associated with the future retirement of a tangible long-lived asset in which the timing and/or method of settlement is conditional on a future event that may or may not be within the control of Catholic Charities. The present value of this obligation and resulting accretion expense, together with the related asset retirement cost capitalized, accumulated depreciation and resulting depreciation expense, are recognized in these financial statements (Note F).

6. *Government Contract and Client Service Revenue*

Catholic Charities operates under various contracts with government agencies that generally cover a one-year period, subject to annual renewals. The terms of these contracts allow the grantors the right to audit the costs incurred thereunder and adjust contract funding based upon, among other things, the amount of program income received. Any costs disallowed by the grantor would need to be absorbed by Catholic Charities and any such adjustments would be recorded when amounts are both probable and estimable. It is the opinion of management that disallowances and adjustments, if any, would not have a material adverse effect on the financial position, changes in net assets or cash flows of Catholic Charities.

Client and third-party revenue (including Medicare and Medicaid) is generally recognized as earned when services are provided.

7. *In-Kind Revenue and Expense*

Catholic Charities recognizes the estimated value of donated food and supplies, certain volunteer services, as well as the estimated value of donated space provided at various locations to conduct program activities as in-kind revenue and in-kind expenses.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE B (continued)**8. *Functional Expenses*

The costs of providing the various programs and other activities of Catholic Charities are presented on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the programs and supporting services benefited based on the nature of such costs. Allocations frequently require the judgment of management.

9. *Subsequent Events*

Management of Catholic Charities considers all accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after the fiscal year-end through the date of the independent auditor's report.

**NOTE C - ACCOUNTS RECEIVABLE**

Catholic Charities has not experienced, and does not expect to experience, any losses from uncollectibility of Annual Bishop's Appeal pledges receivable, grants receivable, United Way receivables or accounts receivable from clients for program services.

**NOTE D - PROPERTY AND EQUIPMENT**

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

	<u>2012</u>	<u>2011</u>
Buildings	\$ 482,302	\$ 482,302
Furniture and equipment	68,187	96,455
Automobiles	374,025	360,204
Leasehold improvements	1,463,547	1,274,682
Computer equipment and software licenses	70,055	106,883
Land	57,250	57,250
	<u>2,515,366</u>	<u>2,377,776</u>
Less: accumulated depreciation and amortization	<u>(1,671,688)</u>	<u>(1,744,324)</u>
	843,678	633,452
Construction in progress	80,171	266,185
	<u>\$ 923,849</u>	<u>\$ 899,637</u>

During fiscal year 2012, Catholic Charities wrote off fully-depreciated property and equipment of \$214,589. During fiscal year 2011, \$62,225 for facilities renovations were written off due to re-work. For the years ended June 30, 2012 and 2011, depreciation and amortization expense totaled \$141,953 and \$139,090, respectively.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE E - RETIREMENT PLANS**

Effective August 1, 2010, Catholic Charities elected to participate in the new Bridgeport Diocesan Defined Contribution Retirement Plan (“BDDCRP”), a multi-employer, non-contributory, defined contribution retirement plan sponsored by the Diocese. The BDDCRP covers all lay employees of participating Diocesan employers working at least 20 hours per week that meet the eligibility requirements of one year of service and 21 years of age. Contributions are for service on and after August 1, 2010 and range from 3% to 7% of employee's compensation. Catholic Charities obligation is limited to the contribution amount. Contributions by Catholic Charities for the years ended June 30, 2012 and 2011 were \$249,641 and \$165,209, respectively. Termination of Catholic Charities’ predecessor defined contribution retirement plan was completed effective January 1, 2012. Contributions to that plan were frozen in March of 2009 and total assets at December 31, 2011 were \$1,328,776.

Catholic Charities also provides a tax-deferred annuity program to all employees. Employees may contribute a specific percentage of their salary up to a maximum allowed by current Internal Revenue Service limits. Catholic Charities does not contribute to this plan. Total employee contributions into this plan for the years ended June 30, 2012 and 2011 were \$96,767 and \$95,435, respectively.

**NOTE F - CONDITIONAL ASSET RETIREMENT OBLIGATION**

The conditional asset retirement obligation related to property owned by Catholic Charities consisted of the following at June 30:

	<u>2012</u>	<u>2011</u>
Balance beginning of the year	\$ 44,881	\$ 42,866
Accretion	<u>2,109</u>	<u>2,015</u>
Balance end of the year	<u>\$ 46,990</u>	<u>\$ 44,881</u>

**NOTE G - LEASE COMMITMENTS - OPERATING**

Catholic Charities rents office space, vehicles and equipment under operating leases. Aggregated rental expense for the years ended June 30, 2012 and 2011 totaled \$486,650 and \$524,288, respectively, net of sublease rental income of \$21,424 and \$22,792, respectively. Rent commitments expire at various dates through 2022.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE G (continued)**

Future minimum lease commitments through the next five fiscal years and thereafter are as follows at June 30, 2012:

2013	495,578
2014	213,260
2015	138,357
2016	75,428
Thereafter	365,412
	<u>\$ 1,288,035</u>

Sublease agreements through June 2015 will reduce occupancy expense by \$36,928.

