

CATHOLIC CHARITIES OF BUFFALO, N.Y.

**FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

June 30, 2010

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Catholic Charities of Buffalo, N.Y.
Buffalo, New York

We have audited the accompanying combined balance sheets of Catholic Charities of Buffalo, N.Y. (Catholic Charities) as of June 30, 2010 and 2009, and the related combined statements of activities, cash flows and functional expenses for the years then ended. These combined financial statements are the responsibility of the management of Catholic Charities. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities as of June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United of America.



January 22, 2011

CATHOLIC CHARITIES OF BUFFALO, N.Y.

Combined Balance Sheets

June 30,	2010	2009
Assets		
Cash	\$ 10,123,862	\$ 11,056,842
Receivables, net (Note 2)	7,538,709	7,835,028
Prepaid Bishop's Fund	2,531,590	2,892,509
Prepaid expenses and other assets	67,551	84,081
Investments (Note 3)	14,249,807	13,522,250
Property and equipment, net (Note 5)	5,893,831	4,208,904
	<u>\$ 40,405,350</u>	<u>\$ 39,599,614</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 449,132	\$ 569,320
Accrued expenses	2,513,849	2,198,387
Deferred revenue	416,949	310,341
Long-term debt (Note 7)	32,074	51,465
Estimated third-party payor settlements - service fees	3,588,000	3,201,000
Postretirement health benefits (Note 11)	3,607,000	2,402,000
	<u>10,607,004</u>	<u>8,732,513</u>
Net assets:		
Unrestricted	17,712,516	18,358,974
Temporarily restricted (Note 8)	12,034,169	12,456,466
Permanently restricted (Note 9)	51,661	51,661
	<u>29,798,346</u>	<u>30,867,101</u>
	<u>\$ 40,405,350</u>	<u>\$ 39,599,614</u>

CATHOLIC CHARITIES OF BUFFALO, N.Y.

Combined Statements of Activities

For the years ended June 30,	2010	2009
Change in unrestricted net assets:		
Program support and revenue:		
Government grants	\$ 16,127,199	\$ 12,770,974
Service fees	5,980,960	6,624,728
Other income	479,717	1,000,581
Total support and revenue	<u>22,587,876</u>	<u>20,396,283</u>
Net assets released from restrictions	<u>11,169,291</u>	<u>10,659,337</u>
Total unrestricted support and revenue	<u>33,757,167</u>	<u>31,055,620</u>
Expenses:		
Program services	29,501,658	29,021,882
Administration	4,493,749	4,217,854
Fundraising	1,389,656	1,216,551
Total expenses	<u>35,385,063</u>	<u>34,456,287</u>
Deficiency of operating revenue over expenses	(1,627,896)	(3,400,667)
Nonoperating:		
Bequests and other contributions	1,476,258	8,194,644
Investment income (loss)	536,551	(136,133)
Total nonoperating	<u>2,012,809</u>	<u>8,058,511</u>
Change in unrestricted net assets	<u>384,913</u>	<u>4,657,844</u>
Change in temporarily restricted net assets:		
Annual appeal	10,346,353	10,419,521
Bequests and other contributions	119,000	154,951
Net change in value of assets held in trust	281,641	(464,766)
Net assets released from restrictions	<u>(11,169,291)</u>	<u>(10,659,337)</u>
Change in temporarily restricted net assets	<u>(422,297)</u>	<u>(549,631)</u>
Post-retirement benefit obligation (Note 11)	<u>(1,031,371)</u>	937,765
Change in net assets	(1,068,755)	5,045,978
Net assets - beginning	<u>30,867,101</u>	<u>25,821,123</u>
Net assets - ending	<u>\$ 29,798,346</u>	<u>\$ 30,867,101</u>

CATHOLIC CHARITIES OF BUFFALO, N.Y.

