

CATHOLIC CHARITIES, INC.
Jackson, Mississippi

Audited Financial Statements
Years Ended June 30, 2013 and 2012

CONTENTS

Independent Auditor's Report	1 – 2
------------------------------	-------

Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 14
Supplementary Information	
Parish-Based Ministries Schedule of Functional Expenses by Program Services	15
Immigration Clinic Schedule of Functional Expenses by Funding Sources	16
Family Ministries/Solomon Counseling Center Schedule of Functional Expenses by Funding Sources	17
Domestic Violence Services Schedule of Functional Expenses by Program Services	18
Domestic Violence Services Schedule of Functional Expenses by Funding Sources	
Shelter for Battered Families Schedule of Functional Expenses by Funding Sources	19
Karitas Day Care Schedule of Functional Expenses by Funding Sources	20
Second Stage Housing Schedule of Functional Expenses by Funding Sources	21
Legal Clinic Schedule of Functional Expenses by Funding Sources	22
Rape Crisis Center Schedule of Functional Expenses by Funding Sources	23
Guardian Shelter for Battered Families/Rape Crisis Schedule of Functional Expenses by Funding Sources	24
Natchez Services Schedule of Functional Expenses by Funding Sources	25
Children's Mental Health Services Schedule of Functional Expenses by Program Services	26

CONTENTS
(Continued)

Children's Mental Health Services Schedule of Functional Expenses by Funding Sources	
Therapeutic Foster Care Schedule of Functional Expenses by Funding Sources	27
Crisis Response and Trauma Services Schedule of Functional Expenses by Funding Sources	28
Hope Haven/Inpatient Schedule of Functional Expenses by Funding Sources	29
Hope Haven/Outpatient Schedule of Functional Expenses by Funding Sources	30
Alcohol/Drug Abuse/ Born Free/ New Beginnings Schedule of Functional Expenses By Funding Sources	31
Disaster Preparedness Schedule of Functional Expenses by Program Services	32
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	33 – 34



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catholic Charities, Inc.
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of Catholic Charities, Inc. (the "Organization") (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2013, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Ridgeland, Mississippi
January 30, 2014

CATHOLIC CHARITIES, INC.

Statements of Financial Position

June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash	\$ 3,859	\$ 3,600
Grants receivable (Note 5)	644,872	926,627
Pledges receivable, current portion (Note 2)	47,437	75,256
Accounts receivable, other	3,899	-
Savings deposit in Catholic Diocese of Jackson Deposit and Loan Fund (Note 7)	25,258	24,513
Restricted funds on deposit in Catholic Diocese of Jackson Deposit and Loan Fund (Note 7)	767,079	576,304
Prepaid expenses	40,240	65,706
Total current assets	<u>1,532,644</u>	<u>1,672,006</u>
Noncurrent assets		
Property, plant and equipment, at cost less accumulated depreciation of \$434,374 in 2013 and \$421,620 in 2012 (Note 3)	35,200	42,883
Pledges receivable, net of discount, allowance and current portion (Note 2)	52,304	64,679
Endowment deposits in the Catholic Diocese of Jackson Foundation	67,055	66,887
Total noncurrent assets	<u>154,559</u>	<u>174,449</u>
Total assets	<u>\$ 1,687,203</u>	<u>\$ 1,846,455</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Excess of outstanding checks over bank balance	\$ 177,400	\$ 89,569
Accounts payable and accrued expenses	203,109	236,142
Accrued salaries	39,843	44,023
Deferred income	21,341	-
Total current liabilities	<u>441,693</u>	<u>369,734</u>
Net assets		
Unrestricted		
Unrestricted - undesignated	396,334	345,811
Board designated (Note 9)	11,097	142,152
Total unrestricted	<u>407,431</u>	<u>487,963</u>
Temporarily restricted (Note 9)	771,024	921,871
Permanently restricted (Note 9)	67,055	66,887
Total net assets	<u>1,245,510</u>	<u>1,476,721</u>
Total liabilities and net assets	<u>\$ 1,687,203</u>	<u>\$ 1,846,455</u>

See accompanying notes.

CATHOLIC CHARITIES, INC.
 Statements of Activities
 Year Ended June 30, 2013
 (With Comparative Totals for the Year Ended June 30, 2012)

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total All Funds	
				2013	2012
Public support and revenue					
Public support					
Received directly					
Contributions	\$ 398,945	\$ 485,344	\$ -	\$ 884,289	\$ 987,038
Bequest and memorials	128,244	-	-	128,244	84,595
Donated services	140,876	-	-	140,876	173,188
	<u>668,065</u>	<u>485,344</u>	<u>-</u>	<u>1,153,409</u>	<u>1,244,821</u>
Grants from governmental and private agencies	4,474,300	1,371,982	-	5,846,282	6,024,658
Total public support	<u>5,142,365</u>	<u>1,857,326</u>	<u>-</u>	<u>6,999,691</u>	<u>7,269,479</u>
Revenue					
Program service fees	847,707	-	-	847,707	982,222
Interest income	22,758	-	168	22,926	16,697
Total revenue	<u>870,465</u>	<u>-</u>	<u>168</u>	<u>870,633</u>	<u>998,919</u>
Net assets released from restrictions – satisfaction of program restrictions	2,008,173	(2,008,173)	-	-	-
Total public support and revenue	<u>8,021,003</u>	<u>(150,847)</u>	<u>168</u>	<u>7,870,324</u>	<u>8,268,398</u>
Expenses					
Program services					
Parish-Based Ministries	362,203	-	-	362,203	353,292
Adoptions/Maternity/Foster Care	123,603	-	-	123,603	96,927
Solomon Counseling Center/Family Ministries	199,973	-	-	199,973	285,904
Unaccompanied Refugee Minor	1,043,589	-	-	1,043,589	1,007,793
Domestic Violence Services	1,171,912	-	-	1,171,912	1,151,063
Rape Crisis Center	248,934	-	-	248,934	257,332
Guardian Shelter/RCC	837,382	-	-	837,382	826,749
Natchez Services	102,325	-	-	102,325	272,590
Children's Mental Health Services	2,091,793	-	-	2,091,793	2,104,781
Alcohol/Drug Abuse/Born Free/New Beginnings	618,837	-	-	618,837	567,044
Disaster Preparedness	119,726	-	-	119,726	133,346
Northeast Services	50,862	-	-	50,862	68,553
Total program services	<u>6,971,139</u>	<u>-</u>	<u>-</u>	<u>6,971,139</u>	<u>7,125,374</u>
Supporting services					
Management and general	863,560	-	-	863,560	923,566
Fundraising	266,836	-	-	266,836	242,472
Total supporting services	<u>1,130,396</u>	<u>-</u>	<u>-</u>	<u>1,130,396</u>	<u>1,166,038</u>
Total expenses	<u>8,101,535</u>	<u>-</u>	<u>-</u>	<u>8,101,535</u>	<u>8,291,412</u>
Change in net assets	(80,532)	(150,847)	168	(231,211)	(23,014)
Net assets at beginning of year	487,963	921,871	66,887	1,476,721	1,499,735
Net assets at end of year	<u>\$ 407,431</u>	<u>\$ 771,024</u>	<u>\$ 67,055</u>	<u>\$ 1,245,510</u>	<u>\$ 1,476,721</u>

See accompanying notes.

