

*Consolidated  
Financial Statements  
Year Ended  
June 30, 2010*

*St. Joseph's Villa*



Certified Public Accountants  
Specialized Services  
Business Solutions

# ***St. Joseph's Villa***

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*Report of Independent Auditors*



Board of Directors  
*St. Joseph's Villa*

Certified Public Accountants  
Specialized Services  
Business Solutions

We have audited the accompanying consolidated statement of financial position of *St. Joseph's Villa* as of June 30, 2010 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the management of *St. Joseph's Villa*. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of *St. Joseph's Villa* as of June 30, 2010, and the changes in net assets and cash flows for the year 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 November 3, 2010 on our consideration of *St. Joseph's Villa'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 consolidated financial statements taken as a whole. The consolidating information on pages 14 - 21 is presented for purposes of additional analysis of the consolidated financial statement rather than to present the financial position, results of activities, and cash flows of individual organizations. 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 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Goodman & Company LLP*

Richmond, Virginia  
November 3, 2010  
An independent firm associated with  
**MOORE STEPHENS**  
INTERNATIONAL LIMITED

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***St. Joseph's Villa***

***Consolidated Statement of Financial Position***

***June 30, 2010***

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*St. Joseph's Villa*

*Consolidated Statement of Financial Position*

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June 30, 2010

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**Assets**

**Current assets**

Cash and cash equivalents	\$ 738,156
Accounts receivable - net of allowance for uncollectible accounts of \$47,041	704,990
Current portion of capital campaign receivables - net	1,389,416
Prepaid expenses	130,129
Inventories	22,460
<b>Total current assets</b>	<u>2,985,151</u>

**Assets limited as to use**

Cash held for residents	24,249
Cash held in escrow	305,723
Cash held for capital campaign	2,817,153
<b>Total assets limited as to use</b>	<u>3,147,125</u>

**Property and equipment - net**

5,931,657

**Other assets**

Pledges receivable - less current portion	1,628,881
Real estate held for investment	294,834
<b>Total other assets</b>	<u>1,923,715</u>

\$ 13,987,648

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**Liabilities and Net Assets**

**Current liabilities**

Accounts payable - trade	\$ 567,552
Agency funds payable	9,575
Current portion of long-term debt	50,342
Accrued interest payable	14,411
Accrued salaries and benefits	188,925
Accrued vacation	168,102
Deferred revenue	1,486
<b>Total current liabilities</b>	<u>1,000,393</u>

**Long-term debt - less current portion**

1,920,781

**Other liabilities**

Funds held for residents	<u>13,927</u>
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**Total liabilities**

2,935,101

**Net assets**

Unrestricted - undesignated	5,071,425
Unrestricted - designated for investments	324,834
Temporarily restricted	<u>5,656,288</u>
<b>Total net assets</b>	<u>11,052,547</u>

\$ 13,987,648

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

*St. Joseph's Villa*

*Consolidated Statement of Activities*

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**Year Ended June 30, 2010**

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**Unrestricted revenue and support**

Program service fees and grants:

Program service grants	\$ 1,254,759
Program service fees	6,083,577
Net rental revenue	528,079
	<u>7,866,415</u>

Contributions and other revenue:

Contributions	2,335,698
Miscellaneous	147,673
Loss on sale of assets	(45,796)
Special events - net	35,999
Net assets released from restrictions	2,152,243
	<u>4,625,817</u>

**Total unrestricted revenues and support**

12,492,232

**Expenses**

Program services:

Children and family services	207,873
Education	3,953,653
Children day and residential services	855,586
Day treatment	1,577,477
Transitional housing	1,088,730
Hollybrook and Hollybrook II	147,053
Lewis Children's Center	1,036,182
Flagler Home	151,958
Housing Corporation	231,691
Housing Corp. II	185,167
	<u>9,435,370</u>

Supporting services:

Management and general	1,086,804
Fundraising	583,246
	<u>1,670,050</u>

**Total expenses**

11,105,420

**Change in unrestricted net assets (carried forward)**

1,386,812

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

*St. Joseph's Villa*

*Consolidated Statement of Activities (Continued)*

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**Year Ended June 30, 2010**

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<b>Change in unrestricted net assets (brought forward)</b>	<u>1,386,812</u>
<b>Temporarily restricted net assets</b>	
Investment income	9,194
Grant	568,024
Contributions - capital campaign	2,357,907
Net assets released from restrictions	<u>(2,152,243)</u>
<b>Change in temporarily restricted net assets</b>	<u>782,882</u>
<b>Change in net assets</b>	2,169,694
<b>Net assets - beginning of year</b>	<u>8,882,853</u>
<b>Net assets - end of year</b>	<u>\$ 11,052,547</u>

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

***St. Joseph's Villa***  
***Consolidated Statement of Functional Expenses***  
***Year Ended June 30, 2010***  
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*St. Joseph's Villa**Consolidated Statement of Functional Expenses*

