

RECEIVED
LEGISLATIVE AUDITOR
2010 JAN 28 AM 10:30

9545

LAFAYETTE CATHOLIC SERVICE CENTERS, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS

June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10

TABLE OF CONTENTS

	Page
Independent Auditors' Report	3-4
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6
Report on Compliance With Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	7-8
Financial Statements	
Statement of Financial Position	9-10
Statement of Activities	11-12
Statement of Cash Flows	13
Statement of Functional Expenses	14
Notes to Financial Statements	15-23
Supplemental Information	
Schedule A – Expenditures of Federal Awards	25
Schedule B – Schedule of Grants Receivable	26
Schedule C – Summary of Prior Year Findings & Questioned Costs	27
Schedule D – Summary of Current Year Findings & Questioned Costs	28

LOUIS R. ROLFES II, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
900 SOUTH COLLEGE ROAD, SUITE 200-A
P. O. BOX 52266
LAFAYETTE, LOUISIANA 70505-2266

LOUIS R. ROLFES II, CPA, CVA*
*A PROFESSIONAL CORPORATION

(337) 237-8620
FAX (337) 289-5989
EMAIL: lou@rolfescpa.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA C.P.A.'S
N.A.C.V.A.

INDEPENDENT AUDITORS' COMBINED REPORT
ON THE BASIC FINANCIAL STATEMENTS
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors
Lafayette Catholic Service Centers, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Lafayette Catholic Service Centers, Inc. (LCSC) (a not-for-profit corporation) as of June 30, 2009, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of LCSC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the provisions of the Louisiana Governmental Audit Guide and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Lafayette Catholic Service Centers, Inc. as of June 30, 2009, and the changes in net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements of LCSC taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Grants Receivable for the fiscal year ended June 30, 2009, are presented for purposes of additional

analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. The information in these schedules has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 31, 2009, on our consideration of LCSC's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Louis R. Rolfes, II, CPA
Lafayette, Louisiana
July 31, 2009

LOUIS R. ROLFES II, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
900 SOUTH COLLEGE ROAD, SUITE 200-A
P.O. BOX 52266
LAFAYETTE, LOUISIANA 70505-2266

LOUIS R. ROLFES II, CPA, CVA*
*A PROFESSIONAL CORPORATION
(337) 237-8620
FAX (337) 289-5989
EMAIL: lou@rolfescpa.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA C.P.A.'S
N.A.C.V.A.

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

To the Board of Directors
Lafayette Catholic Service Centers, Inc.
Lafayette, Louisiana

We have audited the financial statements of Lafayette Catholic Service Centers, Inc. (LCSC)(a not-for-profit corporation) as of and for the year ended June 30, 2009, and have issued our report thereon dated July 31, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Louisiana Governmental Audit Guide.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered LCSC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LCSC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of LCSC's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of LCSC's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

COMPLIANCE

As part of obtaining reasonable assurance about whether LCSC'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 *Governmental Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the U. S. Department of Housing and Urban Development (H.U.D.) Supportive Housing Program, the U.S. Federal Emergency Management Agency (FEMA), the U.S. Department of Veterans' Affairs (VA) and the Lafayette Consolidated Government and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Louis R. Rolfes, II, CPA
Lafayette, Louisiana
July 31, 2009

LOUIS R. ROLFES II, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
900 SOUTH COLLEGE ROAD, SUITE 200-A
P.O. BOX 52266
LAFAYETTE, LOUISIANA 70505-2266

LOUIS R. ROLFES II, CPA, CVA*
*A PROFESSIONAL CORPORATION

(337) 237-8620
FAX (337) 289-5989
EMAIL: lou@rolfescpa.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA C.P.A.s
N.A.C.V.A.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Lafayette Catholic Service Centers, Inc.
Lafayette, Louisiana