Combined Statements of Cash Flows

For the years ended June 30,	2010	2009
Operating activities:		
Change in net assets	\$ (1,068,755)	\$ 5,045,978
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net realized and unrealized (gains) losses on investments	(299,240)	551,488
Loss on disposal of assets	61,456	-
Depreciation	444,315	340,466
Net (appreciation) depreciation of assets held in trust	(281,641)	464,766
Donated property	-	(2,500,000)
Changes in other operating assets and liabilities:		
Receivables	296,319	(2,742,953)
Prepaid Bishop's Fund	360,919	194,021
Prepaid expenses and other assets	16,530	51,632
Accounts payable	(120,188)	262,228
Accrued expenses	315,462	229,752
Deferred revenue	106,608	(31,851)
Estimated third-party payor settlements - service fees	387,000	139,000
Postretirement health benefits	1,205,000	2,402,000
Net operating activities	1,423,785	4,406,527
Investing activities:		
Equipment purchases	(2,298,462)	(609,832)
Proceeds from sale of assets	107,764	-
Proceeds from sale of investments	4,322,100	5,928,775
Purchases of investments	(4,468,776)	(8,915,872)
Net investing activities	(2,337,374)	(3,596,929)
Financing activities:		
Principal payments on long-term debt	(19,391)	(17,045)
Net change in cash	(932,980)	792,553
Cash - beginning	11,056,842	10,264,289
Cash - ending	\$ 10,123,862	\$ 11,056,842

CATHOLIC CHARITIES OF BUFFALO, N.Y.

Combined Statement of Functional Expenses

For the year ended June 30, 2010

	Family Stability and Self-sufficiency	Bishop's Fund	Children's Services	Aging and Disabled Services	Mental Health	Neighborhood, Education and Counseling Services
Salaries and wages	\$ 5,408,932	\$ -	\$ 2,453,151	\$ 544,989	\$ 3,516,110	\$ 1,401,361
Payroll taxes and benefits	1,590,188	-	669,759	174,568	891,774	409,071
Other personnel costs	-	-	-	255,490	-	-
Total salaries and related benefits	6,999,120	-	3,122,910	975,047	4,407,884	1,810,432
Bishop's Fund	-	3,706,304	-	-	-	-
Rent	627,760	-	249,588	35,771	147,544	56,272
Client care expense	140,696	-	340,953	3,202	5,213	1,689
Food	157,359	-	29,981	61,374	2,349	80
Supplies	19,236	-	165,875	4,545	64,592	15,728
Telephone	212,302	-	85,148	26,939	140,377	37,146
Related party appeal allocations	-	-	-	-	-	-
Travel and conference	251,971	-	84,501	42,793	91,475	45,133
Purchased services	192,503	-	90,226	36,968	1,138,833	32,153
Auto and truck expense	1,715	-	3,370	4,773	-	-
Postage and freight	624	-	45	-	2,436	308
Repairs and maintenance	43,213	-	155,242	12,395	26,666	18,669
Advertising and promotion	2,834	-	5,057	6,335	13,110	4,568
Utilities	25,087	-	10,328	-	36,094	2,218
Insurance	32,981	-	27,775	13,462	45,005	5,813
Special programs and projects	-	-	-	-	-	-
Staff development	41,068	-	49,724	8,498	2,478	328
Dues and subscriptions	23,456	-	3,424	880	116	5,173
Bad debts	-	-	-	-	148,955	-
Other	38,752	-	9,238	254	50,639	1,039
Depreciation	49,735	-	12,199	19,159	98,963	-
	\$ 8,860,412	\$ 3,706,304	\$ 4,445,584	\$ 1,252,395	\$ 6,422,729	\$ 2,036,749

See accompanying notes.