CATHOLIC CHARITIES, INC.
 Statements of Functional Expenses
 Year Ended June 30, 2013
 (With Comparative Totals for the Year Ended June 30, 2012)

	Program Services													Supporting Services			Total Expenses	
	Parish Based Ministries	Adoption/ Maternity/ Foster Care	Solomon Counseling Center & Family Ministries	Unaccompanied Refugee Minor	Domestic Violence Services	Rape Crisis Center	Guardian Shelter/ RCC	Natchez Services	Children's Mental Health Services	Alcohol/ Drug Abuse/ Born Free/ New Beginnings	Disaster Preparedness	Northeast Services	Total	Management and Fund Raising		2013	2012	
														Management and General	Fund Raising			
Salaries	\$ 156,588	\$ 80,481	\$ 99,288	\$ 509,576	\$ 512,587	\$ 131,952	\$ 467,303	\$ 50,165	\$ 1,066,416	\$ 290,909	\$ 74,306	\$ 18,695	\$ 3,458,266	\$ 502,806	\$ 96,922	\$ 4,057,994	\$ 4,017,668	
Payroll taxes	13,807	6,461	7,864	42,353	43,883	10,551	39,880	3,822	88,577	24,710	6,052	1,715	289,675	40,658	8,467	338,800	366,097	
Employee benefits	33,933	18,279	25,605	109,301	101,514	23,794	109,215	10,550	269,919	64,787	22,303	3,816	793,016	99,659	20,068	912,743	911,885	
Supplies and literature	8,891	1,325	11,206	8,311	20,925	2,475	39,610	522	26,982	53,066	1,422	893	175,628	17,129	9,550	202,307	283,108	
Telephone	4,520	1,088	2,595	7,354	11,201	1,499	6,146	3,688	15,582	6,257	930	1,647	62,507	3,816	1,224	67,547	92,811	
Conferences, conventions and meetings	19,317	368	8,693	7,749	1,132	166	9,685	393	30,042	1,960	895	1,129	81,529	9,174	80,200	170,903	171,808	
Subsistence, housing, medical and related subsidies	57,071	100	131	245,765	211,894	420	57,871	21,377	267,863	23,611	2,267	14,043	902,413	1,576	3,705	907,694	894,217	
Equipment purchases	677	-	-	-	1,589	-	-	-	179	35,350	79	79	37,953	3,530	1,461	42,944	14,181	
Occupancy	16,534	9,499	19,748	64,420	128,433	5,545	46,145	1,787	94,345	70,149	8,597	3,234	468,436	78,218	14,723	561,377	574,468	
Professional fees	3,959	810	13,930	15,062	36,932	743	1,353	466	116,883	16,166	433	330	207,067	72,694	6,919	286,680	351,922	
Transportation and travel	36,818	2,176	5,593	20,651	27,188	4,872	13,101	2,275	61,133	15,985	1,714	3,089	194,595	7,689	1,397	203,681	237,226	
Insurance	168	64	228	349	3,881	-	1,250	160	991	502	69	97	7,759	1,031	93	8,883	10,128	
Repairs and maintenance	58	-	-	-	29,976	-	12,193	988	21,035	15,367	90	2,000	81,707	5,308	748	87,763	97,297	
Printing	6,875	388	5,062	8,121	1,013	66	3,812	4,559	6,299	18	569	80	36,862	(121)	11,466	48,207	54,897	
Promotion and public relations	1,980	2,564	30	4,577	1,039	-	-	273	21,114	-	-	15	31,592	8,239	1,151	40,982	16,789	
Administrative costs	-	-	-	-	3	-	-	1,047	1,591	-	-	-	2,641	6,747	-	9,388	6,975	
Donated goods and services	-	-	-	-	36,521	66,851	29,004	-	-	-	-	-	132,376	-	8,500	140,876	173,188	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total expenses before depreciation	361,196	123,603	199,973	1,043,589	1,169,711	248,934	836,568	102,072	2,088,951	618,837	119,726	50,862	6,964,022	858,153	266,594	8,088,769	8,274,665	
Depreciation of plant and equipment	1,007	-	-	-	2,201	-	814	253	2,842	-	-	-	7,117	5,407	242	12,766	16,747	
Totals	\$ 362,203	\$ 123,603	\$ 199,973	\$ 1,043,589	\$ 1,171,912	\$ 248,934	\$ 837,382	\$ 102,325	\$ 2,091,793	\$ 618,837	\$ 119,726	\$ 50,862	\$ 6,971,139	\$ 863,560	\$ 266,836	\$ 8,101,535	\$ 8,291,412	

See accompanying notes.

CATHOLIC CHARITIES, INC.
 Statements of Cash Flows
 Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (231,211)	\$ (23,014)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	12,766	16,747
Loss on disposal of assets	989	-
Changes in assets and liabilities		
Grants receivable	281,755	(142,958)
Pledge receivable	40,194	(62,867)
Accounts receivable, other	(3,899)	-
Deposits and other assets	(168)	(13,904)
Prepaid expenses	25,466	(32,918)
Accounts payable and accrued expenses	(33,033)	33,813
Accrued salaries	(4,180)	-
Deferred income	21,341	(14,235)
Net cash provided by (used in) operating activities	110,020	(239,336)
Cash flows from investing activities		
Deposit to Catholic Diocese of Jackson Deposit and Loan Fund	(745)	(646)
Net, Restricted Fund (deposits to) withdrawals from Catholic Diocese of Jackson Deposit and Loan Fund	(190,775)	240,073
Purchase of property, plant and equipment	(6,072)	(17,356)
Net cash provided by (used in) investing activities	(197,592)	222,071
Cash flows from financing activities		
Excess of outstanding checks over bank balance	87,831	17,665
Net cash provided by financing activities	87,831	17,665
Net increase in cash	259	400
Cash at beginning of year	3,600	3,200
Cash at end of year	\$ 3,859	\$ 3,600

See accompanying notes.

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Catholic Charities, Inc. (the "Organization") is a Mississippi not-for-profit corporation established in 1963 as the social service agency of the Catholic Diocese of Jackson. The mission of the Organization is multi-faceted and includes direct service, advocacy and public consciousness raising. Services are provided for all people regardless of religious affiliation, race, color or country of origin.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958-205, *Presentation of Financial Statements*. Under ASC Topic 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables

The Organization reports receivables, most of which are grants from public or private agencies, at net realizable value. Due to the nature of grants receivable and because historical losses related to grants receivables have been insignificant, the direct write-off method is used to account for uncollectible amounts. Due to the nature of the pledges receivable and management's experience on the collection of pledges receivable, an allowance for doubtful accounts has been established. On a continuing basis, receivables are analyzed and, when determined to be uncollectible, they are written off through charge against revenue.

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are expensed in the period incurred; major renewals and betterments are capitalized. When items of property are sold or retired, the related costs are removed from the accounts and any gain or loss is included in income. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Asset Impairments

The Organization periodically evaluates whether current facts or circumstance indicate that the carrying amount of its depreciable assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists. If an asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value. An estimate of the asset's fair value is based on quoted market prices in active markets, if available.