Compliance

We have audited the compliance of Lafayette Catholic Service Centers, Inc. (LCSC) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. We have considered the various H.U.D. grants in the aggregate to be the only major program. LCSC's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards (Schedule A). Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LCSC's management. Our responsibility is to express an opinion on LCSC's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 LCSC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of LCSC's compliance with those requirements. In our opinion, LCSC complied,

in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of LCSC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LCSC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended for the information of the audit committee, management, the U. S. Department of Housing and Urban Development (H.U.D.) Supportive Housing Program, the U.S. Federal Emergency Management Agency (FEMA), the U.S. Department of Veterans' Affairs (VA) and the Lafayette Consolidated Government and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Louis R. Rolfes II, CPA
Lafayette, Louisiana
July 31, 2009

Lafayette Catholic Service Centers, Inc.
Statement of Financial Position
June 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents - Unrestricted (Note A)	\$ 496,431
Cash and cash equivalents - Restricted (Note A)	31,451
Grants receivable (Schedule B)	329,212
Food and clothing inventory (Note E)	<u>52,241</u>

Total Current Assets 909,335

FIXED ASSETS (Notes A, F)

Land	111,800
Buildings	2,179,181
Leasehold Improvements - New Life Center	1,891,960
Furniture & equipment	757,068
Autos and trucks	<u>89,082</u>

Total Fixed Assets 5,029,091

Less: Accumulated depreciation (2,376,564)

Net Fixed Assets 2,652,527

OTHER ASSETS

Investments (Note A)	<u>9,259</u>
----------------------	--------------

TOTAL ASSETS **\$ 3,571,121**

See accompanying notes to financial statements.

Lafayette Catholic Service Centers, Inc.
Statement of Financial Position
June 30, 2009

LIABILITIES & NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses (Notes A, C, H)	62,404	
Deferred revenue - grants (Note A)	321,497	
Due to Residents	<u>7,249</u>	
Total current liabilities		391,150

LONG-TERM LIABILITIES

Note payable - Diocese of Lafayette (Note F)	-	
Total long-term liabilities		<u>-</u>
Total liabilities		391,150

NET ASSETS (Note A)

Unrestricted		
Operations	495,524	
Physical Plant	<u>2,652,527</u>	
Total Unrestricted	3,148,051	
Temporarily Restricted	<u>31,920</u>	
Total net assets		<u>3,179,971</u>

TOTAL LIABILITIES & NET ASSETS	\$ <u>3,571,121</u>
---	----------------------------

See accompanying notes to financial statements.

Lafayette Catholic Service Centers, Inc.
Statement of Activities
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Support (cash):			
Grants:			
United Way Campaign/CFC	158,113	-	158,113
Federal grants (Schedule A, Notes J, N, R)	-	643,592	643,592
Federal grant fees	-	45,032	45,032
Local grants (Note I)	-	20,270	20,270
Bishop's Charity Gala (Note O)	320,000	-	320,000
Other grants (Note M)	-	23,500	23,500
Individual/church donations	200,005	-	200,005
Diocesan Assistance	47,781	-	47,781
Special event fundraisers	14,217	-	14,217
Prescription drug/special assistance	-	59,472	59,472
Utility assistance (Note G)	-	<u>67,481</u>	<u>67,481</u>
Total cash support	740,116	859,347	1,599,463
Support (In-kind): (Note E)			
Donated clothing	17,569	-	17,569
Contributed services	246,599	-	246,599
Donated facilities	229,426	-	229,426
Food and meals provided	498,471	-	498,471
Furniture & household	18,050	-	18,050
Medicine & toiletries	<u>28,016</u>	-	<u>28,016</u>
Total in-kind support	1,038,131	-	1,038,131
Revenue:			
Investment income	7,715	-	7,715
Rent/resident fees	12,494	-	12,494
(Loss) on sale of fixed assets	(1,010)	-	(1,010)
Other income	<u>12,736</u>	-	<u>12,736</u>
Total revenue	31,935	-	31,935
Net assets released from restrictions (Note K)	<u>878,964</u>	<u>(878,964)</u>	<u>-</u>
Total support and revenue	\$ 2,689,146	\$ (19,617)	\$ 2,669,529

See accompanying notes to financial statements.