Immigration and Resettlement	Basic Needs and Emergency Services	Volunteer and Community Services	Total Program Services	Administration	Fundraising	Total
\$ 599,107	\$ 178,573	\$ 405,809	\$ 14,508,032	\$ 1,798,976	\$ 507,374	\$ 16,814,382
200,840	67,225	84,880	4,088,305	669,748	87,406	4,845,459
-	-	9,490	264,980	-	-	264,980
799,947	245,798	500,179	18,861,317	2,468,724	594,780	21,924,821
-	-	-	3,706,304	-	-	3,706,304
89,166	-	29,194	1,235,295	74,907	1,239	1,311,441
574,616	93,712	6,132	1,166,213	2,428	1,086	1,169,727
100	9,442	4,329	265,014	-	-	265,014
2,766	14	733	273,489	178,485	23,570	475,544
21,369	7,135	17,543	547,959	40,063	13,605	601,627
-	-	-	-	-	127,311	127,311
42,186	5,889	21,538	585,486	51,584	3,926	640,996
163,431	1,470	9,685	1,665,269	213,090	44,076	1,922,435
9,913	-	4,640	24,411	31,659	629	56,699
-	-	401	3,814	40,633	138,545	182,992
22,548	9	15,856	294,598	161,083	3,464	459,145
395	-	4,808	37,107	137,321	332,998	507,426
-	-	16,836	90,563	188,349	-	278,912
6,565	966	10,183	142,750	10,693	4,353	157,796
96	-	411	507	-	-	507
372	-	2,195	104,663	54,133	16,629	175,425
691	16	268	34,024	6,258	1,767	42,049
-	-	-	148,955	385,253	-	534,208
6,696	250	1,908	108,776	217,715	73,878	400,369
5,392	-	19,696	205,144	231,371	7,800	444,315
\$ 1,746,249	\$ 364,701	\$ 666,535	\$ 29,501,658	\$ 4,493,749	\$ 1,389,656	\$ 35,385,063

CATHOLIC CHARITIES OF BUFFALO, N.Y.

Combined Statement of Functional Expenses

For the year ended June 30, 2009

	Family Stability and Self-sufficiency	Bishop's Fund	Children's Services	Aging and Disabled Services	Mental Health	Neighborhood, Education and Counseling Services
Salaries and wages	\$ 5,338,187	\$ -	\$ 1,220,668	\$ 484,848	\$ 3,438,869	\$ 1,274,710
Payroll taxes and benefits	2,536,236	-	604,522	258,867	1,541,336	595,708
Other personnel costs	-	-	-	350,007	-	-
Total salaries and related benefits	7,874,423	-	1,825,190	1,093,722	4,980,205	1,870,418
Bishop's Fund	-	3,806,764	-	-	-	-
Rent	631,908	-	62,500	4,443	154,430	56,613
Client care expense	82,306	-	317,331	5,593	21,327	963
Food	223,162	-	34,843	34,033	3,962	-
Supplies	14,201	-	66,565	6,763	64,431	13,761
Telephone	177,202	-	35,110	22,544	102,894	29,600
Related party appeal allocations	-	-	-	-	-	-
Travel and conference	243,362	-	30,413	43,633	92,314	34,424
Purchased services	128,635	-	43,527	8,699	1,071,996	166,524
Auto and truck expense	1,116	-	2,127	7,438	-	-
Postage and freight	617	-	19	-	3,474	1,405
Repairs and maintenance	128,741	-	19,612	7,174	43,930	8,964
Advertising and promotion	1,856	-	4,187	10,510	21,678	3,246
Utilities	23,620	-	5,000	-	41,067	2,144
Insurance	32,464	-	11,779	12,913	29,734	6,880
Staff development	37,033	-	1,887	7,486	3,544	4,147
Dues and subscriptions	6,450	-	675	652	1,047	1,612
Bad debts	524	-	-	-	86,414	2,830
Other	38,057	-	3,741	288	16,688	3,477
Depreciation	39,353	-	8,501	-	102,365	-
	\$ 9,685,030	\$ 3,806,764	\$ 2,473,007	\$ 1,265,891	\$ 6,841,500	\$ 2,207,008

See accompanying notes.

