



**CATHOLIC CHARITIES
OF IDAHO, INC.**

FINANCIAL STATEMENTS

June 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Catholic Charities of Idaho, Inc.
Boise, Idaho

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

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of Idaho, Inc., as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Travis Jeffries, P.A.

Boise, Idaho
September 30, 2011

CATHOLIC CHARITIES OF IDAHO, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 251,443	\$ 369,975
Accounts receivable	102,621	59,949
Due from Roman Catholic Diocese of Boise	542,236	294,617
Prepaid expenses	<u>11,455</u>	<u>14,641</u>
Total Current Assets	907,755	739,182
INVESTMENTS	196,388	355,825
PROPERTY AND EQUIPMENT, net of depreciation	<u>39,543</u>	<u>30,870</u>
Total Assets	<u><u>\$ 1,143,686</u></u>	<u><u>\$ 1,125,877</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,172	\$ 17,014
Accrued liabilities	84,811	80,817
Due to Roman Catholic Diocese of Boise	<u>37,203</u>	<u>50,418</u>
Total Current Liabilities	137,186	148,249
OTHER LIABILITIES		
Liability for pension benefits	<u>-</u>	<u>108,000</u>
Total Liabilities	137,186	256,249
NET ASSETS		
Unrestricted	939,963	712,820
Temporarily restricted	<u>66,537</u>	<u>156,808</u>
Total Net Assets	<u>1,006,500</u>	<u>869,628</u>
Total Liabilities and Net Assets	<u><u>\$ 1,143,686</u></u>	<u><u>\$ 1,125,877</u></u>

See notes to financial statements.

CATHOLIC CHARITIES OF IDAHO, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2011 and 2010

	2011				2010			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Percentage of Revenue</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Percentage of Revenue</u>
SUPPORT AND REVENUE								
Donations	\$ 737,991	\$ -	\$ 737,991	60.12 %	\$ 570,200	\$ -	\$ 570,200	45.15 %
Program fees	49,198	-	49,198	4.01	37,921	-	37,921	3.00
Grants and contracts	16,333	317,616	333,949	27.20	40,152	450,769	490,921	38.87
Fundraising revenue	43,856	-	43,856	3.57	41,686	-	41,686	3.30
Investment income	60,097	-	60,097	4.90	119,190	-	119,190	9.44
Other income	2,435	-	2,435	0.20	2,981	-	2,981	0.24
Net assets released from restriction satisfied by payments	407,887	(407,887)	-	-	537,216	(537,216)	-	-
Total Revenue	1,317,797	(90,271)	1,227,526	100.00	1,349,346	(86,447)	1,262,899	100.00
EXPENSES								
Program services								
General & Administrative	161,649	-	161,649	13.17	170,350	-	170,350	13.49
Development & Communication	78,296	-	78,296	6.38	110,899	-	110,899	8.78
Parish & Community Partnership	90,601	-	90,601	7.38	106,535	-	106,535	8.44
Counseling & Education Services	136,094	-	136,094	11.09	101,750	-	101,750	8.06
Family Strengthening Services	487,118	-	487,118	39.68	540,707	-	540,707	42.81
Immigration & Legal Services	228,156	-	228,156	18.58	178,996	-	178,996	14.17
Total Program Services	1,181,914	-	1,181,914	96.28	1,209,237	-	1,209,237	95.75
FASB ASC 715 expense	-	-	-	-	47,000	-	47,000	3.72
Total Expenses	1,181,914	-	1,181,914	96.28	1,256,237	-	1,256,237	99.47
Increase (Decrease) in Net Assets before other income	135,883	(90,271)	45,612	3.72 %	93,109	(86,447)	6,662	0.53 %
OTHER INCOME								
Gain resulting from related party assumption of pension plan liability	91,260	-	91,260		-	-	-	
Total Increase (Decrease) in Net Assets	227,143	(90,271)	136,872		93,109	(86,447)	6,662	
NET ASSETS, Beginning of Year	712,820	156,808	869,628		619,711	243,255	862,966	
NET ASSETS, End of Year	\$ 939,963	\$ 66,537	\$1,006,500		\$ 712,820	\$ 156,808	\$ 869,628	

See notes to financial statements.

