

St. Joseph's Villa

Financial Statements
with Supplemental Information, Schedule of Expenditures
of Federal Awards, and Independent Auditors' Reports
Required by Government Auditing Standards,
and OMB Circular A-133
Years Ended June 30, 2009 and 2008

St. Joseph's Villa

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St. Joseph's Villa

Officers and Board of Directors

Officers As of June 30, 2009

	Darren J. Nolt Chairperson	
Kathleen Burke Barrett Executive Vice President	Richard J. Tarrant Secretary	Janice B. McNee Treasurer

Board of Directors

Jacqueline P. Bowles Ronald L. Carey John B. Catlett, Jr. Kathleen C. Duke James C. Farley, Jr. Robert A. Gary, IV	John C. Gentry, Chair Elect Catherine G. Hathaway W.O. Jones, III Jill Kennedy Harvey Latney, Jr. Robert E. Leitch, Jr.	David J. Lydiard William H. Millsaps Elizabeth V. Patton David D. Redmond Karl W. Werwath
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Independent Auditors' Report

Board of Directors
St. Joseph's Villa
Richmond, Virginia

We have audited the accompanying statements of financial position of St. Joseph's Villa as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of St. Joseph's Villa's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Joseph's Villa as of June 30, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Government Auditing Standards*, we have also issued our report dated December 17, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 17, 2009

June 30,**2009****2008**

Assets**Current assets**

Cash	\$ 143,125	\$ 1,575
Accounts receivable, net of allowance of approximately \$71,000 in 2009 and \$91,000 in 2008	988,438	1,038,942
Accounts receivable, related party	90,255	136,194
Current portion of Capital Campaign receivables, net	1,442,723	786,615
Real estate held for investment	299,812	207,708
Prepaid expenses and inventories	133,666	158,920
Total current assets	3,098,019	2,329,954

Property and equipment

Land	917,400	977,625
Buildings	8,387,094	8,381,055
Furniture and equipment	508,779	517,827
Vehicles	396,424	491,351
Construction in progress	372,255	71,496
	10,581,952	10,439,354
Less accumulated depreciation	6,570,927	6,285,391
Property and equipment, net	4,011,025	4,153,963

Other noncurrent assets

Long-term Capital Campaign receivables, net	1,847,755	1,283,221
Cash restricted to purchase of capital assets	1,622,991	195,069
Total noncurrent assets	3,470,746	1,478,290

Total assets	\$10,579,790	\$ 7,962,207
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St. Joseph's Villa

Statements of Financial Position

<i>June 30,</i>	2009	2008
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 217,909	\$ 217,481
Accounts payable, related party	54,043	179,685
Agency funds payable	20,982	9,563
Accrued vacation payable	211,052	202,888
Accrued salaries and benefits	188,524	130,215
Checks written against future deposits	-	17,564
Total current liabilities	692,510	757,396
Commitments		
Net assets		
Unrestricted - undesignated	4,386,594	4,640,779
Unrestricted -designated for investments	299,812	207,708
Temporarily restricted	5,200,874	2,356,324
Total net assets	9,887,280	7,204,811
Total liabilities and net assets	\$10,579,790	\$7,962,207

See accompanying summary of accounting policies and notes to financial statements.

<i>Year Ended June 30, 2009</i>	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ 2,292,570	\$3,203,265	\$ 5,495,835
Program service fees and grants			
Program service grants	1,185,635	—	1,185,635
Management fees, related parties	1,057,307	—	1,057,307
Program service fees	7,490,579	—	7,490,579
Miscellaneous	131,616	168	131,784
Net assets released from restrictions, satisfaction of purpose or time restrictions	358,883	(358,883)	—
Total support and revenue	12,516,590	2,844,550	15,361,140
Expenses			
Program services			
Child and family emergency shelter	665,949	—	665,949
Education	4,478,552	—	4,478,552
Children day and residential services	1,087,024	—	1,087,024
Day treatment	1,559,370	—	1,559,370
Transitional housing	1,484,749	—	1,484,749
Lewis children's center	1,408,867	—	1,408,867
Hollybrook I and II, low cost housing	160,674	—	160,674
Total program services	10,845,185	—	10,845,185
Supporting services			
Management and general	912,219	—	912,219
Development	921,267	—	921,267
Total supporting services	1,833,486	—	1,833,486
Total expenses	12,678,671	—	12,678,671
Change in net assets	(162,081)	2,844,550	2,682,469
Net assets, beginning	4,848,487	2,356,324	7,204,811
Net assets, ending	\$ 4,686,406	\$5,200,874	\$ 9,887,280

