CATHOLIC CHARITIES
OF THE DIOCESE OF LEXINGTON, INC.

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

JUNE 30, 2012 AND 2011

CATHOLIC CHARITIES
OF THE DIOCESE OF LEXINGTON, INC.

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Catholic Charities of the
Diocese of Lexington, Inc.

We have audited the accompanying statements of financial position of Catholic Charities of the Diocese of Lexington, Inc. (a nonprofit organization), 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 the Organization's 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of the Diocese of Lexington, 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.

Kring, Ray, Farley & Riddle, PSC

Lexington, Kentucky
December 20, 2012

CATHOLIC CHARITIES OF THE DIOCESE OF LEXINGTON, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets:		
Cash:		
Operating	$ 149,827	$ 206,322
Restricted	62,191	33,919
Accounts receivable	116	301
Interest receivable	-	358
Grants receivable	13,487	15,165
Total Current Assets	225,621	256,065
Property and Equipment:		
Leasehold improvements	7,290	7,290
Furniture and equipment	18,519	20,695
Total Property and Equipment	25,809	27,985
Less accumulated depreciation	19,150	21,215
Net Property and Equipment	6,659	6,770
Investments and Other Assets:		
Investments - adoption escrow	69,010	45,375
Investments - program and endowment	228,465	243,465
Total Investments and Other Assets	297,475	288,840
Total Assets	$ 529,755	$ 551,675
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 8,636	$ 20,235
Payroll withholdings payable	532	31
Accrued expenses	13,722	10,911
Total Current Liabilities	22,890	31,177
Adoption Escrow	69,010	45,375
Total Liabilities	91,900	76,552
Net Assets:		
Unrestricted:		
Operating	181,522	244,562
Board designated	120,775	120,775
Temporarily restricted	78,662	52,890
Permanently restricted	56,896	56,896
Total Net Assets	437,855	475,123
Total Liabilities and Net Assets	$ 529,755	$ 551,675

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

CATHOLIC CHARITIES OF THE DIOCESE OF LEXINGTON, INC.
STATEMENTS OF ACTIVITIES
JUNE 30, 2012 AND 2011

	2012	2011
Unrestricted Net Assets:		
Revenues:		
Contributions and grants	$ 471,081	$ 401,823
United Way	63,881	79,047
Special events	53,376	64,095
Fees for services	42,965	76,986
Interest income	9,745	8,361
Miscellaneous	122	110
Total Revenues	641,170	630,422
Net Assets Released from Restrictions	40,867	67,107
Total Revenues and Reclassifications	682,037	697,529
Expenses:		
Program Services:		
Prestonsburg office	56,581	53,965
Adoption services	75,830	92,076
Pregnancy counseling	201,893	173,519
Emergency services	126,220	113,842
Counseling	120,310	100,828
Total Program Services	580,834	534,230
Support Services:		
General and administrative	141,565	117,205
Fundraising	22,677	25,236
Total Support Services	164,242	142,441
Total Expenses	745,076	676,671
Increase (Decrease) in Unrestricted Net Assets	(63,039)	20,858
Temporarily Restricted Net Assets:		
Contributions and grants	66,638	39,771
Net assets released from restrictions	(40,867)	(67,107)
Increase (Decrease) in Temporarily Restricted Net Assets	25,771	(27,336)
Increase (Decrease) in Net Assets	(37,268)	(6,478)
Net Assets, beginning of year	475,123	481,601
Net Assets, end of year	$ 437,855	$ 475,123