Net Assets

Restricted net assets are those which have been restricted by individuals or entities outside of the Organization. The restriction may be temporary or permanent, depending upon the terms of the funding source. 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 restriction. The unrestricted net asset category contains assets and contributions or grants that are not restricted by donors or grantors or for which restrictions have expired. Board designated net assets are certain unrestricted net assets designated by the Board for future use by specific programs.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Pledges expected to be collected in future years are recorded at the present value of their estimated future cash flows using the Organization's risk-free interest rate in the year promises are received. Amortization of the discount is included in contribution revenue. The Organization establishes a valuation allowance against future pledges receivable to provide for amounts estimated to be uncollectible.

The Organization 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 statements of activities as net assets released from restrictions.

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 1. Continued

The Organization reports gifts of long-lived assets 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 are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Certain federal and state grants are considered to be for the purchase of goods and services, and therefore are deemed to be exchange transactions rather than contributions. Accordingly, such grant revenue is recognized as goods are provided or services are rendered.

Program service fees represent fees charged to clients and are recognized as services are rendered.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization had no significant uncertain tax positions at June 30, 2013 and 2012. If interest and penalties are incurred related to uncertain tax positions, such amounts are recognized in income tax expense. Tax periods for all fiscal years after 2008 remain open to examination by the taxing jurisdictions to which the Organization is subject.

Summarized Financial Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 2. Pledges Receivable

As a result of the Journey of Hope, the Organization had pledges receivable at June 30, 2013 as follows:

Receivable in less than one year	\$	47,437
Receivable in one to five years		<u>92,518</u>
Total pledges receivable		139,955
Less discounts to net present value at 5.5 percent and allowance for doubtful accounts of \$9,424 and \$30,790, respectively		<u>40,214</u>
Net pledges receivable	\$	<u>99,741</u>

Note 3. Property, Plant and Equipment

A summary of property, plant and equipment at June 30 follows:

	<u>2013</u>	<u>2012</u>
Building improvements	\$ 43,119	\$ 40,168
Furniture and equipment	<u>426,455</u>	<u>424,335</u>
	469,574	464,503
Less accumulated depreciation	<u>434,374</u>	<u>421,620</u>
Total	\$ 35,200	\$ 42,883

Note 4. Donated Services

During the years ended June 30, 2013 and 2012, the Organization received the use of facilities for which rent would have totaled \$37,504 and \$85,004 per year, respectively. The Organization also received the services of social work interns who volunteered time along with individuals who donated miscellaneous goods to Domestic Violence Services, Northeast Services and the Rape Crises Center totaling \$103,372 in 2013 and \$88,184 in 2012. The total of these amounts is reflected in the accompanying statements of activities as donated services revenue and in-kind expenses within the applicable program.

Note 5. Grants from Governmental and Private Agencies

During the years ended June 30, 2013 and 2012, the Organization was the recipient of governmental and private grants totaling approximately \$5,800,000 and \$6,000,000, respectively, to fund sixteen of its program services.

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 5. Continued

The receivables from the grants related to the program services were as follows at June 30:

	2013	2012
HIV Early Intervention Services	\$ 4,541	\$ 2,341
Adoption	-	26,779
Born Free/New Beginnings	105,588	59,167
Disaster Assistance	12,865	-
Domestic Violence Services	185,431	184,483
Guardian Shelter and Rape Crisis Center	69,141	101,163
Hope Haven Inpatient	15,427	30,997
Hope Haven Outpatient	22,352	77,987
Immigration Clinic	6,783	19,977
MAP Team	4,027	10,356
Natchez services	-	10,525
Parish Social Ministry	4,045	42,644
Parish Health Ministry	8,517	-
Solomon Counseling Center	11,928	82,277
Therapeutic Foster Care	81,582	69,395
Trauma Recovery for Youth	16,558	47,070
Unaccompanied Refugee Minors	95,432	92,160
Miscellaneous receivables	655	69,306
	<u>\$ 644,872</u>	<u>\$ 926,627</u>

Because the above grants offer valuable program services, it is the intention of the management of the Organization, subject to the availability of governmental and private funds, to participate in similar grants in the future.

Note 6. Leases

The Organization leases buildings and equipment under operating leases that expire at various dates through 2017. The leases require the Organization to pay maintenance, insurance, taxes and other expenses in addition to the minimum rental. Rent expense under both cancelable and noncancelable operating leases totaled \$517,408 in 2013 and \$535,216 in 2012.

At June 30, 2013, the aggregate annual rental payments due under noncancelable operating leases, with initial or remaining terms of one year or more, were as follows:

2014	\$ 329,616
2015	287,540
2016	287,540
2017	144,788
	<u>\$ 1,049,484</u>

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 7. Catholic Diocese of Jackson Deposit and Loan Fund

At June 30, 2013 and 2012, the Organization was not indebted to the Catholic Diocese of Jackson and the Deposit and Loan Fund. Instead the Organization was in a deposit position of \$792,337 and \$600,817 at June 30, 2013 and 2012, respectively, earning approximately 3 percent interest. These funds represent money invested with the Catholic Diocese of Jackson. These funds are classified as restricted funds on the statement of financial position.

The amounts invested in the Catholic Diocese of Jackson at June 30, 2013 and 2012 were not insured by the FDIC. The Organization has not experienced any losses on these deposits in the past, and management does not believe that it is exposed to any significant credit risk on savings deposits.

Note 8. Pension Plan

The Organization participates with Catholic Diocese of Jackson in the Pension Plan for Employees of the Catholic Diocese of Jackson, which is a multi-employer defined benefit plan. The plan is an insured non-contributory plan that covers lay employees who have attained the age of 21 and completed one year of service. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in some of its multi-employer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Employees are fully vested after seven years of service based on a graduated vesting schedule and the normal retirement age is defined as the employee's 65th birthday, but the plan also provides for early retirement, disability and death benefits. Benefits are provided through an insurance contract and are based on years of service and average monthly earnings. Funding is accomplished through annual actuarially determined employer contributions based on the anticipated funding of employees' pension benefits spread over the period from their dates of employment to their dates of retirement.

The Organization has total plan assets of \$6,394,730 for the year ended June 30, 2013. The annual contributions by the Organization for the year ended June 30, 2013 totaled \$339,259. The accumulated benefit obligation totaled \$8,482,548 for the year ended June 30, 2013 and the plan was between 65 percent and 80 percent funded.