Lafayette Catholic Service Centers, Inc.
Statement of Activities
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Expenses:			
Program services (cash)	1,297,389	-	1,297,389
Program services (in-kind)	958,584	-	958,584
Depreciation expense	<u>170,785</u>	<u>-</u>	<u>170,785</u>
Total program services expenses	2,426,758	-	2,426,758
Supporting services:			
Management and general	202,798	-	202,798
Fundraising expenses	5,349	-	5,349
In-Kind	59,486	-	59,486
Depreciation expense	<u>32,470</u>	<u>-</u>	<u>32,470</u>
Total supporting services	<u>300,103</u>	<u>-</u>	<u>300,103</u>
Total expenses	<u>2,726,861</u>	<u>-</u>	<u>2,726,861</u>
Change in net assets	(37,715)	(19,617)	(57,332)
Net assets, beginning of year	2,295,578	51,537	2,347,115
Reclassification of debt	891,973	-	891,973
Unrealized Holding Gain (Loss)	<u>(1,785)</u>	<u>-</u>	<u>(1,785)</u>
Net assets, end of year	<u>\$ 3,148,051</u>	<u>\$ 31,920</u>	<u>\$ 3,179,971</u>

See accompanying notes to financial statements.

Lafayette Catholic Service Centers, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2009

Cash flows from operating activities:

(Decrease) in net assets		\$ (57,332)
--------------------------	--	-------------

Adjustments to reconcile change in net assets
to net cash provided by operating activities:

Depreciation	203,255	
Loss on disposal of assets	1,010	
Decrease in grants and other receivables	24,230	
(Increase) in inventory	(2,396)	
Increase in accounts payable and accrued expenses	5,440	
Increase in deferred revenue	2,972	

Net cash provided by operating activities		177,179
---	--	---------

Cash flows from investing activities

(Decrease) in value of investments	(1,785)	
Purchases and donations of fixed assets	(340,474)	
Proceeds from sale of equipment	750	

Net cash (used) by investing activities		(341,509)
---	--	-----------

Cash flows from financing activities

Payments on long-term debt	-	
----------------------------	---	--

Net cash (used) by financing activities		-
---	--	---

Net (decrease) in cash & cash equivalents (Note A)		(164,330)
--	--	-----------

Cash & cash equivalents, beginning of year		692,212
Cash & cash equivalents, end of year		\$ 527,882

Supplemental disclosure:

Interest paid amounted to \$0

See accompanying notes to financial statements.

Lafayette Catholic Service Centers, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2009

	Program Services	Supporting Services	Total Expenses
<u>Cash expenses</u>			
Advertising & public relations	1,773	9,058	10,831
Background checks	510	170	680
Conference & seminars	440	626	1,066
Concession machines	7,297	-	7,297
Dues & subscriptions	1,260	648	1,908
Fuel & Vehicle Maintenance	14,622	-	14,622
Fundraising/Newsletter	-	5,349	5,349
Insurance	46,538	8,032	54,570
Interest expense	-	-	-
Janitorial & trash collection	21,413	-	21,413
Kitchen, food, & laundry	23,388	31	23,419
Miscellaneous	897	1,809	2,706
Materials and Supplies	32,014	5,357	37,371
Payroll taxes & benefits	144,984	30,327	175,311
Postage & shipping	99	1,474	1,573
Professional fees	15,673	3,356	19,029
Rent expense	5,998	241	6,239
Repairs & maintenance	90,340	2,834	93,174
Salaries & contract labor	533,892	127,904	661,795
Social services	192,037	-	192,037
Taxes & licenses	-	-	-
Telephone	16,737	4,565	21,302
Travel & transportation	4,868	4,243	9,111
Utilities	142,610	2,124	144,734
Total cash expenses	1,297,389	208,147	1,505,536
<u>Non-cash expenses (in-kind)</u>			
Clothing provided	17,569	-	17,569
Contributed services	242,749	3,850	246,599
Donated facilities	173,790	55,636	229,426
Food distributed & meals served	499,513	-	499,513
Furniture distributed	385	-	385
Medicine & toiletries	24,578	-	24,578
Total non-cash expenses	958,584	59,486	1,018,070
Total expenses before depreciation	2,255,973	267,633	2,523,606
Depreciation expense	170,785	32,470	203,255
Total expenses	\$ 2,426,758	\$ 300,103	\$ 2,726,861

See accompanying notes to financial statements.