Immigration and Resettlement	Basic Needs and Emergency Services	Volunteer and Community Services	Total Program Services	Administration	Fundraising	Total
\$ 556,522	\$ 191,048	\$ 411,891	\$ 12,916,743	\$ 1,547,326	\$ 317,867	\$ 14,781,936
277,764	99,773	158,175	6,072,381	870,170	148,027	7,090,578
-	-	2,800	352,807	-	-	352,807
834,286	290,821	572,866	19,341,931	2,417,496	465,894	22,225,321
-	-	-	3,806,764	-	-	3,806,764
83,764	-	18,704	1,012,362	201,445	-	1,213,807
407,012	107,071	9,263	950,866	3,031	2,148	956,045
2,000	50,250	2,911	351,161	-	-	351,161
2,792	-	1,155	169,668	169,783	53,149	392,600
14,201	5,713	14,223	401,487	16,780	9,813	428,080
-	-	-	-	-	114,582	114,582
34,284	4,319	21,662	504,411	53,044	5,316	562,771
135,211	1,396	2,763	1,558,751	171,975	87,272	1,817,998
11,866	146	4,271	26,964	11,720	1,870	40,554
-	-	320	5,835	73,502	116,826	196,163
20,115	4,275	14,290	247,101	75,841	4,318	327,260
-	-	3,535	45,012	87,614	342,706	475,332
-	-	17,271	89,102	139,558	-	228,660
3,042	2,993	10,069	109,874	48,444	2,932	161,250
456	219	-	54,772	51,559	-	106,331
826	98	96	11,456	20,986	1,932	34,374
-	-	-	89,768	348,059	-	437,827
6,963	12	6,652	75,878	162,875	188	238,941
6,181	-	12,319	168,719	164,142	7,605	340,466
\$ 1,562,999	\$ 467,313	\$ 712,370	\$ 29,021,882	\$ 4,217,854	\$ 1,216,551	\$ 34,456,287

Notes to Combined Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Organization:

The combined financial statements include the accounts of Catholic Charities of Buffalo, N.Y. and its affiliated entities (collectively referred to as Catholic Charities) which provide a variety of community care services throughout Western New York State. Affiliated entities include:

Monsignor Carr Institute
Ladies of Charity of Buffalo, N.Y., Inc.
Holy Innocents Day Care Center

Catholic Charities coordinates an annual fund raising appeal and enters into agreements with federal, state and local government agencies to support its mission.

All significant interprogram and intercompany transactions have been eliminated in the accompanying combined financial statements.

Catholic Charities receives certain support services from the Diocese of Buffalo (the Diocese), an organization related through common Board members.

Tax Status:

Catholic Charities is a 501(c)(3) corporation exempt from income taxes under Section 501(a) of the Internal Revenue Code. Catholic Charities believes it is no longer subject to examination by Federal and State taxing authorities for years prior to 2007.

Subsequent Events:

Catholic Charities has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 22, 2011 (the date the financial statements were available to be issued).

Cash:

Cash in financial institutions in excess of insured limits may subject Catholic Charities to concentrations of credit risk at various times during the year.

Receivables:

Receivables from contributions, government grants, and service fees are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is recorded based on management's assessment of the collectability of individual account balances and historical trends. Amounts outstanding after management has used reasonable collection efforts are written off through a charge to allowance for bad debts and a credit to receivables.

Contributors to the annual appeal live primarily within the geographic boundaries of the Diocese. To the extent these contributors are subject to the economic conditions within the Diocese, the collectability of the contributions receivable is subject to these conditions as well.

Investments:

Investments in marketable securities are measured at fair value on a recurring basis as determined by quoted prices in active markets. Alternative investments consist of investments held in the St. Joseph Investment Fund (the Fund). The Fund was organized by the Diocese and provides diocesan organizations the opportunity to invest in diversified investment portfolios. Values of the alternative investments are based on Catholic Charities' contributions, plus its allocable share of the investment's net income or loss, less any withdrawals or distributions. The underlying holdings with the Fund include different types of investment strategies which are invested primarily in marketable securities which have quoted prices in active markets. Investment income is reported net of investment management fees. At June 30, 2010, substantially all of the Fund's investments are redeemable quarterly.