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 9. Restrictions on Net Assets

For the years ended June 30, 2013 and 2012 the Board approved the designation of certain unrestricted net assets related to specific programs to ensure that each of these programs would be allowed to earmark these net assets for future use. The designation can be lifted at any time by the Board and thus do not indicate any temporarily restricted amounts. Board designated net assets are as follows:

Board Designation	2013	2012	Increase (Decrease)
Adoption	\$ -	\$ 17,652	\$ (17,652)
Domestic Violence	8,171	113,826	(105,655)
Hope Haven Home Based	1,350	1,350	-
Hope Haven Residential	596	8,344	(7,748)
Trauma Recovery for Youth	980	980	-
Grand total	<u>\$ 11,097</u>	<u>\$ 142,152</u>	<u>\$ (131,055)</u>

Temporarily restricted net assets are available for the following purposes:

Classification	2013	2012	Increase (Decrease)
Alcohol and Drug Services	\$ 1,593	\$ 68	\$ 1,525
Community Services	9,715	7,536	2,179
D'Evereaux Hall and St. Mary's Orphan Asylum	25,258	24,512	746
Emergency Assistance	18,756	3,212	15,544
Disaster Assistance	24,321	69,847	(45,526)
Disaster Preparedness	67,802	201,735	(133,933)
Immigration and Refugee Services	66,592	29,870	36,722
Journey of Hope	93,263	146,499	(53,236)
North East Office	18,990	18,721	269
Parish Health Ministry	60,518	35,980	24,538
Services to Children	341,037	323,562	17,475
Services to Families	4,057	4,057	-
Domestic Violence Services	36,691	53,267	(16,576)
Unaccompanied Refugee Minor Program	2,431	3,005	(574)
Grand total	<u>\$ 771,024</u>	<u>\$ 921,871</u>	<u>\$ (150,847)</u>

CATHOLIC CHARITIES, INC.
Years Ended June 30, 2013 and 2012

NOTES TO FINANCIAL STATEMENTS

Note 9. Continued

Permanently restricted net assets consist of an endowment fund established for the purpose of assisting the Organization with general operations. The permanently restricted net assets are comprised of donor restricted funds. Permanently restricted net assets are classified and reported based on the existence or absence of donor restricted funds. The invested funds associated with permanently restricted net assets are on deposit with the Catholic Diocese of Jackson Foundation (the "Foundation") and the Foundation allocates the interest based on its investment policy. The Foundation's investment policy is to allocate the total interest earned to each trust based on the balance in that trust. The Organization has not experienced any losses on these deposits in the past and management does not believe that it is exposed to any significant credit risk. As allowed by donor restriction, interest income is allocated between corpus and general operations as directed by the Organization.

Effective July 1, 2012 the State of Mississippi enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Organization interprets the current state law regarding the treatment of endowments as the preservation of purchasing power and prudent expenditure of endowment funds and related appreciation.

Note 10. Subsequent Events

The Organization did not have any subsequent events through January 30, 2014, which is the date the financial statements were available to be issued, requiring recognition or disclosure in the financial statements for the year ended June 30, 2013.

CATHOLIC CHARITIES, INC.
 Parish-Based Ministries
 Schedule of Functional Expenses by Program Services
 Year Ended June 30, 2013

	Parish Social Ministry	Parish Health Ministry	Clinic	Disaster Assistance	Community Services	Total
Salaries	\$ 35,571	\$ 16,106	\$ 104,911	\$ -	\$ -	\$ 156,588
Payroll taxes	2,913	1,534	9,270	90	-	13,807
Employee benefits	9,297	2,206	22,430	-	-	33,933
Supplies and literature	1,326	146	7,246	173	-	8,891
Telephone	2,016	373	2,131	-	-	4,520
Conferences, conventions and meetings	12,650	429	6,238	-	-	19,317
Subsistence, housing, medical and related subsidies	1,342	1,919	868	50,942	2,000	57,071
Equipment purchases	79	-	598	-	-	677
Occupancy	4,368	1,990	10,176	-	-	16,534
Professional fees	508	288	3,163	-	-	3,959
Transportation and travel	16,846	589	13,446	5,937	-	36,818
Insurance	81	-	87	-	-	168
Repairs and maintenance	58	-	-	-	-	58
Printing	2,915	450	3,510	-	-	6,875
Promotion and public relations	-	347	1,633	-	-	1,980
Total expenses before depreciation	89,970	26,377	185,707	57,142	2,000	361,196
Depreciation of plant and equipment	217	224	566	-	-	1,007
Totals	\$ 90,187	\$ 26,601	\$ 186,273	\$ 57,142	\$ 2,000	\$ 362,203

CATHOLIC CHARITIES, INC.
Immigration Clinic
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Office of Justice	Internal Revenue Service	Other	Total
Salaries	\$ 32,525	\$ 5,752	\$ 66,634	\$ 104,911
Payroll taxes	2,934	509	5,827	9,270
Employee benefits	2,881	496	19,053	22,430
Supplies and literature	34	-	7,212	7,246
Telephone	35	-	2,096	2,131
Conferences, conventions and meetings	-	-	6,238	6,238
Subsistence, housing, medical and related subsidies	-	-	868	868
Equipment purchases	-	519	79	598
Occupancy	1,421	866	7,889	10,176
Professional fees	-	-	3,163	3,163
Transportation and travel	266	114	13,066	13,446
Insurance	-	-	87	87
Printing	358	-	3,152	3,510
Promotion and public relations	-	-	1,633	1,633
Total expenses before depreciation	40,454	8,256	136,997	185,707
Depreciation of plant and equipment	-	-	566	566
Totals	<u>\$ 40,454</u>	<u>\$ 8,256</u>	<u>\$ 137,563</u>	<u>\$ 186,273</u>

CATHOLIC CHARITIES, INC.
Family Ministries/Solomon Counseling Center
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Department of Health & Human Services	Other	Total
Salaries	\$ 49,909	\$ 49,379	\$ 99,288
Payroll taxes	3,859	4,005	7,864
Employee benefits	14,363	11,242	25,605
Supplies and literature	-	11,206	11,206
Telephone	-	2,595	2,595
Conferences, conventions and meetings	-	8,693	8,693
Subsistence, housing, medical and related subsidies	131	-	131
Occupancy	6,787	12,961	19,748
Professional fees	2,985	10,945	13,930
Transportation and travel	40	5,553	5,593
Insurance	-	228	228
Printing	-	5,062	5,062
Promotion and public relations	-	30	30
Total expenses before depreciation	78,074	121,899	199,973
Depreciation of plant and equipment	-	-	-
Totals	\$ 78,074	\$ 121,899	\$ 199,973

CATHOLIC CHARITIES, INC.
Domestic Violence Services
Schedule of Functional Expenses by Program Services
Year Ended June 30, 2013

	Shelter for Battered Families	Karitas Day Care	Second Stage Housing	Legal Clinic	Total
Salaries	\$ 150,553	\$ 106,886	\$ 193,479	\$ 61,669	\$ 512,587
Payroll taxes	13,324	9,299	16,309	4,951	43,883
Employee benefits	28,168	27,940	38,819	6,587	101,514
Supplies and literature	649	7,426	12,345	505	20,925
Telephone	5,860	1,991	2,524	826	11,201
Conferences, conventions and meetings	51	862	41	178	1,132
Subsistence, housing, medical and related subsidies	33,245	307	178,342	-	211,894
Equipment purchases	1,589	-	-	-	1,589
Occupancy	35,860	56,091	31,993	4,489	128,433
Professional fees	2,026	499	1,350	33,057	36,932
Transportation and travel	5,654	2,968	9,686	8,880	27,188
Insurance	1,190	1,082	148	1,461	3,881
Repairs and maintenance	9,924	15,371	4,681	-	29,976
Printing	565	114	289	45	1,013
Promotion and public relations	419	620	-	-	1,039
Administrative costs	3	-	-	-	3
Donated goods and services	10,994	25,527	-	-	36,521
Total expenses before depreciation	300,074	256,983	490,006	122,648	1,169,711
Depreciation of plant and equipment	850	1,351	-	-	2,201
Totals	\$ 300,924	\$ 258,334	\$ 490,006	\$ 122,648	\$ 1,171,912