**NOTE H - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were as follows at June 30:

	<u>2012</u>	<u>2011</u>
Time restrictions:		
Annual Bishops' Appeal pledges receivable	\$ 139,521	\$ 243,963
United Way funding for next fiscal year	-	86,491
Inner-City Grant for Thomas Merton Center	-	15,000
	<u>139,521</u>	<u>345,454</u>
Purpose restrictions:		
Maryann Furlong Education Assistance Fund	47,436	49,673
Adnor Capital Management for Merton freezer	10,000	-
Suzanski Foundation for Merton House van	5,375	30,000
Raskab Foundation for Immigration Services	-	20,000
Malta House contribution for Room to Grow	5,296	9,904
Malta House contribution for Merton House of Hospitality	-	4,000
Merton Homes furnishings contribution	2,500	2,500
United Way Neighbor-to-Neighbor grants	437	437
Housing	150	-
	<u>71,194</u>	<u>116,514</u>
	<u>\$ 210,715</u>	<u>\$ 461,968</u>

During fiscal-years 2012 and 2011, net assets totaling \$416,264 and \$404,917, respectively were released from donor restrictions by expenditures satisfying the restricted purpose or expiration of time restrictions.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE I - PUBLIC SUPPORT AND REVENUE AND GRANTS FROM GOVERNMENTAL AGENCIES**

Public support and revenue and grants from governmental agencies include the following for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Unrestricted net assets		
Operations:		
Public Support:		
Annual Bishops' Appeal	\$ 1,110,484	\$ 1,006,037
Contributions directly from the public	843,927	1,025,714
Fundraising events	608,712	589,627
In-kind contributions	380,561	356,698
Diocesan Loaves and Fishes	147,920	162,421
United Way	103,767	84,867
Campaign for Human Development and other parish special collections	29,977	32,123
	<u>3,225,348</u>	<u>3,257,487</u>
Revenue and grants from governmental agencies:		
Southwestern Connecticut Area Agency on Aging	1,381,132	1,515,530
Connecticut Department of Mental Health and Addiction Services	1,730,880	1,730,474
Other State of Connecticut	613,027	571,561
City and local agency pass-through from state and federal government	875,592	896,096
U.S. Department of Housing and Urban Development	552,992	554,765
	<u>5,153,623</u>	<u>5,268,426</u>
Non-operating activities:		
Bequest	-	769,245
Temporarily restricted net assets:		
Public Support:		
Annual Bishop's Appeal	139,521	243,963
United Way for next fiscal year	-	86,491
Contributions directly from the public	25,490	76,765
	<u>165,011</u>	<u>407,219</u>
Total public support and revenue and grants from governmental agencies	<u>\$ 8,543,982</u>	<u>\$ 9,702,377</u>



**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE J - RELATED PARTY TRANSACTIONS**

Catholic Charities receives contributions from the Diocese to fund its operations, as well as proceeds from special collections conducted by parishes of the Diocese (Note I). Additionally, Catholic Charities provides services to Diocesan entities consisting primarily of social services to clergy and to its Catholic schools.

During the fiscal years ended June 30, 2012 and 2011, revenue earned from social services provided to Diocesan entities, and included in the behavioral health services program revenue was \$27,000 and \$37,000, respectively.

Catholic Charities participates in employee benefit and insurance programs sponsored by the Diocese for all Diocesan entities and the Diocese provides various services and office space to Catholic Charities. Expenses for these programs and services are as follows for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Employee benefit and insurance programs	\$ 1,087,886	\$ 884,509
Accounting and human resource services	128,599	126,121
Office space and related services	102,516	101,244
Total	<u>\$ 1,319,001</u>	<u>\$ 1,111,874</u>

During fiscal year 2012 and 2011, employees made contributions to health care programs of \$139,871 and \$149,929, respectively.

See Note E - Retirement Plans for discussion of the Bridgeport Diocesan Defined Contribution Retirement Plan.

In October of 2007, Catholic Charities entered into an understanding with The Stratford Coalition for the Homeless, Inc. (“The Stratford Coalition”), a not-for-profit, non-stock corporation formed under the laws of the State of Connecticut to study and meet the needs of the homeless and hungry in Stratford, Connecticut. The understanding includes Catholic Charities providing programmatic, facilities, financial and other management services to the Stratford Coalition. The members of Catholic Charities also became members of The Stratford Coalition, but Catholic Charities had no financial interest in The Stratford Coalition. Direct expenses incurred in fiscal year 2012 and 2011 of \$148,023 and \$141,926, respectively, have been reimbursed to Catholic Charities by The Stratford Coalition. In addition, Catholic Charities received a fee from The Stratford Coalition, of \$25,000 in fiscal-years 2012 and 2011, for such management services.

*Subsequent event*

On September 28, 2012, the assets, excluding the real property and equipment, and liabilities of The Stratford Coalition were transferred to Catholic Charities. The Stratford Coalition’s real property and equipment was conveyed to a newly formed entity, Catholic Charities of Fairfield County Holdings LLC (“CCFCH”) of which Catholic Charities is the sole member, and The

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012 and 2011

**NOTE J (continued)**

Stratford Coalition subsequently dissolved. The operations of The Stratford Coalition have been consolidated with the operations of Catholic Charities effective as of the date of the transfer of The Stratford Coalition's assets, liabilities and real property and equipment. As entities under common control, the transfer of the real property and equipment will be reported in Catholic Charities future combined financial statements (Catholic Charities and CCFCH) on a carryover basis of approximately \$350,000. Other assets and liabilities transferred were \$24,000 and \$9,000, respectively. In total, the transfers resulted in an increase in Catholic Charities' unrestricted net assets of \$365,000 at September 28, 2012.

**NOTE K - CONCENTRATIONS**

Periodically, the balances of cash and cash equivalents maintained at financial institutions may be in excess of the insurance limits provided by the Federal Deposit Insurance Corporation and the Securities Investors Protection Corporation. At June 30, 2012, such excess balances totaled \$765,796. While no losses have been incurred on these excess balances, there can be no assurance in the current environment that losses will not occur.

Catholic Charities receives substantial amounts of revenue from the Diocese, the State of Connecticut, and direct and pass through grants from the federal government and the United Way.