Audited Financial Statements
St. Joseph Center
Years ended June 30, 2012 and 2011
with Report of Independent Auditors

VASQUEZ & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

VASQUEZ
& COMPANY LLP
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Report of Independent Auditors

Board of Directors
St. Joseph Center

We have audited the accompanying statements of financial position of St. Joseph Center, a not-for-profit organization, as of June 30, 2012 and 2011 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 Center'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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Joseph Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Center as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of St. Joseph Center's internal control over financial reporting and 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 considered in assessing the results of our audits.

Vasquez + Company LLP

Los Angeles, California
December 5, 2012

		June 30		
		2012		2011
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**635,654**	$	396,387
Funds held for others		**1,369,176**		1,192,413
Accounts receivable, net		**703,400**		402,457
Pledges receivable		**204,047**		718,189
Current portion of long-term receivable		**33,000**		33,000
Prepaid expenses and other current assets		**17,029**		21,956
Total current assets		**2,962,306**		2,764,402
Property and equipment				
Land		**165,447**		165,447
Building		**9,228,457**		9,218,003
Furniture and equipment		**1,594,807**		1,520,242
Leasehold improvements		**278,314**		253,984
Vehicles		**180,506**		131,786
		11,447,531		11,289,462
Less accumulated depreciation and amortization		**(2,157,108)**		(1,751,682)
Property and equipment, net		**9,290,423**		9,537,780
Other assets				
Long-term receivable, net of current portion		**1,319,674**		1,320,107
Security deposit		**30,850**		30,344
Total other assets		**1,350,524**		1,350,451
Total assets	**$**	**13,603,253**	$	13,652,633
LIABILITIES AND NET ASSETS				
Current liabilities				
Current portion of notes payable	**$**	**85,950**	$	336,013
Accounts payable and accrued expenses		**520,573**		440,326
Funds held for others		**1,369,176**		1,192,413
Total current liabilities		**1,975,699**		1,968,752
Noncurrent liabilities				
Notes payable, net of current portion		**2,636,669**		2,666,993
Total liabilities		**4,612,368**		4,635,745
.				
Net assets				
Unrestricted		**7,055,272**		7,050,112
Temporary restricted		**1,935,613**		1,966,776
Total net assets		**8,990,885**		9,016,888
Total liabilities and net assets	**$**	**13,603,253**	$	13,652,633

See notes to financial statements.

	Years ended June 30	
	2012	2011
Changes in unrestricted assets		
Revenues, gains and other support		
Grants and contracts	**$ 3,893,617**	$ 3,478,675
Cash contributions	**1,161,087**	2,203,260
In-kind contributions	**712,986**	760,838
Fundraising events - net	**378,219**	329,530
Thrift store sales	**211,752**	267,012
Child care fees	**353,360**	155,093
Other revenues	**270,765**	7,784
Total revenues, gains and other support	**6,981,786**	7,202,192
Net assets released from restrictions	**602,477**	276,172
Total unrestricted revenues	**7,584,263**	7,478,364
Expenses		
Program services	**6,034,171**	5,730,768
General and administrative	**1,226,084**	1,512,740
Development	**318,848**	321,181
Total expenses	**7,579,103**	7,564,689
Change in unrestricted net assets	**5,160**	(86,325)
Temporarily restricted net assets		
Contributions	**571,314**	475,504
Net assets released from restrictions	**(602,477)**	(276,172)
Change in temporarily restricted net assets	**(31,163)**	199,332
Change in net assets	**(26,003)**	113,007
Net assets at beginning of year	**9,016,888**	8,903,881
Net assets at end of year	**$ 8,990,885**	$ 9,016,888

See notes to financial statements.