LAFAYETTE CATHOLIC SERVICE CENTERS, INC.

Notes to Financial Statements
Year Ended June 30, 2009

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Lafayette Catholic Service Centers, Inc. (LCSC) is presented to assist in understanding LCSC's financial statements.

Nature of Activities

LCSC was established in 1973 under the auspices of the Roman Catholic Diocese of Lafayette and incorporated as a Louisiana nonprofit corporation on October 8, 1981, for the purpose of serving as a conduit for the receipt and distribution of goods and services for the needy of the community. There are eight programs operating under the LCSC corporation: St. Joseph Shelter for Men, St. Joseph Transitional Housing, St. Joseph Diner, Bishop O'Donnell Transitional Housing, Monsignor A. O. Sigur Service Center, St. Michael's Center for Veterans, New Life Center, and New Life Child Care Center. LCSC also serves as the HUD grantee for one sub recipient (LAECHY) belonging to the Acadiana Regional Council on Homelessness (ARCH).

A portion of the LCSC Administration building (Bishop O'Donnell building) also houses a health clinic operated by Our Lady of Lourdes Hospital called St. Bernadette Community Clinic. The Clinic provides free medical and dental services to the community with the assistance of Lourdes' staff nurses and physicians. In fiscal year 2003-2004, St. Bernadette Community Clinic expanded into a 5,900 square foot facility in a new section of the Bishop O'Donnell building, which was paid for and is being operated by Lourdes Hospital. LCSC records \$55,636 in annual donated facilities to reflect the annual rental value of Lourdes Hospital's donation to LCSC.

The New Life Center building in Opelousas was purchased by the Roman Catholic Diocese of Lafayette on April 20, 1989 for the purpose of establishing a diocesan-sponsored agency serving the homeless women and children of the Diocese of Lafayette. The agency was created by the Roman Catholic Diocese of Lafayette. Primary services are food, shelter, clothing, child care, social service referrals, and life skills educational classes. Specific programs at the New Life Center include transitional housing for women and children. All of these programs are provided from the renovated New Life Center's four-story building in Opelousas, Louisiana. As of June 30, 2009, all four floors and 34,758 square feet of space are fully renovated and occupied. A HUD grant and a Veterans Administration grant has allowed LCSC to open the fourth floor in fiscal year 2008-2009. The rent-free use of the facility runs through the year 2018 in a lease with the Diocese of Lafayette.

Basis of Accounting

LCSC's books and records are maintained on the accrual basis of accounting for both internal and external financial reporting purposes. Investments are reported at fair market value. The financial statements presented herein have been prepared on the accrual basis.

Financial Statement Presentation

Effective for the fiscal year ended June 30, 1996, LCSC began the application of the new accounting standards as prescribed by SFAS 117, **Financial Statements of Not-for-Profit Organizations**. Under SFAS No. 117, LCSC is required to present a statement of cash flows. As permitted by this new statement, LCSC has altered its use of fund accounting (for reporting purposes) and has, accordingly, reclassified its financial statements to present the three classes of net assets required and eliminated the "fund balance" terminology. LCSC has only unrestricted and temporarily restricted classes. This reclassification had no effect on the change in net assets for the year ended June 30, 2009.

Contributions

Effective for fiscal year ended June 30, 1996, LCSC began the application of the new accounting standards as prescribed by SFAS 116, **Accounting for Contributions Received and Contributions Made**. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time restricted contributions are no longer considered to be deferred revenue. Under SFAS 116, such contributions are now required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or expenditure of the funds. In effect, the recognition of this as support occurs at the receipt of the award, regardless of when the money is spent.