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

CATHOLIC CHARITIES OF THE DIOCESE OF LEXINGTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services						Support Services			
	Prestonsburg Office	Adoption Services	Pregnancy Counseling	Emergency Services	Counseling	**Total Program Services**	General and Administrative	Fundraising	**Total Support Services**	**Total**
Salaries	$ 34,821	$ 44,173	$ 82,617	$ 39,747	$ 72,077	**$ 273,435**	$ 96,024	$ -	**$ 96,024**	**$ 369,459**
Employee benefits	8,521	8,505	15,373	10,304	11,840	**54,543**	6,894	-	**6,894**	**61,437**
Payroll taxes	2,641	3,057	6,140	2,832	4,923	**19,593**	7,033	-	**7,033**	**26,626**
Legal, accounting and other professional services	2,558	2,591	5,980	5,173	2,808	**19,110**	2,599	1,152	**3,751**	**22,861**
Program expenses	44	197	20,614	45,673	159	**66,687**	3,531	-	**3,531**	**70,218**
Professional development	261	300	244	256	875	**1,936**	353	-	**353**	**2,289**
Event expenses	-	-	-	42	-	**42**	-	18,856	**18,856**	**18,898**
Office expenses and telephone	1,762	289	6,546	1,347	424	**10,368**	1,585	450	**2,035**	**12,403**
Occupancy expense	1,200	9,310	18,480	16,575	22,680	**68,245**	18,480	-	**18,480**	**86,725**
Equipment expenses	470	9	18	63	9	**569**	9	-	**9**	**578**
Printing and publications	394	303	775	371	424	**2,267**	145	1,101	**1,246**	**3,513**
Advertising	231	3,601	40,713	265	1,608	**46,418**	198	1,118	**1,316**	**47,734**
Travel and meetings	3,478	3,295	3,704	2,845	1,733	**15,055**	1,837	-	**1,837**	**16,892**
Organization dues	200	200	689	500	200	**1,789**	320	-	**320**	**2,109**
Depreciation and amortization	-	-	-	-	-	**-**	2,324	-	**2,324**	**2,324**
Miscellaneous	-	-	-	227	550	**777**	233	-	**233**	**1,010**
Total Expenses	$ 56,581	$ 75,830	$ 201,893	$ 126,220	$ 120,310	**$ 580,834**	$ 141,565	$ 22,677	**$ 164,242**	**$ 745,076**
Percentage of Total Expenses	7.59%	10.18%	27.10%	16.94%	16.15%	**77.96%**	19.00%	3.04%	**22.04%**	**100.00%**

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

CATHOLIC CHARITIES OF THE DIOCESE OF LEXINGTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Services						Support Services			
	Prestonsburg Office	Adoption Services	Pregnancy Counseling	Emergency Services	Counseling	**Total Program Services**	General and Administrative	Fundraising	**Total Support Services**	**Total**
Salaries	$ 32,976	$ 43,276	$ 60,713	$ 30,979	$ 56,509	**$ 224,453**	$ 69,575	$ -	**$ 69,575**	**$ 294,028**
Employee benefits	7,659	7,620	8,900	6,838	7,175	**38,192**	8,787	-	**8,787**	**46,979**
Payroll taxes	2,536	2,961	4,257	2,291	3,791	**15,836**	5,786	-	**5,786**	**21,622**
Legal, accounting and other professional services	2,077	8,992	4,007	4,172	3,978	**23,226**	3,339	1,828	**5,167**	**28,393**
Program expenses	15	2,471	33,065	47,904	-	**83,455**	3,584	-	**3,584**	**87,039**
Professional development	394	-	2,133	25	668	**3,220**	131	55	**186**	**3,406**
Event expenses	-	-	-	-	-	**-**	-	21,687	**21,687**	**21,687**
Office expenses and telephone	1,926	462	4,439	1,186	315	**8,328**	1,381	536	**1,917**	**10,245**
Occupancy expense	1,100	9,799	16,797	12,802	25,668	**66,166**	19,134	-	**19,134**	**85,300**
Equipment expenses	1,923	(316)	2,499	3,955	644	**8,705**	577	30	**607**	**9,312**
Printing and publications	428	467	2,147	467	467	**3,976**	336	260	**596**	**4,572**
Advertising	444	14,894	31,507	233	972	**48,050**	141	604	**745**	**48,795**
Travel and meetings	1,956	1,328	2,553	2,283	312	**8,432**	1,718	236	**1,954**	**10,386**
Organization dues	132	122	418	371	221	**1,264**	1,086	-	**1,086**	**2,350**
Depreciation and amortization	-	-	-	-	-	**-**	1,509	-	**1,509**	**1,509**
Miscellaneous	399	-	84	336	108	**927**	121	-	**121**	**1,048**
Total Expenses	$ 53,965	$ 92,076	$ 173,519	$ 113,842	$ 100,828	**$ 534,230**	$ 117,205	$ 25,236	**$ 142,441**	**$ 676,671**
Percentage of Total Expenses	7.98%	13.61%	25.64%	16.82%	14.90%	**78.95%**	17.32%	3.73%	**21.05%**	**100.00%**