	Program Services	General and Administrative	Development	Total
Salaries	$ 2,604,541	$ 653,718	$ 187,157	$ 3,445,416
Payroll taxes and benefits	450,800	104,870	31,925	587,595
Sisters' stipends	24,605	44,565	-	69,170
Jesuit volunteers/interns	48,690	-	-	48,690
Client direct aid expenses	1,056,947	263	-	1,057,210
Rent-facilities and storage	215,409	7,065	107	222,581
Contracted services-subgrants	362,053	-	-	362,053
Outside services	284,574	85,797	16,076	386,447
Depreciation and amortization	336,132	46,627	22,667	405,426
Telephone	58,329	11,910	2,376	72,615
General liability/auto insurance	109,674	23,337	6,306	139,317
Fundraising expenses	-	2,979	16,841	19,820
Office and general supplies	47,631	25,217	2,306	75,154
Accounting	21,273	20,006	1,385	42,664
Worker's compensation insurance	48,084	10,081	2,359	60,524
Transportation	27,527	15,449	100	43,076
Non-capital equipment	30,869	3,226	903	34,998
Repairs and maintenance	54,588	15,164	3,251	73,003
Unemployment insurance	101,058	17,060	4,816	122,934
Utilities	51,803	6,651	2,603	61,057
Interest expense	65,286	65,089	7,482	137,857
Postage	4,662	2,545	1,113	8,320
Advertising/recruitment	287	3,011	-	3,298
Staff education	2,786	10,510	115	13,411
Printing and copying	2,877	387	169	3,433
Meals and entertainment	3,272	19,810	81	23,163
Bank charges	8,505	17,655	2,809	28,969
Dues and subscriptions	2,333	3,109	5,475	10,917
Conferences and meetings	4,368	5,350	-	9,718
Taxes and licenses	4,963	3,294	351	8,608
Miscellaneous	245	1,339	75	1,659
Total expenses	$ 6,034,171	$ 1,226,084	$ 318,848	$ 7,579,103

See notes to financial statements.

St. Joseph Center
Statement of Functional Expenses
Year ended June 30, 2011

	Program Services	General and Administrative	Development	Total
Salaries	$ 2,216,891	$ 724,530	$ 201,920	$ 3,143,341
Payroll taxes and benefits	402,609	113,963	35,312	551,884
Sisters' stipends	11,198	40,034	-	51,232
Jesuit volunteers/interns	58,879	817	-	59,696
Client direct aid expenses	1,204,994	-	-	1,204,994
Rent-facilities and storage	217,979	3,386	79	221,444
Contracted services-subgrants	320,248	-	-	320,248
Outside services	316,000	79,232	14,871	410,103
Depreciation and amortization	300,425	84,813	18,378	403,616
Telephone	49,031	21,722	1,476	72,229
General liability/auto insurance	101,084	21,979	4,534	127,597
Fundraising expenses	-	11,845	5,894	17,739
Office and general supplies	40,190	22,841	2,222	65,253
Accounting	18,927	18,150	1,203	38,280
Worker's compensation insurance	44,825	9,710	2,504	57,039
Transportation	27,223	12,041	77	39,341
Non-capital equipment	34,033	5,990	1,143	41,166
Repairs and maintenance	39,940	17,967	2,578	60,485
Unemployment insurance	118,946	27,691	8,913	155,550
Utilities	47,421	8,042	1,687	57,150
Interest expense	115,763	43,789	9,432	168,984
Postage	4,029	1,911	934	6,874
Advertising/recruitment	857	1,414	-	2,271
Staff education	2,378	5,514	64	7,956
Printing and copying	6,987	1,497	590	9,074
Meals and entertainment	3,090	14,643	73	17,806
Bank charges	6,807	9,205	1,184	17,196
Dues and subscriptions	1,841	3,777	5,866	11,484
Conferences and meetings	3,663	1,614	-	5,277
Taxes and licenses	8,748	13,896	247	22,891
Miscellaneous	5,762	190,727	-	196,489
Total expenses	$ 5,730,768	$ 1,512,740	$ 321,181	$ 7,564,689

See notes to financial statements.