Accounting for Restricted/Unrestricted Support

LCSC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

LCSC reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LCSC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Investments

The balance in the Investments account reflects the fair market value of the shares of 6 publicly traded stocks, which were donated to LCSC. The fair market value at the time of donation was recorded as in-kind revenue. The value is updated every year to reflect the current fair market value with the change in value being recorded as Unrealized Gain (Loss) in the Net Assets section of the Balance Sheet. All stocks were consolidated into an account at a local brokerage office.

Deferred Revenue - Grants and exchange transactions

Some grants are actually "exchange transactions" that do not qualify as contributions under SFAS 116. In such cases, revenue is not recognized until the services required by the Grant are rendered. Until the revenue is recognized, any cash or grant receivable asset must be offset by a "deferred or unearned revenue" liability. These exchange transactions differ from contributions in that the method or type of services reimbursed is stipulated by the granting authority and not by the nonprofit organization.

Fixed Assets and Depreciation

LCSC follows the practice of capitalizing (at cost) all major expenditures for fixed assets; the fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support as described above.

Depreciation and amortization of furniture, equipment and leasehold improvements are computed using the straight-line method over useful lives of five to twenty-five years.

Other Matters/Income Taxes

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

As a not-for-profit organization, LCSC pays no state or federal income tax under the United States Catholic Conference group exemption as a 501(c)(3) organization.

Estimates

The preparation of financial statements in conformity with U.S. 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.

Compensated Absences

Under SFAS 43, an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. Accrued compensated absences was determined to be \$15,515 as of June 30, 2009. This amount has been included in "Accounts Payable and Accrued Expenses."

Statement of Cash Flows

For purposes of the Statement of Cash Flows, LCSC considers the cash equivalents all highly liquid investments with initial maturities of three months or less.

Note B - Contributed Services

Effective for the fiscal year ended June 30, 1996, LCSC began the application of the new accounting standards as prescribed by SFAS 116 and 117. Accordingly, contributed services of volunteers shall only be recognized in the statement of activities if the services received: a) create or enhance nonfinancial assets (land, buildings, etc.) or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. LCSC has recorded contributed services of \$246,599 as both revenue and expense, based on the criteria described above.

Donated facilities are considered contributed assets and not services, and are recognized in the statement of activities at the fair market value as both revenue and expense in the period it is received and used.

Note C - Accrued Expenses / Accounts Payable

Accrued expenses consist of accrued payroll withholdings of \$4,011, accounts payable to vendors of \$42,878, and accrued compensated absences of \$15,515.

Note D - Functional Allocation of Expenses – Required of Voluntary Health & Welfare

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The statement of functional expenses gives a more detailed breakdown of the various expense categories for both program and supporting services by their natural accounting categories. Program services include transitional housing for men, women and single parent families, child care, shelter for homeless veterans, rental and utilities assistance, meals, food, medicine, and other assistance.

Note E - Donated Materials, Services and Facilities

Donated materials and services received by LCSC make up a significant portion of total receipts. These donated materials and services are then used by LCSC in rendering services provided to recipients. In such circumstances it is appropriate to value such donations received and used, and reflect the receipt and use of donated services and the receipt, use and inventory of donated materials in the financial statements. See changes required by SFAS 116 in Footnote B. Donated materials and services (only those allowed under SFAS 116) are reflected as contributions, services provided and inventories in the accompanying statements at their estimated values.

Free use of approximately 34,758 square feet for the New Life Center in Opelousas is allowed by The Diocese of Lafayette under a lease agreement which expires at the end of 2018. Contributions and related rental expense of \$173,790 are reflected in the financial statements for the year ended June 30, 2009, based on \$5.00 estimated square foot annual rental value for the renovated sections.