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

CATHOLIC CHARITIES OF THE DIOCESE OF LEXINGTON, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities:		
Change in net assets	$ (37,268)	$ (6,478)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and amortization	2,324	1,509
Change in operating assets and liabilities:		
Accounts receivable	185	(13,033)
Interest receivable	358	(10)
Grants receivable	1,678	(2,250)
Prepaid expenses	-	-
Accounts payable	(11,599)	18,438
Accrued expenses and withholdings	3,312	630
Net Cash Provided (Used) by Operating Activities	(41,010)	(1,194)
Cash Flows from Investing Activities:		
Purchase of fixed assets	(2,213)	(5,497)
Distributions from (purchase of) investments, net	15,000	(7,942)
Net Cash Provided (Used) by Investing Activities	12,787	(13,439)
Net Increase (Decrease) in Cash	(28,223)	(14,633)
Cash and Cash Equivalents, beginning of year	240,241	254,874
Cash and Cash Equivalents, end of year	$ 212,018	$ 240,241

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

Note A - Summary of Significant Accounting Policies:

General Description - Catholic Charities of the Diocese of Lexington, Inc. (Catholic Charities), is a Kentucky non-profit organization established to serve people of all backgrounds in the fifty counties of the Catholic Diocese of Lexington, Kentucky. The agency offers assistance in the following areas: counseling, emergency assistance, pregnancy counseling and adoption assistance. Catholic Charities is funded by the Catholic Diocese of Lexington, two United Way organizations (Bluegrass and Eastern Kentucky), the Dioceses of Louisville, Owensboro and Covington (for Opportunities for Life), contributions and fees for services which are based upon the client's ability to pay. Catholic Charities operates under the direction of a corporate member, the Bishop of the Catholic Diocese of Lexington, and a fifteen member community board.

Basis of Accounting - The financial statements of Catholic Charities have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when they are incurred. Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from these estimates.

Financial Statement Presentation - Catholic Charities reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or funds which have been designated for a specific purpose by the Board of Directors.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Catholic Charities pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that the assets be maintained permanently by Catholic Charities. Generally, the donor of such assets permits Catholic Charities to use all or part of the income earned on the assets.

Statements of Cash Flows - For purposes of the statement of cash flows, Catholic Charities considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Money market funds held in investment accounts have been excluded.

Restricted Cash - As part of its mission, Catholic Charities services individuals in need of emergency relief (payment of rent, utilities, toiletries, etc.). Funds for these services are maintained separately along with contributions restricted by donors for a specific purpose.

Continued

Note A - Summary of Significant Accounting Policies (Continued):

Donated Goods and Services - Volunteers have donated significant amounts of time for the Organization's fundraising activities. No amount has been included in the accompanying financial statements for these services as the value could not be determined. In addition, the Organization received donated goods and services for fundraising events in the amount of $9,298 for the year ended June 30, 2012 ($9,500 for 2011).

Investments - Catholic Charities carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values as determined by quoted market prices at the end of their fiscal year. Money market funds are carried at cost which approximates fair value. Unrealized gains and losses are included in the changes in net assets in the accompanying Statements of Activities. Included in investments are funds required to be maintained separately for adoption services.

Income Taxes - Catholic Charities of the Diocese of Lexington, Inc., is a part of the Catholic Diocese of Lexington which is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code.

Catholic Charities is not aware of any activities that would jeopardize its tax exempt status and is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. As of June 30, 2012, there are no identified uncertain tax positions. As a church related entity, Catholic Charities does not file a Form 990 with the Internal Revenue Service.

Property and Equipment - Catholic Charities capitalizes purchases greater than $500 with an estimated useful life greater than one year. Property and equipment are stated at cost or, in the case of donated property, at the fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years. The cost of repairs and maintenance are expensed as incurred.

Grant Revenue - Catholic Charities receives grants to provide emergency services such as temporary housing, utilities and repairs for qualified individuals. Income from grants is recorded in the period to which the grants apply.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.