CATHOLIC CHARITIES OF IDAHO, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 136,872	\$ 6,662
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(42,231)	(90,488)
In-kind donation of fixed assets	-	(1,000)
Depreciation	18,278	38,523
Liability for pension benefits	(108,000)	47,000
Changes in operating assets and liabilities:		
Accounts receivable	(42,672)	(23,605)
Due from Roman Catholic Diocese of Boise	(260,834)	(36,017)
Prepaid expenses	3,186	2,974
Accounts payable and accrued liabilities	<u>2,152</u>	<u>(679)</u>
Net Cash Used in Operating Activities	(293,249)	(56,630)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(26,951)	-
Sale of investments	255,950	351,452
Purchase of investments	<u>(54,282)</u>	<u>(238,696)</u>
Net Cash Provided by Investing Activities	<u>174,717</u>	<u>112,756</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(118,532)	56,126
 CASH AND CASH EQUIVALENTS, Beginning of Year	<u>369,975</u>	<u>313,849</u>
 CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 251,443</u></u>	<u><u>\$ 369,975</u></u>

See notes to financial statements.

CATHOLIC CHARITIES OF IDAHO
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2011

	<u>General & Administrative</u>	<u>Development & Communication</u>	<u>Parish & Community Partnership</u>	<u>Counseling & Education Services</u>	<u>Family Strengthening Services</u>	<u>Immigration & Legal Services</u>	<u>Total</u>
Salaries	\$ 62,826	\$ 32,067	\$ 69,497	\$ 73,015	\$ 274,786	\$ 155,583	\$ 667,774
Employee benefits	3,429	3,207	6,158	6,788	27,844	11,680	59,106
Payroll taxes	5,938	3,205	7,127	7,357	26,787	15,144	65,558
Insurance	2,557	-	-	511	2,846	982	6,896
Legal and accounting	7,245	-	-	-	-	-	7,245
Professional fees	15,476	10,591	-	11,616	5,825	171	43,679
Office expense	9,511	12,503	1,568	1,391	9,022	4,662	38,657
Donated supplies and services	20,932	-	-	7,200	7,200	-	35,332
Telephone	2,848	532	541	1,510	10,824	3,661	19,916
Rent	1,050	-	-	1,788	19,599	12,359	34,796
Repairs and maintenance	185	-	-	1,397	6,290	621	8,493
Utilities	30	-	-	1,100	3,779	2,317	7,226
Travel	6,586	958	1,110	871	2,631	4,733	16,889
Meetings and conferences	5,107	855	390	-	371	1,765	8,488
Depreciation	2,011	1,280	731	1,279	10,235	2,742	18,278
Education and training	2,095	30	115	216	858	576	3,890
Information technology	2,415	739	456	860	4,658	1,699	10,827
Program expenses	5,401	808	2,714	18,403	64,891	962	93,179
Fundraising expenses	-	5,757	-	-	-	-	5,757
Advertising and promotion	506	4,955	-	-	(820)	1,391	6,032
Meals and entertainment	379	707	194	8	369	989	2,646
Subscriptions and dues	30	102	-	255	161	1,785	2,333
Payroll fees	2,691	-	-	-	-	-	2,691
Equipment and supplies	2,401	-	-	529	8,962	4,334	16,226
Other expenses	-	-	-	-	-	-	-
Total Expenses	\$ 161,649	\$ 78,296	\$ 90,601	\$ 136,094	\$ 487,118	\$ 228,156	\$ 1,181,914

See notes to financial statements.