St. Joseph's Villa

Statements of Activities

<i>Year Ended June 30, 2008</i>	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ 2,940,114	\$2,298,200	\$ 5,238,314
Program service fees and grants			
Program service grants	981,213	58,124	1,039,337
Management fees, related parties	946,827	—	946,827
Program service fees	7,337,332	—	7,337,332
Miscellaneous	90,538	—	90,538
Net assets released from restrictions, satisfaction of purpose or time restrictions	70,578	(70,578)	—
Total support and revenue	12,366,602	2,285,746	14,652,348
Expenses			
Program services			
Child and family emergency shelter	802,859	—	802,859
Education	4,729,095	—	4,729,095
Children day and residential services	1,218,156	—	1,218,156
Day treatment	1,273,977	—	1,273,977
Transitional housing	1,463,931	—	1,463,931
Lewis children's center	1,323,756	—	1,323,756
Hollybrook I and II, low cost housing	146,695	—	146,695
Total program services	10,958,469	—	10,958,469
Supporting services			
Management and general	1,140,203	—	1,140,203
Development	611,224	—	611,224
Total supporting services	1,751,427	—	1,751,427
Total expenses	12,709,896	—	12,709,896
Change in net assets	(343,294)	2,285,746	1,942,452
Net assets, beginning	5,191,781	70,578	5,262,359
Net assets, ending	\$ 4,848,487	\$2,356,324	\$ 7,204,811

See accompanying summary of accounting policies and notes to financial statements.

Program Services

<i>Year Ended June 30, 2009</i>	Child and Family Emergency Shelter	Education	Children Day and Residential Services	Day Treatment	Transitional Housing
Salaries	\$321,377	\$2,291,249	\$ 525,546	\$ 893,824	\$ 487,559
Employee health and retirement benefits	40,371	324,722	50,667	71,702	76,626
Payroll taxes and other employee costs	33,250	351,068	58,889	117,907	43,893
Total employee costs	394,998	2,967,039	635,102	1,083,433	608,078
Professional fees	1,090	10,257	3,786	5,611	14,061
Supplies	58,121	254,199	70,443	53,660	4,161
Telephone	3,526	8,083	3,597	2,062	46
Postage	-	333	-	-	-
Occupancy	71,542	316,713	56,301	63,822	113,720
Equipment	1,410	12,368	7,322	2,761	299
Printing and publications	911	2,092	2,415	3,295	87
Travel	2,989	9,846	4,721	45,636	6,916
Conference, conventions and meetings	343	4,314	378	2,080	125
Special assistance to individuals	1,676	15,027	-	-	96,709
Membership dues	100	1,807	50	50	-
Recreation services	8,647	29,664	6,916	6,000	-
Administrative services	108,634	730,506	174,921	257,086	168,850
Miscellaneous	(2,184)	20,787	83,575	17,020	438,240
Total expenses before depreciation	651,803	4,383,035	1,049,527	1,542,516	1,451,292
Depreciation	14,146	95,517	37,497	16,854	33,457
Total expenses	\$665,949	\$4,478,552	\$1,087,024	\$1,559,370	\$1,484,749