CATHOLIC CHARITIES, INC.
Domestic Violence Services
Shelter For Battered Families
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Mississippi Department of Education	United Way	City of Jackson/ CDBG	Federal Emergency Management Agency	Dept. of Public Safety VOCA	Dept. of Public Safety VAWA	Mississippi State Board of Health	Office of Justice	Other	Total
Salaries	\$ -	\$ 16,147	\$ -	\$ -	\$ 64,587	\$ 16,684	\$ 29,730	\$ 15,188	\$ 8,217	\$ 150,553
Payroll taxes	-	1,223	-	-	4,891	1,347	3,062	1,379	1,422	13,324
Employee benefits	-	2,534	-	-	10,135	4,053	299	1,467	9,680	28,168
Supplies and literature	-	-	-	-	-	-	4,801	270	(4,422)	649
Telephone	-	-	-	-	-	-	-	7	5,853	5,860
Conferences, conventions and meetings	-	-	-	-	-	-	-	-	51	51
Subsistence, housing, medical and related subsidies	18,419	125	-	6,500	-	-	-	-	8,201	33,245
Equipment purchases	-	-	-	-	-	-	-	1,589	-	1,589
Occupancy	-	-	13,500	-	-	-	4,000	675	17,685	35,860
Professional fees	-	-	-	-	-	-	-	-	2,026	2,026
Transportation and travel	-	-	-	-	-	-	-	5,669	(15)	5,654
Insurance	-	-	-	-	-	-	-	-	1,190	1,190
Repairs and maintenance	660	-	-	-	-	-	4,000	-	5,264	9,924
Printing	-	-	-	-	-	-	-	-	565	565
Promotion and public relations	-	-	-	-	-	-	-	419	-	419
Administrative costs	-	-	-	-	-	-	-	-	3	3
Donated goods and services	-	-	-	-	-	-	-	-	10,994	10,994
Total expenses before depreciation	19,079	20,029	13,500	6,500	79,613	22,084	45,892	26,663	66,714	300,074
Depreciation of plant and equipment	-	-	-	-	-	-	-	-	850	850
Totals	\$ 19,079	\$ 20,029	\$ 13,500	\$ 6,500	\$ 79,613	\$ 22,084	\$ 45,892	\$ 26,663	\$ 67,564	\$ 300,924

CATHOLIC CHARITIES, INC.
Domestic Violence Services
Karitas Day Care
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Mississippi State Board of Health	United Way	United Way/ Slots	City of Jackson/ CDBG	Other	Total
Salaries	\$ 56,961	\$ 8,274	\$ 23,160	\$ -	\$ 18,491	\$ 106,886
Payroll taxes	4,784	863	1,973	-	1,679	9,299
Employee benefits	15,614	490	7,970	-	3,866	27,940
Supplies and literature	2,448	-	3,284	-	1,694	7,426
Telephone	-	-	902	-	1,089	1,991
Conferences, conventions and meetings	-	-	862	-	-	862
Subsistence, housing, medical and related subsidies	-	-	246	-	61	307
Occupancy	7,674	18,739	8,699	16,500	4,479	56,091
Professional fees	-	-	1	-	498	499
Transportation and travel	1,046	-	630	-	1,292	2,968
Insurance	-	-	-	-	1,082	1,082
Repairs and maintenance	-	-	9,238	-	6,133	15,371
Printing	-	-	65	-	49	114
Promotion and public relations	-	-	620	-	-	620
Donated goods and services	-	-	-	-	25,527	25,527
Total expenses before depreciation	88,527	28,366	57,650	16,500	65,940	256,983
Depreciation of plant and equipment	-	-	-	-	1,351	1,351
Totals	\$ 88,527	\$ 28,366	\$ 57,650	\$ 16,500	\$ 67,291	\$ 258,334

CATHOLIC CHARITIES, INC.
Domestic Violence Services
Second Stage Housing
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Federal Emergency Management Agency	HUD Supportive Housing Program	City of Jackson/ CDBG	Office of Justice	Other	Total
Salaries	\$ -	\$ 99,518	\$ -	\$ 93,420	\$ 541	\$ 193,479
Payroll taxes	-	8,406	-	7,858	45	16,309
Employee benefits	-	20,552	-	17,764	503	38,819
Supplies and literature	1,263	5,254	2,564	3,271	(7)	12,345
Telephone	-	2,377	-	29	118	2,524
Conferences, conventions and meetings	-	-	-	-	41	41
Subsistence, housing, medical and related subsidies	5,237	997	-	149,927	22,181	178,342
Occupancy	-	20,883	11,110	-	-	31,993
Professional fees	-	-	-	-	1,350	1,350
Transportation and travel	-	-	-	9,485	201	9,686
Insurance	-	-	-	148	-	148
Repairs and maintenance	-	4,636	45	-	-	4,681
Printing	-	-	-	225	64	289
Total expenses before depreciation	6,500	162,623	13,719	282,127	25,037	490,006
Depreciation of plant and equipment	-	-	-	-	-	-
Totals	\$ 6,500	\$ 162,623	\$ 13,719	\$ 282,127	\$ 25,037	\$ 490,006

CATHOLIC CHARITIES, INC.
Domestic Violence Services
Legal Clinic
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Office of Justice	Other	Total
Salaries	\$ 61,404	\$ 265	\$ 61,669
Payroll taxes	4,931	20	4,951
Employee benefits	6,587	-	6,587
Supplies and literature	505	-	505
Telephone	826	-	826
Conferences, conventions and meetings	178	-	178
Occupancy	4,489	-	4,489
Professional fees	32,372	685	33,057
Transportation and travel	8,880	-	8,880
Insurance	1,461	-	1,461
Printing	45	-	45
Total expenses before depreciation	<u>121,678</u>	<u>970</u>	<u>122,648</u>
Depreciation of plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 121,678</u>	<u>\$ 970</u>	<u>\$ 122,648</u>

CATHOLIC CHARITIES, INC.
Rape Crisis Center
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Mississippi State Board of Health	Dept. of Public Safety VOCA	Dept. of Public Safety VAWA	Dept. of Public Safety SASP	United Way	City of Jackson/ CDBG	Other	Total
Salaries	\$ 25,489	\$ 56,039	\$ 15,225	\$ 16,558	\$ 14,010	\$ -	\$ 4,631	\$ 131,952
Payroll taxes	1,912	3,983	1,271	754	996	-	1,635	10,551
Employee benefits	1,793	7,297	4,183	3,056	1,824	-	5,641	23,794
Supplies and literature	-	-	-	-	-	970	1,505	2,475
Telephone	-	-	-	-	-	53	1,446	1,499
Conferences, conventions and meetings	-	-	-	-	-	-	166	166
Subsistence, housing medical and related subsidies	-	-	-	-	-	401	19	420
Occupancy	-	-	-	-	-	5,172	373	5,545
Professional fees	-	-	-	-	-	-	743	743
Transportation and travel	-	-	-	-	720	2,696	1,456	4,872
Printing	-	-	-	-	-	-	66	66
Donated services	-	-	-	-	-	-	66,851	66,851
Total expenses before depreciation	29,194	67,319	20,679	20,368	17,550	9,292	84,532	248,934
Depreciation of plant and equipment	-	-	-	-	-	-	-	-
Totals	\$ 29,194	\$ 67,319	\$ 20,679	\$ 20,368	\$ 17,550	\$ 9,292	\$ 84,532	\$ 248,934