Year Ended June 30, 2010

	Program Services					
	Child and Family Emergency Shelter	Education	Children Day and Residential Services	Day Treatment	Transitional Housing	Hollybrook I and II
Salaries	\$ 81,867	\$ 2,015,653	\$ 432,139	\$ 928,996	\$ 531,040	\$ 79,169
Employee benefits	13,791	279,514	45,110	70,572	79,611	16,102
Payroll taxes	5,691	264,112	41,346	80,708	42,919	5,784
<b>Total employee costs</b>	<b>101,349</b>	<b>2,559,279</b>	<b>518,595</b>	<b>1,080,276</b>	<b>653,570</b>	<b>101,055</b>
Professional fees	625	4,919	2,288	3,385	546	7
Supplies	18,408	212,496	73,113	57,405	14,447	5,078
Contracts	-	-	-	-	-	-
Telephone	1,419	2,188	742	1,213	-	198
Postage	-	-	-	17	20	-
Occupancy	32,718	320,796	59,833	57,882	115,752	15,270
Equipment	891	10,863	628	1,527	-	844
Printing and publications	-	862	597	3,531	180	-
Travel	1,257	13,636	5,526	62,302	4,425	-
Conference and meetings	194	3,580	291	1,956	-	92
Special assistance to individuals	554	3,229	-	-	94,144	-
Membership dues	20	2,449	-	100	-	-
Technology	-	1,489	179	734	-	-
Recreation services	3,546	44,817	766	8,085	-	-
Administrative services	32,480	641,237	137,732	260,869	175,438	24,509
Interest expense	-	-	-	-	-	-
Miscellaneous	1,418	25,584	26,100	25,933	20.00	-
<b>Total expenses before depreciation</b>	<b>194,879</b>	<b>3,847,424</b>	<b>826,390</b>	<b>1,565,215</b>	<b>1,058,542</b>	<b>147,053</b>
Depreciation	12,994	106,229	29,196	12,262	30,188	-
<b>Total expenses</b>	<b>\$ 207,873</b>	<b>\$ 3,953,653</b>	<b>\$ 855,586</b>	<b>\$ 1,577,477</b>	<b>\$ 1,088,730</b>	<b>\$ 147,053</b>

**Supporting Services**

Lewis Children's Center	Housing Corporation	Housing Corp II	Flagler Home	Total Program Services	Management and General	Fundraising	Total Expenses
\$ 428,577	\$ -	\$ -	\$ 3,222	\$ 4,500,663	\$ 1,990,249	\$ 368,145	\$ 6,859,057
68,078	-	-	-	572,778	300,334	33,372	906,484
38,193	-	-	-	478,753	172,819	28,532	680,104
534,848	-	-	3,222	5,552,194	2,463,402	430,049	8,445,645
7,696	11,500	11,500	11,455	53,921	133,415	52,613	239,949
153,556	19,712	4,523	18,495	577,233	(306,713)	2,353	272,873
-	38,456	12,392	-	50,848	-	-	50,848
1,473	-	-	694	7,927	13,856	1,567	23,350
-	-	-	-	37	12,226	464	12,727
105,339	25,195	19,940	67,935	820,660	(170,424)	-	650,236
2,716	-	-	11,226	28,695	35,467	912	65,074
37	-	-	111	5,318	56,424	19,223	80,965
13,501	-	-	11,042	111,689	46,250	732	158,671
199	-	-	-	6,312	9,819	1,278	17,409
-	-	-	14,735	112,662	3,478	-	116,140
-	-	-	-	2,569	26,183	829	29,581
200	-	-	4,227	6,829	40,790	2,327	49,946
9,988	-	-	-	67,202	(67,202)	-	-
166,460	-	-	-	1,438,725	(1,491,262)	52,537	-
-	84,307	90,546	-	174,853	-	-	174,853
2,749	3,354	2,444	1,324	88,926	55,811	13,020	157,757
998,762	182,524	141,345	144,466	9,106,600	861,520	577,904	10,546,024
37,420	49,167	43,822	7,492	328,770	225,284	5,342	559,396
\$ 1,036,182	\$ 231,691	\$ 185,167	\$ 151,958	\$ 9,435,370	\$ 1,086,804	\$ 583,246	\$ 11,105,420

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

*St. Joseph's Villa*

*Consolidated Statement of Cash Flows*

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**Year Ended June 30, 2010**

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**Cash flows from operating activities**

Change in net assets	\$ 2,169,694
Adjustments to reconcile to net cash from operating activities:	
Depreciation and amortization	559,396
Loss on disposition of property and equipment	45,796
Bad debt	46,290
Change in:	
Accounts receivable	251,351
Pledges receivable	272,181
Prepaid expenses	10,710
Inventories	(15,412)
Accounts payable	330,527
Agency funds payable	(11,407)
Accrued interest payable	(344)
Accrued salaries and benefits	401
Accrued vacation payable	(42,950)
Deferred revenue	1,033
Tenant security deposits - net	10,759
<b>Net cash from operating activities</b>	<u>3,628,025</u>

**Cash flows from investing activities**

Purchase of property and equipment	(223,800)
Change in construction-in-progress	(1,654,649)
Net increase in assets limited as to use	2,232
<b>Net cash from investing activities</b>	<u>(1,876,217)</u>

**Cash flows from financing activities**

Principal payments on long-term debt	(46,060)
Restricted cash for property and equipment	(1,194,162)
<b>Net cash from financing activities</b>	<u>(1,240,222)</u>

**Net change in cash and cash equivalents**

511,586

**Cash and cash equivalents - beginning of year**

226,570

**Cash and cash equivalents - end of year**

\$ 738,156

**Supplemental disclosure of cash flow information**

Cash paid for interest	\$ 175,197
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*The accompanying notes are an integral part of these consolidated financial statements.*

## *St. Joseph's Villa*

### *Notes to Consolidated Financial Statements*

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**June 30, 2010**

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#### **1. Organization and Nature of Activities**

*St. Joseph's Villa* (Organization) is a nonprofit corporation organized in 1834 for the primary purpose of providing for the health, education and general welfare of children and their families. The Villa serves families primarily in Virginia.

#### **2. Summary of Significant Accounting Policies**

##### **Principals of Consolidation**

The consolidated financial statements include the accounts of St. Joseph's Villa (Villa) and the following nonprofit organizations for which St. Joseph's Villa is the sole corporate member - Flagler Home (Home), St. Joseph's Villa Housing Corporation (Housing Corporation) (Hollybrook), and St. Joseph's Villa Housing Corp. II (Housing Corp. II) (Hollybrook II). All significant intercompany accounts and transactions have been eliminated in consolidation. The Home was organized in 1989 for the purpose of providing for the health and general welfare of homeless children and their families. Most of the Home's funding is contributed from the Flagler Foundation. Hollybrook and Hollybrook II were organized in 1984 and 1991, respectively, for the purpose of providing low cost housing for people with disabilities.