CATHOLIC CHARITIES OF IDAHO
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010

	<u>General & Administrative</u>	<u>Development & Communication</u>	<u>Parish & Community Partnership</u>	<u>Counseling & Education Services</u>	<u>Family Strengthening Services</u>	<u>Immigration & Legal Services</u>	<u>Total</u>
Salaries	\$ 65,448	\$ 65,824	\$ 70,338	\$ 60,788	\$ 313,108	\$ 128,886	\$ 704,392
Employee benefits	2,177	3,389	7,721	5,162	26,281	10,145	54,875
Payroll taxes	5,346	6,154	6,451	5,599	29,472	11,903	64,925
Insurance	414	-	-	-	7,011	-	7,425
Legal and accounting	6,500	-	-	-	-	-	6,500
Professional fees	26,320	2,892	123	4,288	14,073	(340)	47,356
Office expense	14,444	8,036	937	598	7,479	2,055	33,549
Donated supplies and services	24,522	-	-	7,200	10,800	1,200	43,722
Telephone	4,709	1,665	1,443	864	13,247	1,921	23,849
Rent	-	-	2,341	3,667	18,994	6,833	31,835
Repairs and maintenance	-	-	-	431	2,650	561	3,642
Utilities	-	-	781	1,080	4,334	1,023	7,218
Travel	2,738	1,224	1,475	817	14,053	2,073	22,380
Meetings and conferences	3,848	990	258	40	2,204	1,459	8,799
Depreciation	4,238	2,697	1,541	2,697	21,572	5,778	38,523
Education and training	2,186	256	275	210	333	1,021	4,281
Information technology	1,830	2,706	1,462	1,898	4,652	1,754	14,302
Program expenses	2,899	-	10,945	6,311	46,932	719	67,806
Fundraising expenses	-	14,772	-	-	115	-	14,887
Advertising and promotion	241	188	346	-	2,747	-	3,522
Meals and entertainment	185	78	73	-	367	390	1,093
Subscriptions and dues	-	-	-	65	68	1,581	1,714
Payroll fees	2,182	28	25	35	132	34	2,436
Equipment and supplies	-	-	-	-	83	-	83
Other expenses	123	-	-	-	-	-	123
Total Expenses	\$ 170,350	\$ 110,899	\$ 106,535	\$ 101,750	\$ 540,707	\$ 178,996	\$ 1,209,237

See notes to financial statements.

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Catholic Charities of Idaho, Inc. (the Organization) is a non-profit organization providing social service and social justice for all people regardless of religion, age, gender, disability, race/ethnicity, income or background. The Organization was incorporated in July 2000 and began delivering services in June 2001. The Organization prioritizes volunteerism and collaborative endeavors with other organizations and Catholic parishes and strives to advance the dignity of individuals, families, and communities by strengthening families, advocating justice, and engaging the community to serve the common good. The Organization has a vision of an Idaho where hope prevails, justice reigns and people are transformed. Support for the Organization's programs and services is made up of donations, grants, contract revenues and fees for services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958. In accordance with the standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. As of June 30, 2011 and 2010 the Organization had no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to be demand deposits with financial institutions.

Investments

Investments in equity and debt securities are stated at quoted market values. Increases and decreases in market value are recognized in the period in which they occur and the carrying value of the investments are adjusted to reflect these market fluctuations. Gains or losses on securities sold are computed on a specific identification basis. As investments mature and become liquid, they are reflected in cash until such time as they are reinvested.

Property and Equipment

Furniture and equipment over \$1,000 are capitalized and stated at cost, or if donated, are recorded at the estimated fair market value at the date of donation. Maintenance and repairs that do not extend the life of the assets are currently expensed. Depreciation is computed using the straight line method over the estimated useful lives of the assets which range from three to seven years. Depreciation expense for the years ended June 30, 2011 and 2010 totaled \$18,278 and \$38,523, respectively.

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization follows the recommendations of the FASB ASC 958 for accounting for contributions received and contributions made. In accordance with the standard, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities in net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

In accordance with FASB ASC 740, the Organization has evaluated its operations as of June 30, 2011 as compared to its original application for tax-exempt not-for-profit status. Upon the evaluation, the Organization does not believe it has any business activities in place that would cause its tax-exempt not-for-profit status to not be sustained upon audit.

In-Kind Support

The Organization recognizes contributions and expenses for contributed materials and services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts, if any, reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses. The Organization aided in distributing donated items from various sources to the community during the years ended June 30, 2011 and 2010 with an estimated value of \$16,550 and \$22,318, respectively. No amounts for the donated items are recognized in the financial statements. Additionally, the Organization received a significant amount of contributed time which does not meet either of the two criteria described above. The value of this contributed time has not been determined and is not reflected in the accompanying financial statements. Contributed hours for the years ended June 30, 2011 and 2010 totaled 17,823 and 21,409, respectively.