Investment managers follow investment guidelines described in the Fund's "Offering Circular and Investment Agreement," which also specifies a policy for the strategic allocation of Fund investments.

Operating and Nonoperating Activities:

Catholic Charities includes all revenue and expenses intended for program operations and the administration of the organization in operating activities.

Nonoperating activities primarily include contributions, bequests and investment income not used for purposes of programs or administration.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions.

Catholic Charities' annual appeal is conducted each Spring, and is substantially completed by May 1. The appeal proceeds are allocated to programs within Catholic Charities and the Bishop's Fund at the Diocese. Substantially all cash and pledges are reported as temporarily restricted net assets until the expiration of a time restriction on July 1 following each appeal.

Prepaid Bishop's Fund represents fiscal 2011 and 2010 allocations for the Diocese's Bishop's Fund that were disbursed in fiscal 2010 and 2009.

Catholic Charities' policy is to record contributed revenue and expense for only those specialized contributed services that it would otherwise be required to purchase at fair value had they not been contributed. However, a large number of volunteers have contributed significant time to the activities of Catholic Charities.

Property and Equipment:

Property and equipment is stated at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is provided over estimated service lives on the straight line basis. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Service Fees Revenue:

The majority of Catholic Charities' total service fees revenue is derived from patients admitted under Medicaid and other third-party insurance programs. Catholic Charities has agreements with third-party payers that provide for payments to Catholic Charities at amounts different from its established rates. Payment arrangements include prospectively determined rates per visit and discounted charges. Service fees revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Revenue from the Medicaid and Medicare programs accounted for approximately 52% of Catholic Charities' service fees for the year ended June 30, 2010 (55% in 2009). Laws and regulations governing the programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Deferred Revenue:

Funds received from government grants are considered earned and reported as revenue when Catholic Charities has incurred expenditures in compliance with specific grant requirements. Amounts received or receivable but not yet earned are reported as deferred revenue.

Use of Estimates:

The preparation of the combined 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 amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications:

The June 30, 2009 financial statements have been reclassified to conform with the presentation adopted for June 30, 2010.

2. Receivables:

	2010	2009
Contributions	\$ 2,621,331	\$ 2,545,927
Bequests	200,000	2,100,000
Service fee receivables	803,997	780,141
Government agencies and other	4,603,381	3,312,960
	<u>8,228,709</u>	<u>8,739,028</u>
Less allowance for uncollectible amounts	690,000	904,000
	<u>\$ 7,538,709</u>	<u>\$ 7,835,028</u>

3. Investments:

	2010	2009
Marketable securities:		
Money market funds	\$ 6,105,531	\$ 6,832,551
Corporate bonds	791,458	909,811
U.S. Government securities	1,743,697	1,456,763
Certificates of deposit	522,421	445,949
Mutual funds	1,034,354	55,361
Common stock	165,756	246,464
Assets held in trust (Note 4)	2,370,933	2,174,973
Alternative investments	1,515,657	1,400,378
	<u>\$14,249,807</u>	<u>\$13,522,250</u>

The following summarizes investment return included as unrestricted investment income (loss) in the statements of activities:

	2010	2009
Dividends and interest, net	\$ 237,311	\$ 415,355
Net realized and unrealized gains (losses)	299,240	(551,488)
	<u>\$ 536,551</u>	<u>\$ (136,133)</u>

4. Assets Held in Trust:

During 2004, Catholic Charities of Buffalo, N.Y. Foundation, Inc. was dissolved, and its assets were merged into The Foundation of the Roman Catholic Diocese of Buffalo, N.Y., Inc. (the Foundation), a not-for-profit corporation that maintains funds for the benefit of the Diocese and Catholic Charities. The Foundation may, at the discretion of its independent Board of Trustees, make unrestricted distributions to Catholic Charities not to exceed an amount determined by a formula based on three percent of annual investment revenue. Amounts held by the Foundation consist primarily of investments held in the Fund.