St. Bernadette's Clinic- Our Lady of Lourdes Hospital (OLOL) built out the leasehold improvements and funds the annual operations of the clinic portion of the LCSC building. The annual rental value of the donated facilities provided by the Clinic is reflected at \$55,636 in the financial statements. The value of the donated services provided by OLOL doctors and nurses and volunteer dentists at the new dental clinic is not valued in the financial statements as this is an outreach program run by OLOL. However there is great intangible value to LCSC and their patrons by having the clinic available on site. The cost of LCSC providing this service would be hundreds of thousands of dollars.

Note F – Mortgage Notes Payable- Cancellation of debt

Diocese of Lafayette

At June 30, 2008, LCSC had an \$891,973 note payable to the Diocese of Lafayette that has been cancelled as of June 30, 2009. The debt has been reclassified into unrestricted net assets-physical plant since the Diocese has cancelled the repayment of the debt. The original debt was incurred to subsidize construction and renovation of the LCSC Administration building into Administration/Monsignor A.O. Sigur Distribution Center/Bishop O'Donnell Apartments and to subsidize additional renovation of the New Life Center building in Opelousas.

Note G – Share the Light Program/Lights On Program

LCSC serves as distribution agent for the Lafayette Utilities System "Share the Light" program. Under this program, utility customers are provided the opportunity to contribute funds in excess of their utility bill and the proceeds are used to assist the poor in paying delinquent utility balances. During the fiscal year 2008-09 \$52,703 was received and \$53,803 was distributed in utility assistance through this program.

Another \$14,778 was received and \$14,834 was distributed through the “Lights On” program, a program similar in nature and operation for customers of the SLEMCO utility system.

Note H – Pension Plan

In January, 1995 LCSC began participating in the Diocese of Lafayette group retirement plan. The plan is a 403 (B) profit-sharing plan whereby the employer is responsible to contribute 3% of the salary of eligible participants. Total retirement plan expense for the year ended June 30, 2009 was \$18,707 which is included in the caption “payroll taxes and benefits” in the statement of functional expenses.

Note I - Lafayette City/Parish Consolidated Government

During 2008-09, LCSC recognized \$20,270 from two years’ external agency grants from the Lafayette City/Parish Consolidated Government for the purpose of providing special assistance and operating funds for St. Joseph’s Men’s Shelter. This amount has been included in temporarily restricted support, and is released from restrictions as LCSC incurs expenditures in compliance with the specific restrictions. As of June 30, 2009, \$3,928 remains unspent.

Note J – Major Federal Programs

In accordance with the Single Audit Act and OMB Circular A-133, LCSC considers \$300,000 to be the threshold for determining major programs. For these purposes all of the following HUD grants were considered in the aggregate to be one major program:

	<u>Federal Funds Expended</u>
NLC HUD Transitional Housing	\$162,104
NLC HUD Transitional Housing II	115,250
NLC HUD Chemical Dependency	56,818
M/S HUD Transitional Housing- Men	31,232
NLC HUD Child Care	36,064
Bishop O’Donnell HUD Transitional Housing	<u>32,001</u>
Total	<u>\$433,469</u>

All of the above grants fall under CFDA number 14.235—the HUD Supportive Housing Program, and have been audited for compliance under the compliance requirements of OMB Circular A-133 in the required areas of allowable activities, allowable costs, cash management, eligibility, matching funds, procurement, reporting and special tests and provisions. These grants for supportive housing comprise 74% of all federal funds received and expended by LCSC.

Note K - Net Assets Released from Restrictions

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors/grantors. Total amount released from restrictions during the year was \$878,964.

Note L - Related Party Transactions

As indicated in Note G, LCSC had an \$891,973 note payable to the Diocese of Lafayette for an indefinite period of time without interest. This loan was made to supplement grant revenue in the construction and renovation of the Bishop O'Donnell building into the administrative offices, Monsignor Sigur Center, and Bishop O'Donnell Transitional Housing as well as renovation of the New Life Center. The cost of interest on an arm's - length commercial loan would be \$55,000 to \$65,000 per year. This amount is not recorded in the LCSC financial statements but could be considered an in kind donation by the Diocese. As discussed in Note F the note is now cancelled.