	Years ended June 30 2012	2011
Cash flows from operating activities		
Change in net assets	**$ (26,003)**	$ 113,007
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**405,426**	403,616
Provision for doubtful accounts	**-**	189,675
Imputed interest on noninterest bearing note payable	**18,127**	20,155
Gain on forgiveness of note payable	**(60,000)**	(60,000)
Changes in operating assets and liabilities:		
Funds held for others	**(176,763)**	(21,402)
Accounts receivable	**(300,943)**	49,909
Pledges receivable	**514,142**	(179,467)
Prepaid expenses and other current assets	**4,927**	45,716
Security deposit	**(506)**	-
Long-term receivable	**433**	32,893
Accounts payable and accrued expenses	**80,247**	27,657
Funds held for others	**176,763**	21,402
Net cash provided by operating activities	**635,850**	643,161
Cash flows from investing activities		
Purchase of property and equipment	**(158,069)**	(33,538)
Cash used in investing activities	**(158,069)**	(33,538)
Cash from financing activities		
Payment of notes payable	**(238,514)**	(577,694)
Net cash used in financing activities	**(238,514)**	(577,694)
Net change in cash	**239,267**	31,929
Cash and cash equivalents at beginning of year	**396,387**	364,458
Cash and cash equivalents at end of year	**$ 635,654**	$ 396,387
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	**$ 137,857**	$ 148,829

See notes to financial statements.

NOTE 1 NATURE OF BUSINESS

Since 1976, St. Joseph Center has been meeting the needs of low-income and homeless individuals and families in Venice, Santa Monica, Mar Vista, and surrounding communities on the Westside of Los Angeles. The Center assists people without regard for religious affiliation or lack thereof through comprehensive case management and integrated social service programs, and enjoys broad-based community support as well as a sponsored relationship with its founders, the Sisters of St. Joseph of Carondelet. St. Joseph Center serves approximately 6,000 individuals annually.

The Center's program services are funded primarily through government grants along with contributions from private foundations and individual donors.

NOTE 2 DESCRIPTIONS OF PROGRAM SERVICES

Multifaceted intervention, prevention, and education services are carried out at four sites on the Westside of Los Angeles. St. Joseph Center's integrated programs (described below) provide clients with concentrated and coordinated access to services according to the nature of their needs.

<u>Intervention Services:</u>

Homeless Service Center - provides long-term case management aimed at permanent housing, offers referrals for critical services such as substance abuse treatment, and makes emergency services, such as shelter placement, showers, laundry, and mailboxes available to homeless individuals and families. More than 2,100 homeless individuals were served here in 2011-12.

Chronic Homeless Initiatives - reach out to the most vulnerable homeless individuals in Venice and Santa Monica and help them transition into permanent supportive housing.

Bread and Roses Café - serves hot, nutritious meals to homeless men, women, and children in a welcoming atmosphere of dignity and respect. At least 25,000 meals are provided annually.

Housing Services - assists people in securing and maintaining permanent housing.

Senior Services - provides case management to at-risk housed and homeless older adults, with an emphasis on eviction-prevention services and housing placement.

Monetary Advisory Program - provides at-risk mentally ill adults with case management, money management, financial literacy classes, along with help finding and maintaining housing.

Veterans Representative Payee Program - provides at-risk veterans with case management, money management, financial literacy classes, along with help finding and maintaining housing.

NOTE 2 DESCRIPTIONS OF PROGRAM SERVICES (Continued)

Prevention and Education Services:

Family Center and Food Pantry - serves working poor families and individuals with case management, groceries, emergency services, educational workshops, recreational opportunities that build family cohesion, and enrichment activities for youth ages 6-17. In fiscal year 2011-12, the Food Pantry distributed more than 20,000 bags of supplemental groceries.

Culinary Training Program - educates unemployed adults in food service and life skills and helps them obtain jobs. The program places an average of 70% of graduates in permanent employment.

Early Learning Center - provides enriched childcare and parent education that nurtures children's healthy development while promoting stability and self-sufficiency for their families.

Thrift Store:

St. Joseph Center also operates a Thrift Store at 1828 Lincoln Boulevard in Santa Monica, CA which offers great used items for sale at affordable prices. The thrift store is open to the public, and some donations to the store are used to provide clients with free clothing. Proceeds from the store help support the programs and services described above.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets: *unrestricted, temporarily restricted and permanently restricted net assets*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Center does not have any permanently restricted net assets at June 30, 2012 and 2011.