CATHOLIC CHARITIES, INC.
Guardian Shelter for Battered Families/Rape Crisis
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Mississippi State Board of Health	Dept. of Public Safety VAWA	Dept. of Public Safety VOCA	Dept. of Public Safety SASP	Mississippi Development Authority	Housing and Urban Development	United Way	Guardian Collections and Other Donations	Total
Salaries	\$ 99,753	\$ 24,000	\$ 62,498	\$ 4,800	\$ 7,974	\$ 203,239	\$ 20,638	\$ 44,401	\$ 467,303
Payroll taxes	8,342	1,910	4,654	394	733	17,466	2,051	4,330	39,880
Employee benefits	25,200	3,580	11,971	329	552	49,829	6,654	11,100	109,215
Supplies and literature	5,987	-	-	3,575	5,598	19,200	2,397	2,853	39,610
Telephone	4,295	-	-	-	-	-	1,386	465	6,146
Conferences, conventions and meetings	-	-	-	-	-	3,496	6,125	64	9,685
Subsistence, housing medical and related subsidies	-	-	-	-	26,763	18,420	12,938	(250)	57,871
Occupancy	9,550	-	-	-	19,785	5,837	5,949	5,024	46,145
Professional fees	-	-	-	-	-	-	1,305	48	1,353
Transportation and travel	4,535	-	182	-	1,405	3,492	3,487	-	13,101
Insurance	-	-	-	-	-	854	141	255	1,250
Repairs and maintenance	981	-	-	-	3,866	-	3,684	3,662	12,193
Printing	3,053	-	-	-	-	-	600	159	3,812
Promotion and public relations	-	-	-	-	-	-	-	-	-
Donated goods and services	-	-	-	-	-	-	-	29,004	29,004
Total expenses before depreciation	161,696	29,490	79,305	9,098	66,676	321,833	67,355	101,115	836,568
Depreciation of plant and equipment	-	-	-	-	-	-	-	814	814
Totals	\$ 161,696	\$ 29,490	\$ 79,305	\$ 9,098	\$ 66,676	\$ 321,833	\$ 67,355	\$ 101,929	\$ 837,382

CATHOLIC CHARITIES, INC.
Natchez Services
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Federal Emergency Management Agency	Mississippi Department of Mental Health	CCI Counseling/ Emergency Assistance	Total
Salaries	\$ -	\$ 3,253	\$ 46,912	\$ 50,165
Payroll taxes	-	259	3,563	3,822
Employee benefits	-	440	10,110	10,550
Supplies and literature	-	-	522	522
Telephone	-	-	3,688	3,688
Conferences, conventions and meetings	-	-	393	393
Subsistence, housing, medical and related subsidies	6,419	-	14,958	21,377
Occupancy	-	-	1,787	1,787
Professional fees	-	-	466	466
Transportation and travel	-	-	2,275	2,275
Insurance	-	-	160	160
Repairs and maintenance	-	-	988	988
Printing	-	-	4,559	4,559
Promotion and public relations	-	-	273	273
Administrative costs	-	-	1,047	1,047
Total expenses before depreciation	6,419	3,952	91,701	102,072
Depreciation of plan and equipment	-	-	253	253
Totals	\$ 6,419	\$ 3,952	\$ 91,954	\$ 102,325

CATHOLIC CHARITIES, INC.
Children's Mental Health Services
Schedule of Functional Expenses by Program Services
Year Ended June 30, 2013

	Therapeutic Foster Care	Crisis Response and Trauma Services	Hope Haven/ Inpatient	Hope Haven/ Outpatient	Total
Salaries	\$ 233,676	\$ 148,180	\$ 407,418	\$ 277,142	\$ 1,066,416
Payroll taxes	19,785	11,169	35,635	21,988	88,577
Employee benefits	58,537	46,361	91,408	73,613	269,919
Supplies and literature	5,179	5,626	11,929	4,248	26,982
Telephone	4,255	709	5,810	4,808	15,582
Conferences, conventions and meetings	13,563	7,701	2,840	5,938	30,042
Subsistence, housing, medical and related subsidies	239,746	-	19,113	9,004	267,863
Equipment purchases	179	-	-	-	179
Occupancy	26,643	15,225	30,316	22,161	94,345
Professional fees	35,901	48,647	13,069	19,266	116,883
Transportation and travel	18,959	10,312	5,455	26,407	61,133
Insurance	371	18	348	254	991
Repairs and maintenance	583	-	20,377	75	21,035
Printing	1,094	2,016	622	2,567	6,299
Promotion and public relations	18,555	-	1,202	1,357	21,114
Administrative costs	1,591	-	-	-	1,591
Total expenses before depreciation	678,617	295,964	645,542	468,828	2,088,951
Depreciation of plant and equipment	1,938	-	476	428	2,842
Totals	<u>\$ 680,555</u>	<u>\$ 295,964</u>	<u>\$ 646,018</u>	<u>\$ 469,256</u>	<u>\$ 2,091,793</u>

CATHOLIC CHARITIES, INC.
Children's Mental Health Services
Therapeutic Foster Care
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Extended Foster Care/ Department of Mental Health	Therapeutic Foster Care/ Department of Mental Health	Department of Human Services	Other	Total
Salaries	\$ 17,069	\$ 87,131	\$ 106,308	\$ 23,168	\$ 233,676
Payroll taxes	1,409	7,176	9,190	2,010	19,785
Employee benefits	3,979	20,604	28,048	5,906	58,537
Supplies and literature	-	4,502	677	-	5,179
Telephone	-	-	1,360	2,895	4,255
Conferences, conventions and meetings	-	2,393	10,842	328	13,563
Subsistence, housing, medical and related subsidies	-	28	239,684	34	239,746
Equipment purchases	-	-	3,299	(3,120)	179
Occupancy	-	26,643	-	-	26,643
Professional fees	-	2,008	23,983	9,910	35,901
Transportation and travel	11,176	3,969	574	3,240	18,959
Insurance	-	371	-	-	371
Repairs and maintenance	-	400	183	-	583
Printing	-	1,064	30	-	1,094
Promotion and public relations	-	-	18,555	-	18,555
Administrative costs	-	-	1,591	-	1,591
Total expenses before depreciation	33,633	156,289	444,324	44,371	678,617
Depreciation of plant and equipment	-	-	-	1,938	1,938
Totals	\$ 33,633	\$ 156,289	\$ 444,324	\$ 46,309	\$ 680,555

CATHOLIC CHARITIES, INC.
 Children's Mental Health Services
 Crisis Response and Trauma Services
 Schedule of Functional Expenses by Funding Sources
 Year Ended June 30, 2013