Advertising and Promotion

The Organization uses advertising and promotion in the form of radio commercials, newspaper advertisement, brochures and newsletters to solicit donations and promote its programs among the community it serves. The costs of advertising and promotion are expensed as incurred. These expenses for the years ended June 30, 2011 and 2010 were \$6,032 and \$3,522, respectively.

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The expenses of providing the various programs and other activities have been summarized on a functional basis and, accordingly, certain costs have been allocated to the programs and supporting services benefited.

Split-Interest Agreement

The Organization was granted a 15% beneficial interest in a remainder trust during 2004. As of June 30, 2011, the value of the beneficial interest in the remainder trust was approximately \$225,000. This trust is revocable allowing the trustees to change the remainder at any time. No amounts have been included in these financial statements.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Vehicles	\$ 71,900	\$ 72,600
Office furniture and equipment	24,207	24,207
Computer equipment	149,968	123,017
Leasehold improvements	3,590	3,590
Less accumulated depreciation	<u>(210,122)</u>	<u>(192,544)</u>
	<u><u>\$ 39,543</u></u>	<u><u>\$ 30,870</u></u>

NOTE C - INVESTMENTS

The fair value of the Organization's investments at June 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Government securities	\$ -	\$ 157,969
Equities	130,087	138,007
Corporate bonds	59,589	48,584
Mutual funds	<u>6,712</u>	<u>11,265</u>
	<u><u>\$ 196,388</u></u>	<u><u>\$ 355,825</u></u>

Investment income of the Organization's investments at June 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Interest	\$ 9,257	\$ 15,578
Dividends	8,609	13,124
Realized gain	6,523	39,181
Unrealized gain	<u>35,708</u>	<u>51,307</u>
	<u><u>\$ 60,097</u></u>	<u><u>\$ 119,190</u></u>

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE D - FAIR VALUE MEASUREMENTS

The Organization follows FASB ASC 820, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

- * Level 1 - quoted prices in active markets for identical investments
- * Level 2 - other significant observable inputs (including quoted prices for similar investments)
- * Level 3 - significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

The asset or liability fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All assets are level 1 inputs for the years ending June 30, 2011 and 2010. No investments are considered level 2 or level 3 inputs.

NOTE E - LEASE COMMITMENTS

In January of 2008 the Organization entered into a lease agreement with the Nampa Housing Authority for use of a building located in Nampa, Idaho. The lease agreement is through December 31, 2012. In March 2011, the Organization's sublease agreement with Community Council of Idaho for use of 254 square feet of the building was terminated and the Organization began using the space for their own operations.

The Organization renewed a lease agreement with the Roman Catholic Diocese of Boise for use of a building and office space located in Boise, Idaho. The lease agreement term ends June 30, 2014 and is renewable upon agreement by both parties.

Lease expense for the years ended June 30, 2011 and 2010 totaled \$34,796 and \$31,835, respectively. Lease income for the years ended June 30, 2011 and June 30, 2010 totaled \$2,435 and \$2,981, respectively.

Future minimum lease commitments for years ended June 30 are as follows:

2012	\$ 26,730
2013	20,100
2014	<u>12,000</u>
Total	<u>\$ 58,830</u>

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE F - RETIREMENT PLAN

The Roman Catholic Diocese of Boise sponsors a defined benefit pension plan in which the Organization participated in until July 1, 2010. The Organization's employees who participated in the plan will receive a payout of their portion of the plan when their employment terminates with the Organization. The Roman Catholic Diocese of Boise has assumed the liability for the Organization's portion of the plan as of July 1, 2010. As of June 30, 2010, the Organization's portion of this plan represented approximately 1.67% of the total amounts presented. The plan was available to all of the Organization's full-time employees who had completed at least one year of service as of June 30, 2010. The plan is a cash balance plan and provides benefits based on a pension account balance, which consists of prior service credits, employer credits and interest credits.