St. Joseph's Villa

Statements of Functional Expenses

Supporting Services						
Lewis Children's Center	Hollybrook I and II, Low Cost Housing	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses
\$ 522,783	\$ 77,288	\$ 5,119,626	\$1,984,171	\$326,376	\$2,310,547	\$ 7,430,173
88,045	15,622	667,755	316,936	35,966	352,902	1,020,657
51,677	7,238	663,922	285,493	30,449	315,942	979,864
662,505	100,148	6,451,303	2,586,600	392,791	2,979,391	9,430,694
13,901	11,901	60,607	145,815	364,709	510,524	571,131
259,355	5,231	705,170	(407,900)	18,063	(389,837)	315,333
3,799	1,189	22,302	27,453	880	28,333	50,635
-	-	333	12,680	568	13,248	13,581
137,097	13,971	773,166	(92,380)	143	(92,237)	680,929
17,008	833	42,001	111,509	5,921	117,430	159,431
136	-	8,936	35,307	41,521	76,828	85,764
6,055	33	76,196	52,769	1,923	54,692	130,888
48	326	7,614	10,724	1,823	12,547	20,161
-	-	113,412	8,106	-	8,106	121,518
-	150	2,157	3,978	800	4,778	6,935
12,105	-	63,332	(63,332)	-	(63,332)	-
223,765	26,779	1,690,541	(1,774,293)	83,752	(1,690,541)	-
6,819	113	564,370	20,385	8,373	28,758	593,128
1,342,593	160,674	10,581,440	677,421	921,267	1,598,688	12,180,128
66,274	-	263,745	234,798	-	234,798	498,543
\$1,408,867	\$160,674	\$10,845,185	\$ 912,219	\$921,267	\$1,833,486	\$12,678,671

See accompanying summary of accounting policies and notes to financial statements.

Program Services

<i>Year Ended June 30, 2008</i>	Child and Family Emergency Shelter	Education	Children Day and Residential Services	Day Treatment	Transitional Housing
Salaries	\$385,305	\$2,224,864	\$ 522,299	\$ 669,078	\$ 478,968
Employee health and retirement benefits	54,935	281,934	48,855	50,079	79,934
Payroll taxes and other employee costs	37,275	423,841	58,809	122,297	41,520
Total employee costs	477,515	2,930,639	629,963	841,454	600,422
Professional fees	2,300	23,169	1,874	2,762	10,811
Supplies	77,703	320,225	63,692	52,320	12,845
Telephone	4,275	11,194	4,288	1,700	2,137
Postage	-	224	-	-	-
Occupancy	70,541	424,540	57,397	53,563	116,240
Equipment	2,272	13,315	13,121	2,553	179
Printing and publications	1,336	16,806	9,791	17,623	-
Travel	3,924	10,095	6,995	35,783	4,548
Conference, conventions and meetings	600	3,406	243	1,597	-
Special assistance to individuals	3,624	12,378	-	-	69,802
Membership dues	-	642	-	-	-
Recreation services	8,652	26,339	6,916	6,000	-
Administrative services	130,866	761,231	197,797	209,869	159,402
Miscellaneous	1,590	13,183	194,706	33,989	408,835
Total expenses before depreciation	785,198	4,567,386	1,186,783	1,259,213	1,385,221
Depreciation	17,661	161,709	31,373	14,764	78,710
Total expenses	\$802,859	\$4,729,095	\$1,218,156	\$1,273,977	\$1,463,931

St. Joseph's Villa

Statements of Functional Expenses

(continued)

Supporting Services						
Lewis Children's Center	Hollybrook I and II, Low Cost Housing	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses
\$ 507,767	\$ 61,556	\$ 4,849,837	\$2,047,171	\$130,507	\$2,177,678	\$ 7,027,515
96,271	14,787	626,795	332,297	14,049	346,346	973,141
50,437	8,395	742,574	241,804	11,705	253,509	996,083
654,475	84,738	6,219,206	2,621,272	156,261	2,777,533	8,996,739
2,927	15,399	59,242	144,229	356,793	501,022	560,264
218,602	4,579	749,966	(419,553)	5,339	(414,214)	335,752
4,364	1,376	29,334	37,312	3,201	40,513	69,847
—	—	224	16,268	1,085	17,353	17,577
134,614	13,378	870,273	68,253	834	69,087	939,360
3,615	750	35,805	59,263	5,041	64,304	100,109
6,499	1,713	53,768	50,499	9,308	59,807	113,575
4,928	193	66,466	66,143	234	66,377	132,843
127	120	6,093	11,750	2,774	14,524	20,617
33	—	85,837	5,584	—	5,584	91,421
—	—	642	2,740	531	3,271	3,913
12,105	—	60,012	(60,012)	—	(60,012)	—
208,888	24,449	1,692,502	(1,747,616)	55,114	(1,692,502)	—
2,151	—	654,454	52,782	9,743	62,525	716,979
1,253,328	146,695	10,583,824	908,914	606,258	1,515,172	12,098,996
70,428	—	374,645	231,289	4,966	236,255	610,900
\$1,323,756	\$146,695	\$10,958,469	\$1,140,203	\$611,224	\$1,751,427	\$12,709,896