##### **Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

**Unrestricted** amounts are those net assets which are neither permanently restricted nor temporarily restricted by donor-imposed stipulations

**Temporarily restricted** amounts are those which 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 Organization pursuant to those stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

**Permanently restricted** amounts are those contributions whose use is limited by donor-imposed stipulations requiring the contribution be invested in perpetuity, the income of which is expendable in accordance with the condition of each specific donation. The Organization has no permanently restricted net assets as of June 30, 2010.

##### **Cash Equivalents**

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

## **Investments**

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

## **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. Allowance for uncollectible accounts is \$47,041 at June 30, 2010.

## **Capital Campaign Pledges Receivable**

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 uncollectible amounts, based on management's estimate. The allowance for uncollectible pledges is \$49,662 at June 30, 2010.

## **Property and Equipment**

Property and equipment, including rental property, are stated at cost or appraised value, where appropriate. Depreciation is computed by using the straight-line method over the estimated useful lives as follows for the major classes of assets:

Buildings and storage sheds	5 - 50 years
Land improvements	15 years
Furniture and equipment	3 - 12 years
Vehicles	3 - 5 years

Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred, while expenses for major improvements and renewals in excess of \$10,000 which extend the useful life of the assets are capitalized. When assets are sold or scrapped, any resulting gains or losses are included in income.

## **Assets Limited as to Use**

Assets limited as to use primarily include assets designated and held aside by a mortgagee for insurance premiums and to meet reserve requirements for the Department of Housing and Urban Development (HUD), amounts received from residents for security and other deposits, and amounts received from the capital campaign. Assets limited as to use are held in interest bearing cash accounts.

## **Contributions**

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.

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.

The Organization 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).

### **Advertising Costs**

The Organization expenses advertising costs as they are incurred. Advertising expense was \$65,988 for 2010.

### **Estimates**

The preparation of consolidated 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 the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

### **Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash balances in excess of \$250,000 per financial institution. The balances in financial institutions are insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation up to \$250,000. The Organization has cash and cash equivalents at a financial institution which is at times in excess of the insured limit. As of June 30, 2010, \$3,001,062 is in excess of the insured limit primarily related to the need for liquidity related to current construction. Accounts receivable are monitored by management for both collectibility and credit limits. Most accounts receivables are due from governmental entities which also reduces credit risk.

### **Income Taxes**

The Villa and its affiliates file separate returns as exempt organizations under Internal Revenue Section 501(c)(3) and the tax statutes of the Commonwealth of Virginia.

### **Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 3, 2010, the date the consolidated financial statements were available to be issued.

### **Reclassifications**

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

### 3. Housing Assistance Payment Contract

The U. S. Department of Housing and Urban Development (HUD) has contracted with Hollybrook and Hollybrook II to make housing assistance payments on behalf of qualified tenants. The contracts are subject to renewal, and if not renewed, could substantially impact the rental income of the properties. The contracts will expire December 2011 and April 2011 for Hollybrook and Hollybrook II, respectively. For 2010, Hollybrook and Hollybrook II received \$240,352 and \$176,147, respectively, in assistance payments.

### 4. Pledges Receivable

The Villa has pledges receivable at June 30, 2010 as follows:

	1 Year	2 – 5 Years	After 5 Years	Total
Gross pledges	\$ 1,389,416	\$ 1,749,299	\$ 37,500	\$ 3,176,215
Less – allowance				(49,662)
Less – valuation discounts				(108,256)
Net pledges receivable				<u>\$ 3,018,297</u>

Gross pledges receivable activity for 2010 is reflected in the table below:

	Temporarily Restricted
Gross pledges receivable - beginning of year	\$ 3,523,420
New pledges	1,320,000
Payments received	(1,663,707)
Pledges written off	(3,498)
Gross pledges receivable – end of year	<u>\$ 3,176,215</u>

### 5. Long-term Debt

Long-term debt consists of the following at June 30, 2010:

Mortgage note payable to the HUD due in monthly installments of \$9,443, including interest at a rate of 9.25%, and maturing in October 1, 2024. The note is collateralized by deed of trust on the Hollybrook land and buildings.	\$ 898,017
Mortgage note payable to HUD due in monthly installments of \$8,995, including interest at a rate of 8.375%, and maturing in November 1, 2031. The note is collateralized by deed of trust on the Hollybrook II land and buildings.	1,073,106
	<u>1,971,123</u>
Less – current portion	(50,342)
	<u>\$ 1,920,781</u>

The aggregate estimated annual principal maturities for subsequent years ending June 30 are as follows:

2011	\$ 50,342
2012	55,024
2013	60,141
2014	65,735
2015	71,752
Thereafter	<u>1,668,129</u>
	<u>\$ 1,971,123</u>

Under provisions of the regulatory agreement and mortgage loan agreement, Hollybrook and Hollybrook II are required to maintain reserve accounts for replacements, painting, and surplus cash. They are required to deposit \$866 and \$1,050, respectively, per month. Withdrawals from reserve funds require approval from HUD.

## 6. Property and Equipment

Major classes of property and equipment consist of the following at June 30, 2010:

Land	\$ 1,091,348
Land improvements	142,883
Buildings and storage sheds	10,637,436
Furniture and equipment	302,389
Computer equipment	264,811
Vehicles	396,424
Construction in progress	<u>2,026,904</u>
	14,862,195
Less - accumulated depreciation	<u>(8,930,538)</u>
	<u>\$ 5,931,657</u>

## 7. Related Party Transactions

The Villa is associated with the St. Joseph's Villa Foundation, a non-consolidated affiliated organization. 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. As of June 30, 2010, \$600,000 still remains payable to the Villa. The St. Joseph's Villa Foundation has also contributed to the Villa \$1,643,581 of unrestricted contributions and \$726,969 of restricted contributions during the year ended June 30, 2010.