<u>Note M - Other Grants/Donations</u>	<u>Current Revenue</u>	<u>Deferred</u>	<u>Total</u>
Phillip Morris	\$ -0-	\$13,390	\$13,390
New York Times	-0-	4,462	4,462
Wal-Mart Foundation	1,000	-0-	1,000
Society of the Sacred Heart	3,000	-0-	3,000
Rucks Family Foundation	8,000	-0-	8,000
AHBA – Home for the Holidays	30,000	30,000	-0-
JP Morgan Chase	12,500	-0-	12,500
Gonsoulin Charitable Trust	10,000	-0-	10,000
Newfield Exploration	253	-0-	253
Total	<u>\$64,753</u>	<u>\$47,852</u>	<u>\$52,605</u>

Note N - Major Grantor/Concentration

For the year ended June 30, 2009, LCSC had a major federal grantor-H.U.D., support from which was approximately 26% of total cash support/revenues. Support from grants from this agency (H.U.D.) was approximately \$433,469 for the year ended June 30, 2009. The concentration risk is mitigated by the fact that the \$433,469 is an aggregation of nine different grants, with only two in excess of \$100,000.

Note O – Subsequent Events—Fiscal Year 2009-2010

All federal, state and local government grants are expected to be renewed at or near the same funding level as the current year grants. Two new programs for 2009-10 are the VA per diem (4 rooms) for a portion of the 4th floor of the New Life Center and the HUD Shelter Plus Care tenant-based rental assistance program (23 units) for homeless handicapped persons. The Shelter Plus grant is a 5 year contract for \$828,523 over the entire grant period. The grant agreement with HUD and the State of Louisiana Office of Community Development was executed on April 28, 2009 and will become effective in the fiscal year 2009-2010 as described further in Note P.

Note P – LA Shelter Plus Care- Fiscal Year 2009-2010

Lafayette Catholic Service Centers entered into a cooperate endeavor agreement on June 30, 2009 with the State of Louisiana, Division of Administration, Office of Community Development to implement a grant under Shelter Plus care Program (S+C). The grant amount is \$828,522.90 over an initial five year grant term. The Louisiana S+C Permanent Supportive Housing Program shall provide rental assistance for 23 rental vouchers through HUD's Shelter Plus Care Program. Lafayette Catholic Service Centers (the Subsidy Administrator) shall administer and manage S+C rental assistance to eligible participants in the Lafayette and St. Landry Parishes.

Note Q – Concentration of Credit Risk

Each unique account at an institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash in LCSC's money market account and operating account (combined) exceeded federally insured limits by \$43,610 as of June 30, 2009. Management is looking into moving any uninsured funds to additional banks to avoid exceeding the federally insured limits.

Note R – St. Michael's Center for Veterans – Veterans' Administration (VA) Grant

LCSC submitted a Veterans' Affairs Grant and Per Diem application in June 2006 to renovate the existing Msgr. Sigur Thrift Store and create a twelve bed transitional housing facility for homeless veterans with disabilities. The VA awarded LCSC \$164,383 in November 2006. This award was to pay for 65% of the total renovation cost of approximately \$260,000.

Renovations started in December 2006 and were completed in October 2007. Work included the necessary site preparation, utilities, and construction to renovate approximately 2,300 square feet into 4 private bedrooms, 6 semi-private bedrooms, and a community bathroom

and wash facility. Climate control was replaced throughout the building and a fire protection sprinkler system was installed. The building was painted on three sides with water-resistant paint and a gutter system was installed on the rear of the building. The total cost of the project including air conditioners and furnishings was \$285,667. 100% of the additional costs as well as 35% of the original costs was funded by LCSC general operating funds. The program became operational in October 2007, and is partially funded each year by the VA Per Diem grant.

Note S- Special Assistance

The Msgr. Sigur Center provides special assistance for rent, utilities, transportation, fuel, prescription medication, funerals, etc. for qualified applicants. These expenses are funded by redirecting donations from churches, foundations, individuals, and \$4,000 a month from the Diocese of Lafayette.