See accompanying summary of accounting policies and notes to financial statements.

St. Joseph's Villa

Statements of Cash Flows

<i>Year Ended June 30,</i>	2009	2008
Operating activities		
Change in net assets	\$2,682,469	\$1,942,452
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	498,543	610,900
Provision for doubtful accounts	16,636	94,000
Discount amortization on pledges receivable	43,024	140,272
Loss on disposal of land	7,669	-
Changes in assets and liabilities:		
Accounts receivable	116,129	(31,913)
Pledges receivable	(1,299,989)	(2,223,431)
Prepaid expenses and inventories	25,256	(48,987)
Accounts payable	(125,215)	85,685
Agency funds payable	11,419	(18,806)
Accrued vacation payable	8,164	(23,158)
Accrued salaries and benefits	58,308	(3,912)
Checks written against future deposits	(17,564)	(82,253)
Cash provided by operating activities	2,024,849	440,849
Investing activities		
Purchase of property and equipment	(455,377)	(246,755)
Cash absorbed by investing activities	(455,377)	(246,755)
Financing activities		
Restricted cash for property, plant and equipment	(1,427,922)	(195,069)
Cash absorbed by financing activities	(1,427,922)	(195,069)
Net increase (decrease) in cash	141,550	(975)
Cash, beginning of year	1,575	2,550
Cash, end of year	\$ 143,125	\$ 1,575
Non cash transfer of property to real estate held for investment	\$ 92,104	\$ -

See accompanying summary of accounting policies and notes to financial statements.

St. Joseph's Villa

Summary of Significant Accounting Policies

Nature of Activities	<p>St. Joseph's Villa (the Villa) is a nonprofit corporation organized under the laws of the Commonwealth of Virginia for the purpose of providing for the health, education and general welfare of children and their families. The Villa serves families primarily in Virginia. The Villa is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.</p>
Basis of Presentation	<p>The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, <i>Financial Statements of a Not-for-Profit Organization</i>. Under SFAS No. 117, the Villa is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.</p> <p><u>Unrestricted Net Assets</u></p> <p>Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for general use by the Organization.</p> <p><u>Temporarily Restricted Net Assets</u></p> <p>Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Villa pursuant to those stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.</p> <p><u>Permanently Restricted Net Assets</u></p> <p>Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor otherwise removed by the Villa's actions. The Villa currently has no permanently restricted net assets.</p>
Financial Risk	<p>The Villa maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Villa has not experienced any losses in such accounts and management believes it is not exposed to any significant financial risk related to cash.</p>

St. Joseph's Villa

Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An accounts receivable is considered to be past due if any portion of the received balance is outstanding for more than 90 days. Interest is not charged on past due receivables.

Capital Campaign Receivables

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

The allowance method is used to determine the uncollectible amounts. The allowance is based upon management's estimate since there has been no prior year's experience or subsequent collections.

Investments

Investments in real estate are recorded at depreciated cost or at fair value at the time of purchase or donation to the Villa.

Property and Equipment

Property and equipment, including rental property, are stated at cost or appraised value, where appropriate. Depreciation is computed primarily by the straight-line method over the following estimated useful lives:

	Years
Buildings	5 – 50
Furniture and equipment	3 – 12
Vehicles	3 – 5

Valuation of Long-Lived Assets

The Villa accounts for the valuation of long-lived assets under Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of assets exceeds the estimated value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less cost to sell. Management has determined that there was no impairment in 2009 and 2008.