## 8. Defined Contribution Plan

The Organization has a defined contribution 403(b) retirement plan covering substantially all its full-time and certain part-time employees. Under the plan, the Organization contributes a match up to 5% of eligible employees' salaries. Contributions to the plan totaled \$242,497 for the year ended June 30, 2010. The contract is assigned to the employee and remains with them upon separation.

## 9. Commitments

### *Construction*

At June 30, 2010, the Organization is committed with Kjellstrom & Lee Construction to complete construction on a new road and steam system. The total remaining commitment on this contract is \$6,994,178.

### *Office Equipment*

The Organization entered into an operating lease on August, 16, 2010 to lease copiers and fax machines. The first monthly payment for this lease will be in September 2010. Estimated future minimum lease payments under this long-term operating lease are as follows:

2011	\$	18,633
2012		22,360
2013		22,360
2014		22,360
2015		3,726
		<hr/>
	\$	89,439

### *Consulting and Fundraising*

Beginning July 1, 2006, the Organization agreed to make monthly payments of \$1,275 to 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 Organization has agreed to pay the present value of any remaining consulting fees to be calculated using a 5% annual discount rate. The Organization is self-insured for this commitment. Total future payments under this agreement are as follows:

2011	\$	15,300
2012		15,300
2013		15,300
2014		15,300
2015		15,300
Thereafter		7,650
		<hr/>
	\$	84,150

The Organization 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 was funded by the Foundation). The contract was extended through June 2009 with monthly payments of \$30,000, through December 31, 2009 with monthly payments of \$5,000, through May 15, 2010, with three payments of \$3,500, and through September 15, 2010 for two final payments of \$1,750 to be made on June 15, 2010 and September 15, 2010. The contract was terminated on September 15, 2010.

## 10. Temporarily Restricted Net Assets

As of June 30, 2010, net assets were temporarily restricted for the following purposes:

Capital Campaign	\$ 5,652,038
Grants	<u>4,250</u>
	<u>\$ 5,656,288</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors during 2010 as follows:

Purpose restrictions as accomplished -	
Capital Campaign	\$ 861,500
Steam system	726,969
Grants	<u>128,774</u>
	<u>\$ 1,717,243</u>

## 11. Board Designated Net Assets

As of June 30, 2010, the board of directors had designated net assets for the following purposes:

Capital Campaign	\$ 30,000
Investment in real estate	<u>294,834</u>
	<u>\$ 324,834</u>

## 12. Prior Period Adjustment

Beginning net assets have been restated to reflect the release of restriction of amounts available for release in prior years. The nature of the restrictions on these resources has been changed from temporarily restricted to unrestricted. The result was to increase unrestricted net assets and decrease temporarily restricted net assets by \$327,469.

\* \* \* \* \*

*St. Joseph's Villa*

*Supplementary Information*

*June 30, 2010*

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## ***Consolidating Statements***

***St. Joseph's Villa***

***Consolidating Statement of Financial Position***

***June 30, 2010***

***(Next Page)***

*St. Joseph's Villa*

*Consolidating Statement of Financial Position*

June 30, 2010

Assets	St. Joseph's Villa	Flagler Home	Housing Corporation	Housing Corp. II	Eliminations	Consolidated Total
<b>Current assets</b>						
Cash and cash equivalents	\$ 567,893	\$ 76,705	\$ 70,451	\$ 23,107	\$ -	\$ 738,156
Accounts receivable - net	693,012	966	5,465	5,547	-	704,990
Pledges receivable - current portion	1,389,416	-	-	-	-	1,389,416
Prepaid expenses	133,192	(1,006)	(1,776)	(281)	-	130,129
Inventories	22,460	-	-	-	-	22,460
<b>Total current assets</b>	<b>2,805,973</b>	<b>76,665</b>	<b>74,140</b>	<b>28,373</b>	<b>-</b>	<b>2,985,151</b>
<b>Assets limited as to use</b>						
Cash held for residents	8,880	-	7,660	7,709	-	24,249
Cash held for capital campaign	2,817,153	-	-	-	-	2,817,153
Restricted deposits	-	-	65,151	240,572	-	305,723
<b>Total assets limited as to use</b>	<b>2,826,033</b>	<b>-</b>	<b>72,811</b>	<b>248,281</b>	<b>-</b>	<b>3,147,125</b>
<b>Property and equipment - net</b>	<b>5,389,744</b>	<b>3,210</b>	<b>57,931</b>	<b>480,772</b>	<b>-</b>	<b>5,931,657</b>
<b>Other assets</b>						
Pledges receivable - less current portion	1,628,881	-	-	-	-	1,628,881
Real estate held for investment	294,834	-	-	-	-	294,834
<b>Total other assets</b>	<b>1,923,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,923,715</b>
<b>Due to/from related parties</b>						
Due from SJV	-	58,682	4,818	3,081	(66,581)	-
Due from Holly I	6,078	-	-	-	(6,078)	-
Due from Holly II	5,075	-	-	-	(5,075)	-
Due to Flagler	(58,682)	-	-	-	58,682	-
Due to Hollybrooks	(7,899)	-	-	-	7,899	-
Due to SJV	-	(49,146)	(6,078)	(5,075)	60,299	-
Due From Flagler	49,146	-	-	-	(49,146)	-
<b>Total due to/from related parties</b>	<b>(6,282)</b>	<b>9,536</b>	<b>(1,260)</b>	<b>(1,994)</b>	<b>-</b>	<b>-</b>
	<b>\$ 12,939,183</b>	<b>\$ 89,411</b>	<b>\$ 203,622</b>	<b>\$ 755,432</b>	<b>\$ -</b>	<b>\$ 13,987,648</b>