Note T- LAECHY Sub Recipient

A \$100,533 annual grant for Case Management for Homeless Families with Children is administered through the Lafayette Parish School Board. The grant funds flow through LCSC and then to LAECHY the sub-recipient after proper documentation is submitted. The revenues and expenses of this grant are not reflected in the financial statements of LCSC. This is the only sub-recipient grant administered by LCSC.

SUPPLEMENTAL INFORMATION

LAFAYETTE CATHOLIC SERVICE CENTERS, INC.
SCHEDULE A – EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2009

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Grant Award (1)</u>	<u>Current Year Grant Award Disbursements</u>
U.S. Department of H.U.D.*			
Emergency Shelter Grants (2 grants)-M/S	14.231	\$ 28,500	\$ 16,340
Emergency Shelter Grant – NLC	14.231	\$ 28,000	\$ 18,952
F.E.M.A. (3 grants) – M/S, NLC, S/C	97.024	\$ 14,000	\$ 13,788
U.S. Department of H.U.D.— T/H			
Bishop O'Donnell Apts. (2 grants)	14.235	\$ 70,802	\$ 32,001
U.S. Dept. of H.U.D. – New Life Center			
Transitional Housing	14.235	\$ 166,213	\$162,104
U.S. Dept. of H.U.D. – New Life Center			
Transitional Housing II (2-year award)	14.235	\$ 229,000	\$115,250
U.S. Dept. of H.U.D. – New Life Center			
Visions (Chemical Dependency) (2 grants)	14.235	\$ 112,000	\$ 56,818
U.S. Dept. of H.U.D. – New Life Center			
Child Care (2 grants)	14.235	\$ 70,175	\$ 36,064
U.S. Dept. of H.U.D. – Men's Shelter			
Transitional Housing for Men (2 grants)	14.235	\$ 61,950	\$ 31,232
U.S. Dept. of V.A.—St. Michael's Per Diem	64.024	\$ 137,095	\$126,702
U.S. Dept. of V.A.—New Life Center	64.024	<u>\$ 50,862</u>	<u>\$ 50,862</u>
Total		<u>\$ 998,597</u>	<u>\$660,113</u>

(1) NOTE: Grant awards may include multiple grants overlapping from multiple grant years. Many 3-year grants have been renewed as 1 year grants by H.U.D.

*All H.U.D. grants in the aggregate are considered to be a “major program” under the guidelines of Circular A-133.

LAFAYETTE CATHOLIC SERVICE CENTERS, INC.
SCHEDULE B – SCHEDULE OF GRANTS RECEIVABLE

Year Ended June 30, 2009

External Agency Grant - Men's Shelter (L.C.G.)	\$ 7,803
Emergency Shelter Grant - Men's Shelter	9,517
Emergency Shelter Grant (City of Opelousas) – New Life Center	10,700
United Way – Lafayette & St. Landry	61,875
H.U.D. – New Life Child Care Center	10,672
H.U.D. – Bishop O'Donnell Apartments (formerly Promised Land Apts.)	18,275
H.U.D. – Transitional Housing (New Life Center)	81,356
H.U.D. – Transitional Housing II (New Life Center)	54,370
H.U.D. – Transitional Housing (Men's Shelter)	30,975
H.U.D. – Visions/Chemical Dependency (New Life Center)	20,757
V.A. – Men's Shelter Rehabilitation/Construction	<u>22,912</u>
Total	\$ <u>329,212</u>

**SCHEDULE C – SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
AND RELATED CORRECTIVE ACTION**

Year Ended June 30, 2009

PRIOR YEAR FINANCIAL STATEMENT FINDINGS:

QUESTIONED COSTS:

NONE

LAFAYETTE CATHOLIC SERVICE CENTERS, INC.

SCHEDULE D – SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS

AND RELATED CORRECTIVE ACTION

Year Ended June 30, 2009

CURRENT YEAR FINANCIAL STATEMENT FINDINGS:

QUESTIONED COSTS:

NONE