St. Joseph's Villa

Summary of Significant Accounting Policies (continued)

Contributions	<p>Contributions receivable, which include unconditional promises to give, are recognized as support and revenues in the period received at fair value. A promise to give is a written or oral agreement to contribute cash or other assets. However, to be recognized there must be sufficient evidence in the form of verifiable documentation that a promise was made and received.</p> <p>Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as the release from restrictions, indicating that restriction has been met.</p> <p>The Villa reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support (either temporarily or permanently, as specified by the donor's intentions).</p>
Revenue Recognition	<p>The Villa recognizes revenue from grants when earned and due to the Villa, when expenses related to the grants have been incurred. Program service revenue is also recognized when earned and due.</p>
Expenses	<p>Expenses are recognized during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.</p>
Functional Allocation of Expenses	<p>Functional expenses consist of direct allocated charges to programs and support services. The cost of providing various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services on an indirect cost allocation methodology.</p>
Use of Estimates	<p>The preparation of financial statements 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.</p>

St. Joseph's Villa

Summary of Significant Accounting Policies (continued)

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation had no sources of unrelated business income for the year ended June 30, 2009, and has elected to defer adoption of FASB Interpretation No. 48 (FIN 48) until after the current fiscal year. Management believes that there are no significant uncertain tax positions.

New Accounting Standards

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" (SFAS 165). SFAS 165 establishes standards under which an entity shall recognize and disclose events that occur after a balance sheet date but before the related financial statements are issued or are available to be issued. SFAS 165 is effective for fiscal years ending after June 15, 2009. Subsequent events have been evaluated by the Corporation through December 14, 2009.

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

St. Joseph's Villa

Notes to Financial Statements

1. **Defined Contribution Plan** The Villa has a defined contribution 403(b) retirement plan covering substantially all its full-time and certain part-time employees. Under the plan, the Villa contributes 5% of eligible employees' salaries. Contributions to the plan totaled \$196,285 and \$238,220 for the years ended June 30, 2009 and 2008, respectively. The contract is assigned to the employee and remains with them upon separation.

2. **Capital Campaign Receivables** Receivables from the Capital Campaign consist of the following:

<i>June 30,</i>	2009	2008
Capital Campaign receivables before unamortized discount and allowance for doubtful accounts	\$3,523,420	\$2,223,431
Less: unamortized discount	183,296	140,272
	3,340,124	2,083,159
Less: allowance for doubtful accounts	49,646	13,323
Net Capital Campaign receivables	3,290,478	2,069,836
Less: current portion	1,442,723	786,615
Long-term Capital Campaign receivables	\$1,847,755	\$1,283,221
Amounts due in:		
Less than one year	\$1,442,723	\$ 786,615
One to five years	2,031,051	1,423,493
More than five years	—	—
Less: unamortized discount	(183,296)	(140,272)
Net Capital Campaign receivables	\$3,290,478	\$2,069,836

The discount is calculated using a risk-free rate of 5.00% for the year ended June 30, 2009.

St. Joseph's Villa

Notes to Financial Statements

(continued)

3. **Program Service Grants** For the years ended June 30, 2009 and 2008, the Villa received the following grants and/or reimbursements to fund certain of its programs.

	2009	2008
USDA, Child and Adult Care Food Program	\$ 60,459	\$ 62,274
USDA, School Breakfast Program and National School Lunch Program	57,380	54,705
Virginia Department of Housing and Community Development		
Pass-through funds for Federal Shelter Support Grant (FSG)	45,018	54,743
Pass-through funds for Supportive Housing Program, Community Supportive Services	241,254	272,000
Share expansion and energy conservation grants	93,519	97,743
U.S. Department of Health and Human Services, Pass-through funds for Child Care for Homeless Children Program	63,260	36,261
U.S. Department of Housing and Urban Development	152,319	147,265
Community Development Block Grant	164,928	103,950
Homeless Children Advocate Grant	45,592	39,257
Child Services Coordinator Grant	16,020	22,245
Virginia School-Age Discretionary Grant	20,000	19,977
Henrico County Public Schools, Title One Pass-through funds for tutoring services for Homeless Education Act	18,780	24,546
The Community Foundation Grant	37,000	-
CapitalOne Grant	-	38,702
Universal Leaf	-	25,000
Memorial Foundation	-	25,000
Grants: Other	-	15,669
Foundation Grants	128,502	-
Kovar Grant	16,112	-
CapOne Work Program	10,824	-
Shelter Improvement Grant	14,668	-
	\$1,185,635	\$1,039,337