Most of the net assets held in trust by the Foundation are presented as temporarily restricted due to time restrictions imposed on the Foundation assets.

5. Property and Equipment:

	2010	2009
Land and buildings	\$7,069,752	\$4,887,340
Equipment and vehicles	2,602,679	2,613,461
Leasehold improvements	387,214	387,214
Construction in progress	129,915	341,523
	<u>10,189,560</u>	<u>8,229,538</u>
Less accumulated depreciation	4,295,729	4,020,634
	<u>\$ 5,893,831</u>	<u>\$ 4,208,904</u>

During 2009, Catholic Charities received a donation of a building with an estimated fair value of \$2,500,000. The building is used in the operations of Catholic Charities.

6. Short-Term Borrowings:

Catholic Charities has available a \$1,000,000 bank demand line of credit with interest payable at prime. The line is secured by investments, is subject to the usual terms and conditions applied by the bank for working capital financing, and is renewed annually. There were no outstanding borrowings on this line at June 30, 2010 or 2009.

7. Long-Term Debt:

Long-term debt consists of vehicle loans payable in aggregate monthly installments of \$1,854 including interest at 6.49% to 9.80% and maturing in 2012.

Subsequent to June 30, 2010, Catholic Charities entered into an agreement to acquire real property financed by a \$300,000, 15 year mortgage payable to the seller. The mortgage is payable in monthly installments of \$2,396 including interest at 5.15%.

8. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Annual appeal allocation to program services	\$ 5,770,644	\$ 6,397,634
Bishop's Fund	3,808,365	3,816,842
The Foundation	2,326,433	2,130,473
Other	128,727	111,517
	<u>\$ 12,034,169</u>	<u>\$12,456,466</u>

9. Permanently Restricted Net Assets:

Permanently restricted net assets are restricted to investment in perpetuity, with income expendable for student scholarships. The Board of Trustees has interpreted the State Uniform Management of Institutional Funds Act (Uniform Prudent Management of Institutional Funds Act effective September 17, 2010) as requiring the preservation of the fair value of the original gift as of the gift date of donor endowment funds, absent explicit donor stipulations to the contrary.

10. Pension:

Catholic Charities participates in the Diocese of Buffalo, N.Y. Retirement Plan for Lay Employees (the Plan). The Plan is noncontributory, and covers Catholic Charities' lay employees who have completed one year of service. Upon completion of five years of service, eligible employees become fully vested. Catholic Charities contributes a percentage of an eligible employee's salary to the Plan based on actuarial projections of future participant benefits and Plan assets. Participant benefits are contingent upon the sufficiency of Plan assets to meet future obligations. Contributions to the Plan totaled \$667,000 and \$427,000 for the years ended June 30, 2010 and 2009.

Catholic Charities also administers a noncontributory 403(b) plan for the benefit of employees. Employees may contribute a percentage of eligible salaries to the plan subject to certain limitations.

11. Postretirement Health Benefits:

Catholic Charities provides certain health care benefits for retirees who have reached age 65 and have been employed for 15 or 20 years depending on date of hire. Employees can retire at age 62 but are not eligible for benefits until age 65. Catholic Charities' policy is to fund these benefits as incurred. Although Catholic Charities historically provided retiree health care coverage prior to fiscal 2009, the long-term continuance of these benefits was uncertain. During 2009, Catholic Charities approved a formal plan to continue coverage at 75% of the cost of health insurance for qualified retirees hired prior to 2010, and 50% if hired subsequently. Accordingly a liability was recorded for these postretirement benefits beginning in 2009. Catholic Charities uses a June 30th measurement date for this plan.