Since the Roman Catholic Diocese of Boise is exempt from the funding requirements of ERISA, it has been their practice to make contributions annually to the plan that are not less than the pre-ERISA minimum funding requirement as applicable to churches, and not in excess of the amount that could be deducted for federal income tax purposes, assuming the Roman Catholic Diocese of Boise was not exempt from taxation. It is the Roman Catholic Diocese of Boise's policy to fund any unfunded past service liability over 30 years.

Under FASB ASC 715, the funded status is recognized in the statement of financial position as a "Liability for pension benefits". Unrecognized prior service costs and unrecognized actuarial losses are recognized in unrestricted net assets. The amounts recognized in the financial statements represent the obligation of the Organization, which was assumed by the Roman Catholic Diocese of Boise, leaving the Organization with no balance as of June 30, 2011, and totaled \$108,000 for the year ended June 30, 2010.

The Organization did not contribute to the plan or make any benefit payments for the years ended June 30, 2011 or 2010, and does not plan to contribute to the plan in the future.

The calculations below and on pages 14-16 represent the obligation of the entire Roman Catholic Diocese of Boise. Totals for the year ending June 30, 2011 are not presented as the Organization's participation in the plan ended July 1, 2010.

Funded Status

The following table sets forth the plan's funded status:

	Fiscal Year Ended June 30, 2010
Vested benefit obligation	\$ (8,699,000)
Accumulated benefit obligation	(10,555,000)
Projected benefit obligation	(10,555,000)
Plan assets at fair value	<u>4,108,000</u>
Funded status at end of year	(6,447,000)
Liability for pension benefits	\$ (6,447,000)
Vested Benefit obligation ratio	47.22%

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE F - RETIREMENT PLAN (Continued)

Amounts recognized in the statement of financial position consist of:

	Fiscal Year Ended June 30, 2010
Noncurrent assets	\$ -
Current liabilities	-
Noncurrent liabilities	<u>(6,447,000)</u>
	\$ (6,447,000)

Amounts recognized in unrestricted net assets consist of:

	Fiscal Year Ended June 30, 2011
Net loss	\$ 3,163,000
Prior service cost	<u>-</u>
	\$ 3,163,000

Net Periodic Pension Cost

The following items are the components of the net periodic pension cost for the plan as a whole:

	Fiscal Year Ended June 30, 2010
Service cost-benefits earned during the period	\$ 716,000
Interest cost on projected benefit obligation	495,000
Return on plan assets	
Expected return	(285,000)
Asset gain	<u>(139,000)</u>
Actual return on plan assets	\$ (424,000)
Net amortization and deferral	
Amortization of transition amount	\$ -
Amortization of loss	46,000
Deferral of asset loss	<u>139,000</u>
Total	\$ 185,000
Net periodic pension cost	\$ 972,000

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE F - RETIREMENT PLAN (Continued)

Other changes in plan assets and benefit obligations recognized in unrestricted net assets:

	Fiscal Year Ended June 30, 2010
Net loss	\$ 1,973,000
Prior service cost	-
Amortization of loss	(46,000)
Amortization of transition obligation	-
Amortization of prior service credit	-
	\$ 1,927,000
Total recognized in net periodic pension cost and unrestricted net assets	\$ 2,899,000

Assumptions Used to Determine Net Periodic Pension Cost

	Fiscal Year Ended June 30, 2010
Discount rate	6.60%
Expected long-term rate of return on assets	7.50%
Salary scale	4.50%

The Roman Catholic Diocese of Boise employs a methodical process to determine the estimates of expected long-term rate of return on assets. These estimates are primarily driven by actual historical asset-class returns and advise from external actuarial and investment consulting firms while incorporating specific asset-class risk factors. For the fiscal year ended June 30, 2010, the expected long-term rate of return used in determining net periodic pension cost was 7.5%.