St. Joseph's Villa

Notes to Financial Statements

(continued)

4. Related Party Transactions

The Villa is associated with the following non-consolidated affiliated organizations: St. Joseph's Villa Foundation, St. Joseph's Villa Housing Corp. (T/A Hollybrook), St. Joseph's Villa Housing Corp. II (T/A Hollybrook II) and Flagler Home. Hollybrook and Hollybrook II provide low cost housing to the disabled and elderly, and Flagler Home provides intermediate-term transitional housing to homeless women and their children.

Transactions with these organizations included in the financial statements for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Income		
Contributions – unrestricted		
St. Joseph's Villa Foundation	\$1,829,562	\$2,336,000
Management fee income and/or reimbursement of expenses		
Flagler Home	886,563	805,505
Hollybrook	87,546	72,825
Hollybrook II	83,198	68,497
	1,057,307	946,827
Rent – Flagler Home	38,000	38,000
	\$2,924,869	\$3,320,827
Expenses		
Flagler Home	\$ 438,192	\$ 408,836
	\$ 438,192	\$ 408,836
Accounts receivable at June 30		
Flagler Home	\$ 70,840	\$ 59,904
Hollybrook	12,050	8,626
Hollybrook II	7,365	8,469
St. Joseph's Villa Foundation	–	59,195
	\$ 90,255	\$ 136,194
Accounts payable at June 30		
Flagler Home	\$ 54,043	\$ 179,685
	\$ 54,043	\$ 179,685

St. Joseph's Villa

Notes to Financial Statements (continued)

	2009	2008
Contributed capital at June 30		
Hollybrook	\$ 14,007	\$ 14,007
Hollybrook II	96,673	96,673
	\$110,680	\$110,680

In addition, during the year ended June 30, 2008, the Villa received a temporary restricted contribution in the amount of \$1.5 million from the St. Joseph's Villa Foundation for its Capital Campaign. The amount is included in contributions receivable at June 30, 2008 (see Note 6).

5. Commitments

The Villa leases copiers and fax machines for a monthly payment of \$1,508 per month through April, 2010.

In addition, beginning July 1, 2006, the Villa agreed to pay the previous Chief Executive Officer in a consulting capacity for a period up to ten years. If permanent disability occurs for the previous Chief Executive Officer during the 120 months that he serves in a consulting capacity, the Villa has agreed to pay the present value of any remaining consulting fees to be calculated using a 5% annual discount rate. The Villa is self-insured for this commitment.

St. Joseph's Villa entered into a cancelable contract with Community Counseling Service Co., LLC in July 2007 to provide professional fundraising services for a major capital projects campaign. The contract called for eighteen monthly payments of \$29,500, totaling \$531,000 (which is being funded by the Foundation). The contract was extended through June 2009 with monthly payments of \$30,000, and was further extended for the period July 1, 2009 through December 31, 2009 with monthly payments of \$5,000. The contract may be canceled by either party upon 60 days written notice.

6. Temporarily Restricted Net Assets

There were \$5,200,874 and \$2,356,324 of temporarily restricted net assets at June 30, 2009 and 2008, respectively. Any amounts to be used for the funding of program services during the next fiscal year represent a time restriction which results in temporarily restricted net assets. Amounts received in fiscal 2009 and 2008 relate primarily to the Villa's Capital Campaign and are restricted for the purpose of capital improvements. St. Joseph's Villa's use of these net assets, during the subsequent period or for the specified purpose, releases them from restriction resulting in their reclassification to unrestricted net assets.