Continued

Note A - Summary of Significant Accounting Policies (Continued):

Concentration of Credit Risk - Catholic Charities provides credit, in the normal course of business, to its clients and granting agencies. Generally, no collateral or other security is required to support these receivables. Although, Catholic Charities is directly affected by economic conditions in the geographic area, management does not believe significant credit risk exists as of June 30, 2012 and 2011.

Reclassifications - Certain amounts presented for the prior year have been reclassified to conform to the presentation used in the current year.

Note B - Fair Value of Financial Instruments:

For financial statement reporting purposes, fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

A fair value hierarchy has been established for financial reporting purposes which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels within its hierarchy that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes input from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of Catholic Charities' investments are based on quoted market values. Catholic Charities did not hold financial instruments for trading purposes at June 30, 2012 and 2011.

The fair value of Catholic Charities other financial instruments are based on estimates. These estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates are subjective in nature, involve matters of judgment, and, therefore, cannot be determined with precision. Estimated fair values are significantly affected by the assumptions used.

Continued

Note B - Fair Value of Financial Instruments (Continued):

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and other liabilities as reported in the accompanying Statements of Financial Position approximate their fair values due to their short-term maturity, to being readily converted to a known amount, or other observable inputs. As such, these instruments are measured using Level 1 inputs.

Note C - Advertising:

Catholic Charities uses advertising to promote its counseling and adoption services. The costs for advertising are expensed as incurred. Advertising costs were $47,734 and $48,795 for the years ended June 30, 2012 and 2011, respectively.

Note D - Investments:

Catholic Charities invests board designated and restricted funds in a master investment trust managed by the Catholic Diocese of Lexington. The master trust is comprised of investments in money market funds, U.S. Government Securities, Corporate Stocks and Bonds and is maintained in accordance with the investment policy stipulated by the Finance Council of the Diocese. Guaranteed interest of 2.0 - 3.0% was received on the invested funds through March 31, 2012. Beginning April 1, 2012, investments were segregated within the master trust account of the Catholic Diocese of Lexington and earnings on investments became subject to market fluctuations in the underlying investments. Total investment earnings as of June 30, 2012, were $9,418 ($8,194 in 2011).

The current spending policy for endowment investments is to allow designated and restricted funds to grow at a guaranteed rate of return until accumulated earnings are designated by the Board of Directors for a particular purpose.

Generally Accepted Accounting Principles provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds, was enacted by Kentucky in March 2010.

Catholic Charities has interpreted this law as requiring the preservation of the fair value of corpus of a donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of any subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment funds consisted of permanently restricted investments of $56,896 as of June 30, 2012 and 2011.

Continued

Note D - Investments (Continued):

A reconciliation of program and endowment investments as of June 30, 2012 and 2011, is as follows:

2012

	Unrestricted			Endowment	
	Operating	Board Designated	Temporarily Restricted	Permanently Restricted	Total Investments
Investments, beginning of year	$41,823	$120,775	$ 23,971	$ 56,896	$ 243,465
Increase (decrease) in investments due to:					
Investment income received, net of fees	1,688	5,074	308	2,348	9,418
Investment appreciation (depreciation) (realized and unrealized)	-	-	-	-	-
Contributions	-	-	-	-	-
Withdrawals	(16,918)	-	(7,500)	-	(24,418)
Transfers	7,730	(5,074)	(308)	(2,348)	-
Investments, end of year	$34,323	$120,775	$ 16,471	$ 56,896	$ 228,465

2011

	Unrestricted			Endowment	
	Operating	Board Designated	Temporarily Restricted	Permanently Restricted	Total Investments
Investments, beginning of year	$33,881	$120,775	$ 23,971	$ 56,896	$ 235,523
Increase (decrease) in investments due to:					
Investment income received, net of fees	1,650	4,064	600	1,880	8,194
Investment appreciation (depreciation) (realized and unrealized)	-	-	-	-	-
Contributions	-	-	-	-	-
Withdrawals	(242)	-	-	-	(242)
Transfers	6,534	(4,064)	(600)	(1,880)	(10)
Investments, end of year	$41,823	$120,775	$ 23,971	$ 56,896	$ 243,465

Adoption escrow investments as of June 30, 2012 and 2011, were $69,010 and $45,375, respectively.