Liabilities and Net Assets	St. Joseph's Villa	Flagler Home	Housing Corporation	Housing Corp. II	Eliminations	Consolidated Total
<b>Current liabilities</b>						
Accounts payable	\$ 554,773	\$ 9,702	\$ 1,410	\$ 1,667	\$ -	\$ 567,552
Agency funds payable	9,575	-	-	-	-	9,575
Current portion of long-term debt	-	-	31,564	18,778	-	50,342
Accrued interest payable	-	-	6,922	7,489	-	14,411
Accrued salaries and benefits	188,925	-	-	-	-	188,925
Accrued vacation	168,102	-	-	-	-	168,102
Deferred revenue	1,000	-	350	136	-	1,486
<b>Total current liabilities</b>	<b>922,375</b>	<b>9,702</b>	<b>40,246</b>	<b>28,070</b>	<b>-</b>	<b>1,000,393</b>
<b>Long-term debt - less current portion</b>	<b>-</b>	<b>-</b>	<b>866,453</b>	<b>1,054,328</b>	<b>-</b>	<b>1,920,781</b>
<b>Other liabilities</b>						
Funds held for residents	-	-	6,651	7,276	-	13,927
<b>Total liabilities</b>	<b>922,375</b>	<b>9,702</b>	<b>913,350</b>	<b>1,089,674</b>	<b>-</b>	<b>2,935,101</b>
<b>Net assets</b>						
Unrestricted - undesignated	6,035,686	79,709	(709,728)	(334,242)	-	5,071,425
Unrestricted - designated for investments	324,834	-	-	-	-	324,834
Temporarily restricted	5,656,288	-	-	-	-	5,656,288
<b>Total net assets (deficit)</b>	<b>12,016,808</b>	<b>79,709</b>	<b>(709,728)</b>	<b>(334,242)</b>	<b>-</b>	<b>11,052,547</b>
	<b>\$ 12,939,183</b>	<b>\$ 89,411</b>	<b>\$ 203,622</b>	<b>\$ 755,432</b>	<b>\$ -</b>	<b>\$ 13,987,648</b>

*St. Joseph's Villa*

*Consolidating Statement of Activities*

**Year Ended June 30, 2010**

	St. Joseph's Villa	Flagler Home	Housing Corporation	Housing Corp. II	Eliminations	Consolidated Total
<b>Unrestricted revenue and support</b>						
Program service fees and grants:						
Program service grants	\$ 1,254,759	\$ 399,076	\$ -	\$ -	\$ (399,076)	\$ 1,254,759
Program service fees	6,269,985	-	-	-	(186,408)	6,083,577
Net rental revenue	-	-	292,287	235,792	-	528,079
	<u>7,524,744</u>	<u>399,076</u>	<u>292,287</u>	<u>235,792</u>	<u>(585,484)</u>	<u>7,866,415</u>
Contributions and other revenue:						
Contributions	2,218,785	116,913	-	-	-	2,335,698
Miscellaneous	93,963	8,327	21,967	23,416	-	147,673
Loss on sale of assets	(45,796)	-	-	-	-	(45,796)
Management fees, related parties	773,387	-	-	-	(773,387)	-
Special events - net	-	35,999	-	-	-	35,999
Net assets released from restrictions	1,717,243	435,000	-	-	-	2,152,243
	<u>4,757,582</u>	<u>596,239</u>	<u>21,967</u>	<u>23,416</u>	<u>(773,387)</u>	<u>4,625,817</u>
<b>Total unrestricted revenues and support</b>	<u>12,282,326</u>	<u>995,315</u>	<u>314,254</u>	<u>259,208</u>	<u>(1,358,871)</u>	<u>12,492,232</u>
<b>Expenses</b>						
Program services:						
Children and family services	207,873	-	-	-	-	207,873
Education	3,953,653	-	-	-	-	3,953,653
Children day and residential services	855,586	-	-	-	-	855,586
Day treatment	1,577,477	-	-	-	-	1,577,477
Transitional housing	1,487,806	-	-	-	(399,076)	1,088,730
Hollybrook and Hollybrook II	147,053	-	-	-	-	147,053
Lewis Children's Center	1,036,182	-	-	-	-	1,036,182
Flagler Home	-	890,433	-	-	(738,475)	151,958
Housing Corporation	-	-	323,608	-	(91,917)	231,691
Housing Corp. II	-	-	-	264,558	(79,391)	185,167
	<u>9,265,630</u>	<u>890,433</u>	<u>323,608</u>	<u>264,558</u>	<u>(1,308,859)</u>	<u>9,435,370</u>
Supporting services:						
Management and general	1,086,804	50,012	-	-	(50,012)	1,086,804
Fundraising	583,246	-	-	-	-	583,246
	<u>1,670,050</u>	<u>50,012</u>	<u>-</u>	<u>-</u>	<u>(50,012)</u>	<u>1,670,050</u>
<b>Total expenses</b>	<u>10,935,680</u>	<u>940,445</u>	<u>323,608</u>	<u>264,558</u>	<u>(1,358,871)</u>	<u>11,105,420</u>
<b>Change in unrestricted net assets</b>	<u>1,346,646</u>	<u>54,870</u>	<u>(9,354)</u>	<u>(5,350)</u>	<u>-</u>	<u>1,386,812</u>