St. Joseph's Villa

Notes to Financial Statements

(continued)

**6. Temporarily
Restricted
Net Assets
(continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors during 2009 and 2008 as follows:

	2009	2008
Purpose restrictions as accomplished		
Funding of programs	\$358,883	\$70,578



**Schedule of Expenditures
Of Federal Awards**



St. Joseph's Villa

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
Other Federal awards		
U.S. Department of Agriculture		
Direct Programs		
School Breakfast Program and National School Lunch Program	10.553 and 10.555	\$ 57,380
Child and Adult Care Food Program	10.558	60,459
Total U.S. Department of Agriculture		117,839
U.S. Department of Housing and Urban Development		
Direct Programs		
Supportive Housing Program – Transitional Housing Childcare	14.235	152,319
Supportive Housing Program – Community Supportive Services	14.235	241,254
Pass through Commonwealth of Virginia		
Department of Housing and Community Development		
Emergency Shelter Grant, ESG (formerly FSG)	14.231	45,018
Pass through Henrico County, Virginia		
Community Development Block Grant, CDBG	14.218	164,927
Total U.S. Department of Housing and Urban Development		603,518
U.S. Department of Education – McKinney/Vento Act, Title X		
Passed Through Commonwealth of Virginia, William & Mary		
School, of Ed; Henrico County Public Schools		
Homeless Child Advocate Grant, Project Hope	84.196	45,592
Title I Grant	84.010	18,780
Total U.S. Department of Education		64,372
U.S. Department of Health and Human Services		
Passed Through Commonwealth of Virginia		
Department of Social Services		
VA School Age Child Care Grant	93.575	20,000
Department of Housing & Community Development, TANF		
State Share Grant, SSG	93.558	64,474
Child Service Coordinator Grant, CSCG	93.558	16,020
Childcare for Homeless Children Program, CCHCP	93.575	63,260
Total U.S. Department of Health and Human Services		163,754
		\$949,483

St. Joseph's Villa

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Joseph's Villa and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Independent Auditors'
Reports Required by
Government Auditing
Standards and
OMB Circular A-133**



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*

Board of Directors
St. Joseph's Villa
Richmond, Virginia

We have audited the financial statements of St. Joseph's Villa (the Villa) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 17, 2009. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

continued...

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Villa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions, regulations, contracts and agents, 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 opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, audit committee, management, the Department of Housing and Urban Development, the Department of Agriculture, the Department of Education, and the Department and Health and Human Services, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in black ink that reads "BDO Seidman, LLP".

Certified Public Accountants

December 17, 2009
Richmond, Virginia

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors
St. Joseph's Villa
Richmond, Virginia

Compliance

We have audited the compliance of St. Joseph's Villa (the Villa) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The Villa's major program federal program is identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Villa's management. Our responsibility is to express an opinion on the Villa's compliance based on our audit.

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 Villa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Villa's compliance with those requirements.

In our opinion, the Villa complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

continued...

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended for the information and use of the Board of Directors, audit committee, management, the Department of Housing and Urban Development, the Department of Agriculture, the Department of Education, and the Department and Health and Human Services, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

December 17, 2009
Richmond, Virginia

St. Joseph's Villa

Schedule of Findings and Questioned Costs Year Ended June 30, 2009

Section I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not
considered to be material weakness(es)?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not
considered to be material weakness(es)?

_____ Yes X None Reported

Type of auditor's report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with OMB
Circular A-133 Section .510(a)?

_____ Yes X No

Identification of major programs:

CFDA Number

Name of Federal Program

14.235

Supportive Housing Program

Dollar threshold used to distinguish between
type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

St. Joseph's Villa

Schedule of Findings and Questioned Costs

Section II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Reportable Conditions in Internal Control

None reported

B. Compliance Findings

None reported

Section III. Federal Awards Findings and Questioned Costs

None reported

Section IV. Status of Prior Year Findings of Non-Compliance

There were no findings for Federal Awards as defined in Section .510(a) of Circular A-33 in the prior year.