	Department of Health & Human Services	Mississippi Department of Mental Health	Other	Total
Salaries	\$ 124,649	\$ 23,865	\$ (334)	\$ 148,180
Payroll taxes	9,329	1,840	-	11,169
Employee benefits	40,715	5,646	-	46,361
Supplies and literature	5,626	-	-	5,626
Telephone	709	-	-	709
Conferences, conventions and meetings	7,701	-	-	7,701
Occupancy	15,225	-	-	15,225
Professional fees	48,647	-	-	48,647
Transportation and travel	10,312	-	-	10,312
Insurance	18	-	-	18
Printing	2,016	-	-	2,016
Total expenses before depreciation	264,947	31,351	(334)	295,964
Depreciation of plant and equipment	-	-	-	-
Totals	\$ 264,947	\$ 31,351	\$ (334)	\$ 295,964

CATHOLIC CHARITIES, INC.
 Children's Mental Health Services
 Hope Haven/Inpatient
 Schedule of Functional Expenses by Funding Sources
 Year Ended June 30, 2013

	Department of Mental Health	Department of Human Services	Federal Emergency Management Agency	Other	Total
Salaries	\$ 187,545	\$ 3,284	\$ -	\$ 216,589	\$ 407,418
Payroll taxes	15,529	318	-	19,788	35,635
Employee benefits	47,978	-	-	43,430	91,408
Supplies and literature	6,284	-	-	5,645	11,929
Telephone	1,315	-	-	4,495	5,810
Conferences, conventions and meetings	1,147	-	-	1,693	2,840
Subsistence, housing, medical and related subsidies	2,524	-	6,500	10,089	19,113
Occupancy	21,263	-	-	9,053	30,316
Professional fees	3,824	-	-	9,245	13,069
Transportation and travel	3,401	-	-	2,054	5,455
Insurance	-	-	-	348	348
Repairs and maintenance	13,886	-	-	6,491	20,377
Printing	520	-	-	102	622
Promotion and public relations	370	-	-	832	1,202
Total expenses before depreciation	305,586	3,602	6,500	329,854	645,542
Depreciation of plant and equipment	-	-	-	476	476
Totals	\$ 305,586	\$ 3,602	\$ 6,500	\$ 330,330	\$ 646,018

CATHOLIC CHARITIES, INC.
 Children's Mental Health Service
 Hope Haven/Outpatient
 Schedule of Functional Expenses by Funding Sources
 Year Ended June 30, 2013

	Mississippi Department of Mental Health	St. Dominic's	Other	Total
Salaries	\$ 157,516	\$ 44,760	\$ 74,866	\$ 277,142
Payroll taxes	12,457	3,539	5,992	21,988
Employee benefits	38,353	11,886	23,374	73,613
Supplies and literature	3,858	202	188	4,248
Telephone	-	-	4,808	4,808
Conferences, conventions and meetings	4,294	889	755	5,938
Subsistence, housing, medical and related subsidies	9,004	-	-	9,004
Occupancy	20,614	-	1,547	22,161
Professional fees	2,852	140	16,274	19,266
Transportation and travel	2,638	21,090	2,679	26,407
Insurance	254	-	-	254
Repairs and maintenance	-	-	75	75
Printing	1,656	-	911	2,567
Promotion and public relations	-	-	1,357	1,357
Total expenses before depreciation	253,496	82,506	132,826	468,828
Depreciation of plant and equipment	-	-	428	428
Totals	\$ 253,496	\$ 82,506	\$ 133,254	\$ 469,256

CATHOLIC CHARITIES, INC.
Alcohol/Drug Abuse
Born Free/New Beginnings
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Mississippi Department of Mental Health	Other	Total
Salaries	\$ 290,909	\$ -	\$ 290,909
Payroll taxes	24,710	-	24,710
Employee benefits	63,847	940	64,787
Supplies and literature	53,025	41	53,066
Telephone	6,257	-	6,257
Conferences, conventions and meetings	1,960	-	1,960
Subsistence, housing, medical and related subsidies	23,611	-	23,611
Equipment purchases	35,350	-	35,350
Occupancy	70,124	25	70,149
Professional fees	16,166	-	16,166
Transportation and travel	16,141	(156)	15,985
Insurance	502	-	502
Repairs and maintenance	15,367	-	15,367
Printing	18	-	18
Promotions and public relations	-	-	-
Total expenses before depreciation	617,987	850	618,837
Depreciation of plant and equipment	-	-	-
Totals	\$ 617,987	\$ 850	\$ 618,837

CATHOLIC CHARITIES, INC.
Disaster Preparedness
Schedule of Functional Expenses by Funding Sources
Year Ended June 30, 2013

	Catholic Charities USA	Donations/ Other	Total
Salaries	\$ 74,306	\$ -	\$ 74,306
Payroll taxes	6,052	-	6,052
Employee benefits	22,303	-	22,303
Supplies and literature	1,422	-	1,422
Telephone	930	-	930
Conferences, conventions and meetings	895	-	895
Subsistence, housing, medical and related subsidies	2,267	-	2,267
Equipment purchases	79	-	79
Occupancy	8,597	-	8,597
Professional fees	433	-	433
Transportation and travel	1,714	-	1,714
Insurance	69	-	69
Repairs and maintenance	90	-	90
Printing	569	-	569
Total expenses before depreciation	119,726	-	119,726
Depreciation of plant and equipment	-	-	-
Totals	\$ 119,726	\$ -	\$ 119,726



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catholic Charities, Inc.
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Home LLP".

Ridgeland, Mississippi
January 30, 2014

CATHOLIC CHARITIES, INC.

**Report on Compliance in
Accordance with OMB Circular A-133**

For the Year Ended June 30, 2013

CONTENTS

Independent Auditor's Report	1 – 3
Schedule of Expenditures of Federal Awards	4 – 6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings	8
Corrective Action Plan	9



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catholic Charities, Inc.
Jackson, Mississippi

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Organization as of and for the year ended June 30, 2013, and have issued our report thereon dated January 30, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Home LLP