*St. Joseph's Villa*

*Consolidating Statement of Activities (Continued)*

**Year Ended June 30, 2010**

	St. Joseph's Villa	Flagler Home	Housing Corporation	Housing Corp. II	Eliminations	Consolidated Total
<b>Change in unrestricted net assets</b>	1,346,646	54,870	(9,354)	(5,350)	-	1,386,812
<b>Temporarily restricted net assets</b>						
Investment income	9,194	-	-	-	-	9,194
Grants	133,024	435,000	-	-	-	568,024
Contributions	2,357,907	-	-	-	-	2,357,907
Net assets released from restrictions	(1,717,243)	(435,000)	-	-	-	(2,152,243)
<b>Change in temporarily restricted net assets</b>	782,882	-	-	-	-	782,882
<b>Change in net assets</b>	2,129,528	54,870	(9,354)	(5,350)	-	2,169,694
<b>Net assets (deficit) - beginning of year</b>	9,887,280	24,839	(700,374)	(328,892)	-	8,882,853
<b>Net assets (deficit) - end of year</b>	\$ 12,016,808	\$ 79,709	\$ (709,728)	\$ (334,242)	\$ -	\$ 11,052,547

*St. Joseph's Villa*

*Consolidating Statement of Functional Expenses*

*Year Ended June 30, 2010*

*(Next Page)*

*St. Joseph's Villa*

*Consolidating Statement of Functional Expenses*

**Year Ended June 30, 2010**

	<b>Program Services</b>		
	<b>St. Joseph's Villa</b>	<b>Flagler Home</b>	<b>Housing Corporation</b>
Salaries	\$ 4,497,441	\$ 266,685	\$ 34,687
Employee benefits	572,778	36,201	7,828
Payroll taxes	478,753	21,644	1,963
<b>Total employee costs</b>	<b>5,548,972</b>	<b>324,530</b>	<b>44,478</b>
Professional fees	19,466	73,855	11,500
Supplies	534,503	32,716	19,712
Contracts	-	-	72,759
Telephone	7,233	694	-
Postage	37	-	-
Occupancy	707,590	221,687	25,195
Equipment	17,469	11,226	-
Printing and publications	5,207	111	-
Travel	100,647	11,042	-
Conference and meetings	6,312	-	-
Special assistance to individuals	97,927	201,529	-
Membership dues	2,569	-	-
Technology	2,602	4,227	-
Recreation services	67,202	-	-
Administrative services	1,438,725	-	13,136
Interest expense	-	-	84,307
Miscellaneous	480,880	1,324	3,354
<b>Total expenses before depreciation</b>	<b>9,037,341</b>	<b>882,941</b>	<b>274,441</b>
Depreciation	228,289	7,492	49,167
<b>Total expenses</b>	<b>\$ 9,265,630</b>	<b>\$ 890,433</b>	<b>\$ 323,608</b>

<b>Management and General</b>							
Housing Corp. II	Total Program Services	St. Joseph's Villa	Flagler Home	Total Management and General	Fundraising	Eliminations	Total Expenses
\$ 34,686	\$ 4,833,499	\$ 1,990,249	\$ 39,003	\$ 2,029,252	\$ 368,145	\$ (371,839)	\$ 6,859,057
7,671	624,478	300,334	7,504	307,838	33,372	(59,204)	906,484
2,818	505,178	172,819	3,505	176,324	28,532	(29,930)	680,104
45,175	5,963,155	2,463,402	50,012	2,513,414	430,049	(460,973)	8,445,645
11,500	116,321	133,415	-	133,415	52,613	(62,400)	239,949
4,523	591,454	(306,713)	-	(306,713)	2,353	(14,221)	272,873
36,103	108,862	-	-	-	-	(58,014)	50,848
-	7,927	13,856	-	13,856	1,567	-	23,350
-	37	12,226	-	12,226	464	-	12,727
19,940	974,412	(170,424)	-	(170,424)	-	(153,752)	650,236
-	28,695	35,467	-	35,467	912	-	65,074
-	5,318	56,424	-	56,424	19,223	-	80,965
-	111,689	46,250	-	46,250	732	-	158,671
-	6,312	9,819	-	9,819	1,278	-	17,409
-	299,456	3,478	-	3,478	-	(186,794)	116,140
-	2,569	26,183	-	26,183	829	-	29,581
-	6,829	40,790	-	40,790	2,327	-	49,946
-	67,202	(67,202)	-	(67,202)	-	-	-
10,505	1,462,366	(1,491,262)	-	(1,491,262)	52,537	(23,641)	-
90,546	174,853	-	-	-	-	-	174,853
2,444	488,002	55,811	-	55,811	13,020	(399,076)	157,757
220,736	10,415,459	861,520	50,012	911,532	577,904	(1,358,871)	10,546,024
43,822	328,770	225,284	-	225,284	5,342	-	559,396
\$ 264,558	\$ 10,744,229	\$ 1,086,804	\$ 50,012	\$ 1,136,816	\$ 583,246	\$ (1,358,871)	\$ 11,105,420

***St. Joseph's Villa Schedules***

*St. Joseph's Villa*

*Schedule of Financial Position - St. Joseph's Villa*

<b>June 30,</b>	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 567,893	\$ 123,529
Accounts receivable - net	693,012	988,438
Current portion of capital campaign receivables - net	1,389,416	1,442,723
Prepaid expenses	133,192	126,618
Inventories	22,460	7,048
<b>Total current assets</b>	<b>2,805,973</b>	<b>2,688,356</b>
<b>Assets limited as to use</b>		
Cash held for residents	8,880	19,596
Cash held in escrow	2,817,153	1,622,991
<b>Total assets limited as to use</b>	<b>2,826,033</b>	<b>1,642,587</b>
<b>Property and equipment - net</b>	<b>5,389,744</b>	<b>4,011,025</b>
<b>Other assets</b>		
Pledges receivable - less current portion	1,628,881	1,847,755
Real estate held for investment	294,834	299,812
Due from related parties	(6,282)	36,012
<b>Total other assets</b>	<b>1,917,433</b>	<b>2,183,579</b>
	<b>\$ 12,939,183</b>	<b>\$ 10,525,547</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable - trade	\$ 554,773	\$ 217,709
Agency funds payable	9,575	20,982
Accrued salaries and benefits	188,925	188,524
Accrued vacation	168,102	211,052
Deferred revenue	1,000	-
<b>Total current liabilities</b>	<b>922,375</b>	<b>638,267</b>
<b>Net assets</b>		
Unrestricted - undesignated	6,035,686	4,714,063
Unrestricted - designated for investments	324,834	299,812
Temporarily restricted	5,656,288	4,873,405
<b>Total net assets</b>	<b>12,016,808</b>	<b>9,887,280</b>
	<b>\$ 12,939,183</b>	<b>\$ 10,525,547</b>