The status of the postretirement health benefit plan at and for the years ended June 30, 2010 and 2009 is as follows:

	2010	2009
Accumulated postretirement benefit obligation (APBO)	<u>\$ 3,607,000</u>	<u>\$ 2,402,000</u>
Accrued postretirement health benefit obligation	<u>\$ 3,607,000</u>	<u>\$ 2,402,000</u>
Accumulated adjustment to unrestricted net assets	<u>\$ (93,000)</u>	<u>\$ 938,000</u>
Benefit cost	<u>\$ 240,000</u>	<u>\$ 372,000</u>
Benefits paid	<u>\$ 67,000</u>	<u>\$ 91,000</u>

At June 30, 2010 and 2009, the following items included as adjustments to unrestricted net assets had not yet been recognized as components of employee benefit expense:

	2010	2009
Net loss	<u>\$ (987,000)</u>	<u>\$ (20,000)</u>
Prior service credit	<u>894,000</u>	<u>958,000</u>
	<u>\$ (93,000)</u>	<u>\$ 938,000</u>

Weighted-average assumptions used to determine benefit obligation:

Discount rate	5.25%	6.0%
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Weighted-average assumptions used to determine net periodic benefit cost:

Discount rate	6.0%	6.0%
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Yearly health care premium increases were estimated at 10% for the first year, then grading down by 1/2% for each subsequent year until reaching a 5% floor.

Expected future benefit payments:

2011	\$ 85,000
2012	92,000
2013	101,000
2014	110,000
2015	121,000
2016-2020	<u>949,000</u>
	<u>\$ 1,458,000</u>

For 2010, a 1% increase in the trend rate for health care costs would have increased the APBO by approximately \$641,000.

12. Related Party Transactions:

Pursuant to a shared services agreement beginning in 2010, the Diocese provides certain administrative and support services to Catholic Charities related to the annual appeal. Allocated shared costs related to this agreement and payable to the Diocese at June 30, 2010 totaled \$321,179. Additionally, Catholic Charities reimbursed the Diocese for \$516,500 and \$479,400 for shared insurance costs in 2010 and 2009.

13. Lease Obligations:

Catholic Charities leases space and vehicles under the terms of various operating leases. Rental expense for all operating leases amounted to \$1,311,000 and \$1,214,000 for the years ended June 30, 2010 and 2009.

Future minimum rentals to be paid for noncancellable operating leases are:

2011	\$ 796,000
2012	688,000
2013	654,000
2014	613,000
2015	438,000
There after	<u>2,543,000</u>
	<u>\$ 5,732,000</u>

**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

The Board of Trustees
Catholic Charities of Buffalo, N.Y., Inc.
Buffalo, New York

Our report on our audits of the basic financial statements of Catholic Charities of Buffalo, N.Y. for 2010 and 2009 appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on page 13 is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Lumsden & McCormick, LLP

January 22, 2011

CATHOLIC CHARITIES OF BUFFALO, N.Y.