Method of Accounting

The Center's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status
The Center is exempt from federal income tax, California tax, federal unemployment tax, and various other federal, state and local taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Generally accepted accounting principles prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the years ended June 30, 2012 and 2011, the Center asserts that it had no unrecognized tax benefits or tax penalties or interest.

Cash and Cash Equivalents
For purposes of the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents.

Accounts Receivable
Accounts receivable consist of receivables recorded upon recognition of revenue based on contractual arrangements, reduced by reserves for estimated bad debts. Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is determined based on historical write-off experience, current customer or donor information and other relevant factors, including specific identification of past due accounts. Accounts are charged off against the allowance when the Center believes they are uncollectible.

Property and Equipment
Property and equipment are recorded at cost or, if donated, at estimated fair value at the date of donation. The costs of additions and betterments are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. The Center generally capitalizes assets with an original cost over $500. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The provision for depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets as follow:

Building and improvements	30-50 years
Automobiles, furniture, fixtures and equipment	3-10 years

Leasehold improvements are amortized using the useful life of the asset or the remaining lease term, whichever is shorter.

The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives. Fully depreciated assets are retained in the accounts until their retirement.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Salaries and related expenses are allocated to program services and supporting services on the basis of the actual time devoted to those activities. Other expenses have been charged directly or allocated using various bases as determined by management.

In certain instances, common expenses are incurred, which support the activities performed under several grants. In absence of agreements to the contrary, such expenses are allocated on the basis that appears most reasonable to management.

In-kind Contributions

In-kind contributions, including volunteer services and other non-cash contributions, when required by generally accepted accounting principles are reflected as contributions and expenses at their estimated fair values when received.

Contributions

Contributions primarily include unconditional transfers of cash or other assets. Contributions, whether temporarily restricted or unrestricted, are recognized as revenue when they are received. Unconditional promises to give are recorded at net realizable value on the date the promise is received.

Thrift Store Sales

Thrift store sales are measured at the fair value of the consideration received or receivable net of sales tax, trade discounts and customer returns.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Significant estimates include determination of accounts receivable allowance and imputed interest rate on non-interest bearing loan. Actual results could differ from those estimates.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Center reports its assets and liabilities that are measured at fair value using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At each reporting period, the Center performs a detailed analysis of its assets and liabilities that are measured at fair value. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3.

The Center's financial instruments include primarily cash and cash equivalents, grants receivable, and accounts payable and accrued liabilities. Because of the short-term nature of the cash, receivables, accounts payable and accrued liabilities, the carrying amounts of these assets and liabilities approximate their fair value, which require no further disclosure.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Center's investment in a single issuer.

Custodial Credit Risk

Custodial credit risk is the risk that the Center will not be able to (a) recover deposits if the depository financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial Credit Risk (continued)

Financial instruments that potentially subject the Center to credit risk are cash deposits with banks and other financial institutions that are in excess of the federally insured limit of $250,000. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The Center has no deposit account with a bank that exceeded the Federal Deposit Insurance Corporation insured limit.

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, accounts receivable consist of the following:

	June 30	
	2012	2011
Grants receivable	**$ 766,101**	$ 575,417
Accounts receivable - subgrantee	**29,299**	7,040
	795,400	582,457
Less allowance for doubtful accounts	**(92,000)**	(180,000)
	$ 703,400	$ 402,457

NOTE 5 PLEDGES RECEIVABLE

At June 30, pledges receivable consist of the following:

	June 30	
	2012	2011
Pledges receivable	**$ 204,047**	$ 818,189
Less allowance for doubtful accounts	**-**	(100,000)
	$ 204,047	$ 718,189

NOTE 6 FUNDS HELD FOR OTHERS

Funds held for others are maintained in separate bank accounts. Such funds consist of the following at June 30:

	June 30	
	2012	2011
Veterans Representative Payee Project:		
Individual accounts for clients	**$ 788,476**	$ 763,228
Client funds	**372,822**	269,837
Monetary Advisory Program Client Funds	**204,948**	146,029
Homeless Prevention	**-**	10,388
Client Rent Account	**2,930**	2,931
	$ 1,369,176	$ 1,192,413

NOTE 7 NOTES PAYABLE

As of June 30, notes payable consisted of:

	2012	2011
Unsecured note payable to East West Bank, bearing interest at prime plus 1%, requiring quarterly principal payments of $25,000 and matures on November 12, 2015. In 2011, the Center prepaid all the required $25,000 quarterly payments till 2015.	**$ 1,837,500**	$ 1,900,000
Unsecured line of credit to East West Bank, bearing interest at prime plus 1% and matures on November 12, 2015.	**-**	150,000
Non-interest bearing note payable to the Sisters of St. Joseph of Carondelet is unsecured; annual payment of $60,000 and shown net of unamortized discount on note payable amounting to $60,737 and $78,864 in 2012 and 2011, respectively.	**299,263**	341,136
Note payable to the Sisters of St. Joseph of Carondelet is unsecured; bearing interest at 4%, requiring monthly payments of $4,076; matures October 2028.	**585,856**	610,791
Truck loan payable to Ford Motor Credit, bearing interest at 10.17%, requiring monthly payments of $340, matures on September 23, 2012.	**-**	1,079
	2,722,619	3,003,006
Less current portion	**(85,950)**	(336,013)
	$ 2,636,669	$ 2,666,993

NOTE 7 NOTES PAYABLE (Continued)

Annual maturities of long-term debt are as follows:

Year ending June 30		
2013	$	85,950
2014		87,007
2015		88,108
2016		1,926,753
2017		90,445
Thereafter		505,093
		2,783,356
Less unamortized discount		(60,737)
	$	2,722,619

Interest payments made on debt obligations during the year ended June 30, 2012 and 2011 amounted to $135,726 and $148,830, respectively. As of June 30, 2012 and 2011, the Center has unused line of credit amounting to $350,000 and $200,000, respectively.

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of donor-restricted amounts received and/or pledged, which require the payment of specified program and capital campaign expenses in satisfaction of the restrictions. Temporarily restricted net assets at June 30, is composed of the following:

		2012		2011
Restricted to time	**$**	**1,380,737**	$	1,431,864
Capital campaign		**187,500**		-
Homeless Service Center		**195,495**		149,500
Bread and Roses		**27,555**		22,500
Food Pantry		**125,562**		20,000
Early Learning Center		**4,823**		25,750
Family Self Sufficiency		**-**		100,000
Affordable Housing Program		**-**		82,753
Food and Shelter		**-**		50,000
Eviction Prevention and Rental Assistance		**-**		44,398
Family Center		**-**		20,000
Culinary Training		**-**		5,000
Homeless Prevention		**13,941**		15,011
	$	**1,935,613**	$	1,966,776

NOTE 9 FUNDRAISING EVENTS - NET

Fundraising events net revenue for the years ended June 30 consisted of the following:

	2012	2011
Gross receipts:		
Dinner dance	**$ 455,909**	$ 417,943
Other	**46,541**	32,846
	502,450	450,789
Expenses		
Dinner dance	**120,365**	118,001
Other	**3,866**	3,258
	124,231	121,259
	$ 378,219	$ 329,530

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Center leases office and program spaces, and equipment under various leases. Rental expense for the years ended June 30, 2012 and 2011 related to these leases amounted to $222,581 and $221,444, respectively.

Future rental commitments under the lease agreements are as follow:

Year ending June 30	
2013	$ 250,267
2014	261,139
2015	185,185
2016	73,294
2017	1
	$ 769,886

From time to time, the Center is involved in various claims, disputes and actions arising in the normal course of business. In the opinion of management, the ultimate disposition of those matters will not have a material adverse effect on the Center’s financial position or results of activity.

NOTE 11 SUBSEQUENT EVENTS

The Center has evaluated events or transactions that occurred subsequent to the statement of financial position date through December 5, 2012 the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined that no other subsequent matters required disclosure or adjustment to the accompanying financial statements.

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Report of Independent Auditors 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 Center

We have audited the financial statements of St. Joseph Center, a California not-for-profit corporation, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. 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

Management of St. Joseph Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered St. Joseph Center'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 St. Joseph Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Joseph Center'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 Center'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 the use of the Board of Directors, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Vasquez + Company LLP

Los Angeles, California
December 5, 2012

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