**St. Joseph's Villa**

**Schedule of Activities - St. Joseph's Villa**

<b>Years Ended June 30,</b>	<b>2010</b>	<b>2009</b>
<b>Unrestricted revenue and support</b>		
Program service fees and grants:		
Program service grants	\$ 1,254,759	\$ 1,185,635
Program service fees	6,269,985	7,490,579
	<u>7,524,744</u>	<u>8,676,214</u>
Contributions and other revenue:		
Contributions	2,218,785	2,222,317
Miscellaneous	93,963	131,616
Loss on sale of assets	(45,796)	-
Management fees, related parties	773,387	1,057,307
Net assets released from restrictions	1,717,243	663,395
	<u>4,757,582</u>	<u>4,074,635</u>
<b>Total unrestricted revenues and support</b>	<u>12,282,326</u>	<u>12,750,849</u>
<b>Expenses</b>		
Program services:		
Children and family services	207,873	665,949
Education	3,953,653	4,478,552
Children day and residential services	855,586	1,087,024
Day treatment	1,577,477	1,559,370
Transitional housing	1,487,806	1,484,749
Hollybrook and Hollybrook II	147,053	160,674
Lewis Children's Center	1,036,182	1,408,867
	<u>9,265,630</u>	<u>10,845,185</u>
Supporting services:		
Management and general	1,086,804	912,219
Fundraising	583,246	921,267
	<u>1,670,050</u>	<u>1,833,486</u>
<b>Total expenses</b>	<u>10,935,680</u>	<u>12,678,671</u>
<b>Change in unrestricted net assets (carried forward)</b>	<u>1,346,646</u>	<u>72,178</u>

*St. Joseph's Villa*

*Schedule of Activities - St. Joseph's Villa (Continued)*

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<b>Years Ended June 30,</b>	<b>2010</b>	<b>2009</b>
<b>Change in unrestricted net assets (brought forward)</b>	<u>1,346,646</u>	<u>72,178</u>
<b>Temporarily restricted net assets</b>		
Investment income	9,194	-
Grant	133,024	-
Miscellaneous	-	168
Contributions - capital campaign	2,357,907	3,273,518
Net assets released from restrictions	<u>(1,717,243)</u>	<u>(663,395)</u>
<b>Change in temporarily restricted net assets</b>	<u>782,882</u>	<u>2,610,291</u>
<b>Change in net assets</b>	2,129,528	2,682,469
<b>Net assets - beginning of year</b>	<u>9,887,280</u>	<u>7,204,811</u>
<b>Net assets - end of year</b>	<u>\$ 12,016,808</u>	<u>\$ 9,887,280</u>

***St. Joseph's Villa***

***Schedule of Functional Expenses - St. Joseph's Villa***

***Year Ended June 30, 2010***

***(Next Page)***

*St. Joseph's Villa*

*Schedule of Functional Expenses - St. Joseph's Villa*

**Year Ended June 30, 2010**

	<b>Program Services</b>			
	Child and Family Emergency Shelter	Education	Children Day and Residential Services	Day Treatment
Salaries	\$ 81,867	\$ 2,015,653	\$ 432,139	\$ 928,996
Employee benefits	13,791	279,514	45,110	70,572
Payroll taxes	5,691	264,112	41,346	80,708
<b>Total employee costs</b>	<b>101,349</b>	<b>2,559,279</b>	<b>518,595</b>	<b>1,080,276</b>
Professional fees	625	4,919	2,288	3,385
Supplies	18,408	212,496	73,113	57,405
Telephone	1,419	2,188	742	1,213
Postage	-	-	-	17
Occupancy	32,718	320,796	59,833	57,882
Equipment	891	10,863	628	1,527
Printing and publications	-	862	597	3,531
Travel	1,257	13,636	5,526	62,302
Conference and meetings	194	3,580	291	1,956
Special assistance to individuals	554	3,229	-	-
Membership dues	20	2,449	-	100
Technology	-	1,489	179	734
Recreation services	3,546	44,817	766	8,085
Administrative services	32,480	641,237	137,732	260,869
Miscellaneous	1,418	25,584	26,100	25,933
<b>Total expenses before depreciation</b>	<b>194,879</b>	<b>3,847,424</b>	<b>826,390</b>	<b>1,565,215</b>
Depreciation	12,994	106,229	29,196	12,262
<b>Total expenses</b>	<b>\$ 207,873</b>	<b>\$ 3,953,653</b>	<b>\$ 855,586</b>	<b>\$ 1,577,477</b>