Ridgeland, Mississippi
January 30, 2014

CATHOLIC CHARITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 6/30/2013	Federal Expenditures
Direct Programs				
Department of Health and Human Services				
2U79SM056091-09	93.243	09/30/2011-09/29/2013	\$ 588,000	\$ 286,947
				<u>286,947</u>
Department of Housing and Urban Development				
MS0005B4G001104	14.235	02/01/2012-01/31/2013	207,632	105,189
MS0005L4G001205	14.235	02/01/2013-01/31/2014	172,924	65,484
MS0027B4G011003	14.235	07/01/2012-06/30/2013	337,923	337,923
				<u>508,596</u>
Office of Justice Programs				
2010-WL-AX-0022	16.524	10/01/2010-09/30/2013	488,000	182,069
2005WH-AX-0036	16.736	09/01/2005-06/30/2013	458,177	58,229
2012-WH-AX-0075	16.736	10/01/2012-09/30/2015	300,000	36,776
2009-EH-S6-0028 (ARRA)	*16.805	07/01/2009-06/30/2013	536,734	218,099
2012-WM-AX-K015	16.888	10/01/2012-09/30/2014	300,000	29,590
				<u>524,763</u>
Federal Emergency Management Agency				
508902-011	97.024	04/01/2012-05/31/2013	6,500	6,500
508902-011	97.024	04/01/2012-05/31/2013	6,500	6,500
LRO 026	97.024	01/01/2012-03/31/2013	6,500	6,500
				<u>19,500</u>
Internal Revenue Service				
13LITC0171	21.008	01/01/2013-12/31/2013	30,000	9,165
				<u>9,165</u>
Total direct programs				<u>1,348,971</u>
Pass-Through Programs				
Mississippi Department of Education				
V0000717810	10.558	10/01/2011-09/30/2012	26,800	8,035
V0000717810	10.558	10/01/2012-09/30/2013	19,785	11,045
				<u>19,080</u>
Mississippi Development Authority				
1719-ESG-2721-12	14.321	08/31/2012-08/31/2013	75,000	45,819
1720-ESG-2721-11	14.321	08/31/2012-08/31/2013	100,000	23,392
				<u>69,211</u>
City of Jackson				
B-08-MC-280003	14.218	10/01/2011-09/30/2012	20,000	3,000
B-08-MC-280003	14.218	10/01/2011-09/30/2012	17,500	3,098
B-08-MC-280003	14.218	10/01/2011-09/30/2012	15,000	2,541
B-08-MC-280003	14.218	10/01/2012-09/30/2013	8,500	6,751
B-08-MC-280003	14.218	10/01/2012-09/30/2013	13,500	13,500
B-08-MC-280003	14.218	10/01/2012-09/30/2013	13,500	13,500
B-08-MC-280003	14.218	10/01/2012-09/30/2013	13,500	10,621
				<u>53,011</u>

CATHOLIC CHARITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 6/30/2013	Federal Expenditures
Mississippi Department of Public Safety				
10VA6021	16.573	07/01/2011-06/30/2012	\$ 100,258	\$ 496
11VA6021	16.573	07/01/2012-06/30/2013	103,858	78,808
09VA5131	16.575	07/01/2010-06/30/2011	182,759	-
10VA5131	16.575	07/01/2011-06/30/2012	182,108	1,486
11VA5131	16.575	07/01/2012-06/30/2013	150,122	145,446
10SX5131	16.588	06/01/2011-07/31/2012	25,862	1,535
11SV5131	16.588	07/01/2012-06/30/2013	45,063	42,763
11SV6021	16.588	07/01/2012-06/30/2013	30,116	29,489
11SX5131	16.588	06/01/2012-07/31/2013	20,841	18,834
11SX6021	16.588	08/01/2012-07/31/2013	13,523	9,098
				327,955
Mississippi Department of Health				
11000DVO	93.136	03/01/2012-10/31/2012	23,519	13,878
11000DVO	93.136	11/01/2012-10/31/2013	23,014	12,897
VF1/CE-001149-04	93.136	11/01/2011-10/31/2012	25,350	7,417
VF1/CE-001149-04	93.136	11/01/2012-10/31/2013	21,014	13,734
				47,926
Department of Human Services				
Hope Haven Residential	93.556	07/01/2012 - 06/30/2013	N/A	4,320
Therapeutic Foster Home	93.556	07/01/2008 - 06/30/2013	N/A	487,460
128F411	93.590	10/01/2012 - 09/30/2013	100,000	66,536
				558,316
Mississippi Department of Human Services				
128G121A	93.566	10/01/2011-09/30/2012	1,443,653	254,517
128G131A	93.566	10/01/2012-09/30/2013	1,446,644	890,237
				1,144,754
Mississippi Department of Health				
11000DVO	93.671	10/01/2011-09/30/2012	85,497	20,830
11000DVO	93.671	10/01/2012-09/30/2013	87,278	64,480
G1101MSFVPS	93.671	10/01/2011-09/30/2012	85,765	23,232
G1101MSFVPS	93.671	10/01/2012-09/30/2013	87,278	65,294
				173,836
Department of Mental Health				
8409-CMHS-CYS-23-12	93.958	04/01/2012-09/30/2013	279,745	235,017
8409-CMHS-CYS-23-13	93.958	04/01/2013-09/30/2013	135,000	15,579
8410-CMHS-CYS-23-12	93.958	04/01/2012-09/30/2013	42,258	37,731
8423-CMHS-CYS-23-11-MAP-11	93.958	04/01/2011-09/30/2012	13,000	1,303
8423-CMHS-CYS-23-11-MAP-12	93.958	04/01/2012-09/30/2013	13,000	3,006
8424-CMHS-CYS-23-09-MAP-11	93.958	04/01/2011-09/30/2012	27,857	1,258
8424-CMHS-CYS-23-09-MAP-12	93.958	04/01/2012-09/30/2013	27,857	25,815
8506-CMHS-CYS-23-TR-12	93.958	04/01/2012-09/30/2013	52,511	36,645
				356,354
Department of Mental Health				
7568-12SAPT-SWP3QTR-PG-59-19	93.959	04/01/2012-06/01/2013	202,774	198,523
7568-13SABG-SWP3QTR-PG-59-20	93.959	04/01/2013-06/01/2014	157,774	1,569
756912-SAPT-SWPHH-PG-59-19	93.959	04/01/2012-06/01/2013	363,943	350,058
7569-13SABG-SWPHH-PG-59-20	93.959	04/01/2013-06/01/2014	363,943	728
767112SAPT-HIV-EIS-59-12	93.959	04/01/2012-06/30/2013	77,832	75,491
				626,369

CATHOLIC CHARITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Granting Agency/ Grant Program/Grant-Contract Number	Federal CFDA Number	Grant/Contract Period	Grant/Grant Award as of 6/30/2013	Federal Expenditures
Mississippi State Department of Health				
11000DVO	93.991	10/01/2011-09/30/2012	\$ 9,125	\$ 2,129
11000DVO	93.991	10/01/2012-09/30/2013	7,372	5,587
40000DVO	93.991	10/01/2011-09/30/2012	9,125	1,248
40000DVO	93.991	10/01/2012-09/30/2013	7,372	6,794
				<u>15,758</u>
United Way				
LR0-003	97.024	04/01/2012-05/31/2013	3,000	3,227
LR0-003	97.024	01/01/2012-12/31/2012	4,857	6,419
				<u>9,646</u>
Total pass-through program				<u>3,402,216</u>
Total all programs				<u>\$ 4,751,187</u>

*CFDA represents American Recovery and Reinvestment Act ("ARRA") Funds.

N/A - The expenditures are based on a per diem rate per foster child.
Accordingly, a specified contract award balance is not applicable.

The accompanying Schedule of Federal Awards is prepared on the accrual basis.

CATHOLIC CHARITIES, INC.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	No
Identification of major programs:	
CFDA 14.235 Supportive Housing Program	
CFDA 16.805 Recovery Act Transitional Housing	
CFDA 93.556 Promoting Safe and Stable Families	
CFDA 93.566 Refugee and Entrant Assistance	
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Findings and Questioned Costs for Federal Awards

No matters were reported.

CATHOLIC CHARITIES, INC.
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2013

The Organization had no findings in the prior year.

CATHOLIC CHARITIES, INC.

Corrective Action Plan

Year Ended June 30, 2013

The current year organization-wide audit disclosed no significant findings, and no significant findings exist from prior year organization-wide audits. Accordingly, no corrective action plan is required.