Additional Information
Combined Schedule of Operating Results by Program

For the year ended June 30, 2010

	Family Stability and Self-sufficiency	Bishop's Fund	Children's Services	Aging and Disabled Services	Mental Health	Neighborhood, Education and Counseling Services
Total support and revenue	\$ 9,785,657	\$ 3,706,304	\$ 4,498,087	\$ 1,284,835	\$ 6,137,237	\$ 2,394,367
Expenses:						
Salaries and wages	5,408,932	-	2,453,151	544,989	3,516,110	1,401,361
Payroll taxes and benefits	1,590,188	-	669,759	174,568	891,774	409,071
Other personnel costs	-	-	-	255,490	-	-
Total salaries and related benefits	6,999,120	-	3,122,910	975,047	4,407,884	1,810,432
Bishop's Fund	-	3,706,304	-	-	-	-
Rent	627,760	-	249,588	35,771	147,544	56,272
Client care expense	140,696	-	340,953	3,202	5,213	1,689
Food	157,359	-	29,981	61,374	2,349	80
Supplies	19,236	-	165,875	4,545	64,592	15,728
Telephone	212,302	-	85,148	26,939	140,377	37,146
Related party appeal allocations	-	-	-	-	-	-
Travel and conference	251,971	-	84,501	42,793	91,475	45,133
Purchased services	192,503	-	90,226	36,968	1,138,833	32,153
Auto and truck expense	1,715	-	3,370	4,773	-	-
Postage and freight	624	-	45	-	2,436	308
Repairs and maintenance	43,213	-	155,242	12,395	26,666	18,669
Advertising and promotion	2,834	-	5,057	6,335	13,110	4,568
Utilities	25,087	-	10,328	-	36,094	2,218
Insurance	32,981	-	27,775	13,462	45,005	5,813
Special programs and projects	-	-	-	-	-	-
Staff development	41,068	-	49,724	8,498	2,478	328
Dues and subscriptions	23,456	-	3,424	880	116	5,173
Bad debts	-	-	-	-	148,955	-
Other	38,752	-	9,238	254	50,639	1,039
Depreciation	49,735	-	12,199	19,159	98,963	-
Total expenses	8,860,412	3,706,304	4,445,584	1,252,395	6,422,729	2,036,749
Other adjustments:						
Post-retirement benefit obligation	(331,776)	-	(150,473)	(33,429)	(215,673)	(85,958)
Total income (loss)	\$ 593,469	\$ -	\$ (97,970)	\$ (989)	\$ (501,165)	\$ 271,660

See accompanying notes.

Immigration and Resettlement	Basic Needs and Emergency Services	Volunteer and Community Services	Total Program Services	Administration	Fundraising	Total 2010	Total 2009
\$ 2,694,876	\$ 367,513	\$ 658,492	\$ 31,527,368	\$ 2,359,551	\$ 1,460,760	\$ 35,347,679	\$ 38,564,500
599,107	178,573	405,809	14,508,032	1,798,976	507,374	16,814,382	14,781,936
200,840	67,225	84,880	4,088,305	669,748	87,406	4,845,459	7,090,578
-	-	9,490	264,980	-	-	264,980	352,807
799,947	245,798	500,179	18,861,317	2,468,724	594,780	21,924,821	22,225,321
-	-	-	3,706,304	-	-	3,706,304	3,806,764
89,166	-	29,194	1,235,295	74,907	1,239	1,311,441	1,213,807
574,616	93,712	6,132	1,166,213	2,428	1,086	1,169,727	956,045
100	9,442	4,329	265,014	-	-	265,014	351,161
2,766	14	733	273,489	178,485	23,570	475,544	392,600
21,369	7,135	17,543	547,959	40,063	13,605	601,627	428,080
-	-	-	-	-	127,311	127,311	114,582
42,186	5,889	21,538	585,486	51,584	3,926	640,996	562,771
163,431	1,470	9,685	1,665,269	213,090	44,076	1,922,435	1,817,998
9,913	-	4,640	24,411	31,659	629	56,699	40,554
-	-	401	3,814	40,633	138,545	182,992	196,163
22,548	9	15,856	294,598	161,083	3,464	459,145	327,260
395	-	4,808	37,107	137,321	332,998	507,426	475,332
-	-	16,836	90,563	188,349	-	278,912	228,660
6,565	966	10,183	142,750	10,693	4,353	157,796	161,250
96	-	411	507	-	-	507	-
372	-	2,195	104,663	54,133	16,629	175,425	106,331
691	16	268	34,024	6,258	1,767	42,049	34,374
-	-	-	148,955	385,253	-	534,208	437,827
6,696	250	1,908	108,776	217,715	73,878	400,369	238,941
5,392	-	19,696	205,144	231,371	7,800	444,315	340,466
1,746,249	364,701	666,535	29,501,658	4,493,749	1,389,656	35,385,063	34,456,287
(36,748)	(10,953)	(24,892)	(889,902)	(110,347)	(31,122)	(1,031,371)	937,765
\$ 911,879	\$ (8,141)	\$ (32,935)	\$ 1,135,808	\$ (2,244,545)	\$ 39,982	\$ (1,068,755)	\$ 5,045,978