<b>Supporting Services</b>						
Transitional Housing	Hollybrook and Hollybrook II	Lewis Children's Center	Total Program Services	Management and General	Fundraising	Total Expenses
\$ 531,040	\$ 79,169	\$ 428,577	\$ 4,497,441	\$ 1,990,249	\$ 368,145	\$ 6,855,835
79,611	16,102	68,078	572,778	300,334	33,372	906,484
42,919	5,784	38,193	478,753	172,819	28,532	680,104
653,570	101,055	534,848	5,548,972	2,463,402	430,049	8,442,423
546	7	7,696	19,466	133,415	52,613	205,494
14,447	5,078	153,556	534,503	(306,713)	2,353	230,143
-	198	1,473	7,233	13,856	1,567	22,656
20	-	-	37	12,226	464	12,727
115,752	15,270	105,339	707,590	(170,424)	-	537,166
-	844	2,716	17,469	35,467	912	53,848
180	-	37	5,207	56,424	19,223	80,854
4,425	-	13,501	100,647	46,250	732	147,629
-	92	199	6,312	9,819	1,278	17,409
94,144	-	-	97,927	3,478	-	101,405
-	-	-	2,569	26,183	829	29,581
-	-	200	2,602	40,790	2,327	45,719
-	-	9,988	67,202	(67,202)	-	-
175,438	24,509	166,460	1,438,725	(1,491,262)	52,537	-
399,096	-	2,749	480,880	55,811	13,020	549,711
1,457,618	147,053	998,762	9,037,341	861,520	577,904	10,476,765
30,188	-	37,420	228,289	225,284	5,342	458,915
\$ 1,487,806	\$ 147,053	\$ 1,036,182	\$ 9,265,630	\$ 1,086,804	\$ 583,246	\$ 10,935,680

*St. Joseph's Villa*

*Schedule of Expenditures of Federal Awards*

**Year Ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
<b>U.S. Department of Agriculture</b>		
Direct Programs		
School Breakfast Program and National School Lunch Program	10.553	\$ 34,665
Child and Adult Care Food Program	10.558	43,005
Passed Through Dori Foods - Region 2		
School Program USDA Food Commodities	10.550	7,202
		<u>84,872</u>
<b>U.S. Department of Housing and Urban Development</b>		
Direct Programs		
Supportive Housing Program - Trans Housing Childcare	14.235	51,916
Supportive Housing Program - Community Support	14.235	272,000
Passed Through Commonwealth of Virginia		
Passed Through Department of Housing and Community Development		
Emergency Shelter Grant	14.231	43,843
Passed Through Commonwealth of Virginia		
Passed Through Henrico County, VA		
Community Development Block Grant Gym Renovation	14.218	30,544
ARRA - Community Development Block Grant Ramps and Plumbing	14.218	84,019
Homeless Prevention Rapid Rehousing Title XII	14.257	5,912
<b>U.S. Department of Education</b>		
Passed Through Commonwealth of Virginia		
Passed Through College of William and Mary School of Education		
Passed Through Henrico County, VA		
Homeless Child Advocate Grant	84.196	56,642
Passed Through Henrico County, VA		
Title I Grant	84.010	33,366
ARRA Title X Part C	84.387	32,475
		<u>122,483</u>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Commonwealth of Virginia		
Passed Through Department of Housing and Community Development		
State Shelter Grant/Child Service Coordinator Grant	93.558	84,822
VA School Age Child Grant/Childcare for Homeless Children Program	93.575	50,900
Passed Through Department of Social Services		
VA School Age Child Grant/Childcare for Homeless Children Program	93.575	10,000
		<u>145,722</u>
		<u>\$ 841,311</u>

*Schedule of Expenditures of Federal Awards*

***St. Joseph's Villa***

***Notes to Schedule of Expenditures of Federal Awards***

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**June 30, 2010**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of ***St. Joseph's Villa*** under programs of the federal government for the year ended June 30, 2010. 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*. Because the schedule presents only a selected portion of the operation of ***St. Joseph's Villa***, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ***St. Joseph's Villa***.

## *Compliance*



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***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***

We have audited the financial statements of ***St. Joseph's Villa*** as of and for the year ended June 30, 2010, and have issued our report thereon dated November 3, 2010. 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 ***St. Joseph's 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 expressing an opinion on the effectiveness of ***St. Joseph's Villa's*** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ***St. Joseph's Villa's*** internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Goodman + Company LLP*

Richmond, Virginia  
November 3, 2010

***Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each  
Major Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133***

Board of Directors  
*St. Joseph's Villa*

***Compliance***

We have audited the compliance of *St. Joseph's Villa* 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 its major federal programs for the year ended June 30, 2010. *St. Joseph's Villa's* major federal programs are identified in the summary of auditor's 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 *St. Joseph's Villa's* management. Our responsibility is to express an opinion on *St. Joseph's 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. 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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about *St. Joseph's 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 *St. Joseph's Villa's* compliance with those requirements.

In our opinion, *St. Joseph's Villa* complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

***Internal Control Over Compliance***

The management of *St. Joseph's 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 *St. Joseph's 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, 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 *St. Joseph's Villa's* internal control over compliance. Accordingly, we do not express our opinion on the effectiveness of *St. Joseph's Villa'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.

Our consideration of the 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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 solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Goodman & Company LLP*

Richmond, Virginia  
November 3, 2010

*St. Joseph's Villa*

*Schedule of Findings and Questioned Costs*

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**Year Ended June 30, 2010**

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**1. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- a. An unqualified opinion was issued on the financial statements.
- b. There were no control deficiencies noted in internal control to disclose.
- c. The audit did not disclose any material noncompliance.

**Federal Awards**

- d. There were no control deficiencies noted in internal control over major programs to disclose.
- e. An unqualified opinion was issued on compliance for the major program.
- f. The audit did not disclose audit findings required to be reported.
- g. The major programs are:
  - 1) Supportive Housing Program - Trans Housing Childcare 14.235
  - 2) Supportive Housing Program - Community Support 14.235
  - 3) Community Development Block Grant Gym Renovation 14.218
  - 4) Community Development Block Grant Ramps and Plumbing 14.218
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The auditee did not qualify as a low-risk auditee.

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

- a. None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

- a. None

**4. DISPOSITION OF PRIOR YEAR FINDINGS**

- a. There were no prior year findings.