Assumptions Used to Determine Benefit Obligations at Year-End

	Fiscal Year Ended June 30, 2010
Discount rate	5.32%
Future benefit increases	4.50%

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE F - RETIREMENT PLAN (Continued)

Plan Asset Investment Strategy and Allocation

The asset allocation for the pension plan as of June 30, 2010 and the target allocation, by asset category, were:

<u>Asset Category</u>	<u>Investment Policy Target Asset Allocation</u>	<u>Policy Benchmark Asset Allocation</u>	<u>Actual Percentage of Plan Assets 2010</u>
Equities	25-75%	50%	45%
Fixed Income	25-75%	40%	54%
Cash Equivalents	0-100%	10%	1%

The pension plan has a diversified investment program, utilizing a variety of asset classes that balance risk with return opportunities. It utilizes highly qualified external investment managers that have demonstrated skill in a particular asset class. The Roman Catholic Diocese of Boise regularly monitors each investment manager's performance and the overall fund relative to benchmarks and also regularly reviews the asset allocation and makes appropriate changes accordingly. Prohibited investments include short sales, commodity contracts and equity option contracts. Investment decisions include consideration for corporate social responsibility and Roman Catholic social teaching.

Cash Flows

Estimated Future Benefit Payments

The following benefit payments, which reflect future service, as appropriate, are expected to be paid:

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Benefits</u>
2012	\$ 1,137,000
2013	1,099,000
2014	1,094,000
2015	1,358,000
2016-2020	\$ 5,627,000

NOTE G - TAX DEFERRED ANNUITY PLAN

On July 1, 2010, the Organization began participation in a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan is available to eligible employees of the Organization, and is self directed by participants. Employees may elect to make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization will contribute to the plan up to three percent of an employee's eligible wages, depending on years of service the employee has with the Organization. For the year ended June 30, 2011, retirement expense totaled \$6,068.

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE H - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in local financial institutions and a local investment brokerage firm. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for the years ended June 30, 2011 and June 30, 2010. There were no uninsured as of June 30, 2011 and June 30, 2010.

NOTE I - RELATED PARTY TRANSACTIONS

The Organization is affiliated with the Roman Catholic Diocese of Boise (the Diocese). At June 30, 2011 and 2010 receivables from the Diocese totaled \$542,236 and \$294,617, respectively. As part of the Organization's cash and cash equivalents, account balances of \$2,128 and \$8,550 were on deposit with the Diocese in its deposit and loan fund at June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010 accounts payable balances due to the Diocese were \$37,203 and \$50,418, respectively. Per a mutual agreement, the Organization terminated its participation in the defined benefit pension plan sponsored by the Diocese as of July 1, 2010 and the Diocese assumed the Organization's liability under the defined benefit pension plan. The balance of the liability at July 1, 2010 assumed by the Diocese totaled \$91,260.

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

The Organization recognizes contributions as increases in temporarily restricted net assets when donors designate donations or grants to be used for specific programs. Funding is recognized in the year it is received, and can be used for multiple years of program expenses. When the donor's restriction is met, net assets are released from restriction and reclassified to unrestricted net assets. In the absence of donor restrictions to the contrary, restrictions on gifts of furniture and equipment are released when the asset is placed in service.

Changes in temporarily restricted net assets are as follows:

	Beginning Balance <u>2010</u>	<u>Additions</u>	<u>Releases</u>	Ending Balance <u>2011</u>
Counseling & Education Services	\$ 92,557	\$ 211,119	\$ (251,155)	\$ 52,521
Family Strengthening Services	64,251	37,692	(87,927)	14,016
Immigration & Legal Services	-	68,805	(68,805)	-
Total	<u>\$ 156,808</u>	<u>\$ 317,616</u>	<u>\$ (407,887)</u>	<u>\$ 66,537</u>

NOTE K - RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassifications have no net effect on the reported change in net assets.

CATHOLIC CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2011 and 2010

NOTE L - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 30, 2011, which coincides with the date of issuance of these financial statements. In September 2011, the Organization received notice of an anonymous donor who intends to contribute funds in order for the Organization to expand services to Eastern Idaho. The donor intends to provide donations for multiple years, with specific conditions which the Organization is to follow. Due to the conditional manner of the donor's intent to give, management does not feel it would be appropriate to estimate a total for the intended donations, and does not feel the intended donations have any effect on the financial statements for the year ended June 30, 2011. No other subsequent events of significance have been brought to the attention of management that would require disclosure.