Continued

Note D - Investments (Continued):

Total investments are presented in the financial statements in the aggregate at fair market value and are comprised of the following:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Master Investment Trust:			
Operating	$ 34,015	$ -	$ -
Escrow	69,010	-	-
Board Designated	120,775	-	-
Temporarily Restricted	16,779	-	-
Permanantly Restricted	56,896	-	-
Total Investments	$ 297,475	$ -	$ -

Note E - Board Designated Net Assets:

The Board of Directors has designated $120,775 ($120,775 as of June 30, 2011) of its operating funds as a cash reserve to be invested in an interest bearing account.

Note F - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Funds restricted for Emergency Services	$ -	$ 4,326
Funds restricted for Emergency Services - VIC	8,511	4,656
Funds restricted by Pax Christi Church	288	388
Funds restricted by St. Peter Claver Church	436	567
Funds restricted by St. Paul's Church	2,717	2,717
Funds restricted by St. Peter's Church	2,080	4,122
Funds restricted for St. Vincent de Paul - CCK Chapter	1,539	3,071
Funds restricted by Mary Queen of the Holy Rosary Church	5,211	7,613
Funds restricted by St. Vincent de Paul - MQHR Chapter	456	2,074
Funds restricted for the Sanctuary Fund	2,649	2,397
Funds restricted by St. Vincent de Paul - SEAS	569	843
Funds restricted for Disaster Relief	35,176	300
Lyans Trust Fund Investment	16,471	18,971
Restricted Toyota grant funds	875	-
Funds restricted for toiletries	36	-
Funds restricted for Prison Ministry	1,648	845
	$ 78,662	$ 52,890

Note G - Permanently Restricted Net Assets:

Permanently restricted net assets include the following:

	2012	2011
Memorial Trust Fund Investment	$ 56,896	$ 56,896

Note H - Operating Leases:

The Organization leases office space at multiple locations under month-to-month arrangements. The leases call for monthly rental of $7,227 ($7,108 in 2011). Total rent expense for June 30, 2012 and 2011, was $86,725 and $85,300, respectively.

Note I - Related Party Transactions:

For the year ended June 30, 2012, Catholic Charities received approximately 57% of its annual revenue and other support from the Catholic Diocese of Lexington (49% for the year ended June 30, 2011). For the years ended June 30, 2012 and 2011, Catholic Charities received $315,000 from the Catholic Diocese of Lexington for rent related to its operations ($84,000) and an unrestricted contribution for general operating support ($231,000). In addition, for the year ended June 30, 2012, the Organization received grants of $97,341 from the Catholic Diocese of Lexington related to its Respect Life, Opportunities for Life and Emergency Services programs ($7,706 for the year ended June 30, 2011).

Note J - Retirement Plan:

Catholic Charities participates in a multi-employer pension plan with the Catholic Diocese of Covington and other unrelated employers. The plan covers all eligible lay employees who elect to participate. Benefits are based on participants' years of service and annual compensation, as defined in the plan. Eligibility requirements allow all employees who have reached age 21 and work 15 or more hours per week and 5 or more months per year to participate in the plan. Participant contributions are required. The employees of Catholic Charities represent only a small portion of the total participants in the plan, and as a result disclosures pertaining to the obligations and funded status of the entire plan would not be meaningful, and accordingly, are not included.

The Organization also maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers employees of the Organization with three years of service. The plan is no longer accepting new participants; however, employees previously participating in the plan are permitted to continue to make contributions to the plan. The Organization contributes 3.25% of gross salaries for qualified employees who contribute at least 3% of gross salaries to the plan. Employees can make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code.

Employer contributions and pension costs related to these plans for the years ended June 30, 2012 and 2011, respectively, totaled $8,055 and $6,676.

Note K - Concentrations of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

Catholic Charities maintains cash balances at three financial institutions located in Central and Eastern Kentucky. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2012 and 2011, the Organization had no uninsured cash balances.

Note L - Functional Expenses:

The costs of providing various programs and activities have been allocated among the programs and supporting services benefited.

Note M - Date of Management's Review:

Subsequent events have been evaluated through December 20, 2012, which is the date the financial statements were available to be issued.