

*Financial Report*

*Roman Catholic Church of the  
Archdiocese of New Orleans  
Administrative Offices*

*June 30, 2010*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/30/11



**Bourgeois Bennett**

Certified Public Accountants | Consultants  
A Limited Liability Company

## TABLE OF CONTENTS

### **Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices**

June 30, 2010 and 2009

|  | <u>Page<br/>Number</u> |
|--|------------------------|
| <b>Financial Section</b>                                       |                        |
| Independent Auditor's Report                                   | 1 - 2                  |
| <b>Exhibits</b>  |                        |
| A - Statements of Financial Position                           | 3                      |
| B-1 - Statement of Activities, June 30, 2010                   | 4 - 5                  |
| B-2 - Statement of Activities, June 30, 2009                   | 6 - 7                  |
| C - Statements of Cash Flows                                   | 8 - 9                  |
| D - Notes to Financial Statements                              | 10 - 45                |
| <b>Supplementary Information</b>                               |                        |
| <b>Schedules</b>   |                        |
| 1 - Schedule of Changes in Net Assets - Temporarily Restricted | 46                     |
| 2 - Schedule of Changes in Net Assets - Permanently Restricted | 47                     |
| 3 - Schedule of Expenses - Program Services                    | 48                     |
| 4 - Schedule of Expenses - Supporting Services                 | 49                     |
| 5 - Schedule of Investment Balances by Classification          | 50 - 53                |

**TABLE OF CONTENTS (Continued)**

**Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

June 30, 2010 and 2009

Page  
Number

**Special Reports of Certified Public Accountants**

|  |         |
|--|---------|
| Report on Internal Control Over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit<br>of Financial Statements Performed in Accordance<br>with <i>Government Auditing Standards</i> | 54 - 55 |
| Report on Compliance with Requirements That Could Have<br>a Direct and Material Effect on Each Major Program and<br>on Internal Control Over Compliance in Accordance with<br>OMB Circular A-133             | 56 - 58 |
| Schedule of Expenditures of Federal Award  | 59      |
| Notes to Schedule of Expenditures of Federal Award   | 60      |
| Schedule of Findings and Questioned Costs  | 61 - 63 |

**Reports By Management**

|  |         |
|--|---------|
| Schedule of Prior Year Findings and Questioned Costs         | 64      |
| Management's Corrective Action Plan on Current Year Findings | 65 - 66 |

**FINANCIAL SECTION**



Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Most Reverend Gregory M. Aymond,  
Archbishop of the Roman Catholic Church of  
the Archdiocese of New Orleans,  
New Orleans, Louisiana.

We have audited the accompanying statements of financial position of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Administrative Offices. 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 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 the Administrative Offices as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2010, on our consideration of the Administrative Offices' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules (Schedules 1 through 5) are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal award is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
November 17, 2010.

**STATEMENTS OF FINANCIAL POSITION****Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

June 30, 2010 and 2009

|   | <u>ASSETS</u>                            |                       |
|---|--|-----------------------|
|   | 2010                                     | 2009                  |
| Cash and cash equivalents   | \$ 12,063,908                            | \$ 5,091,249          |
| Grants receivable:  |  |                       |
| FEMA  | 976,357                                  | 2,916,429             |
| Other   | -  | 92,175                |
| Accounts receivable from affiliates and other   | 3,951,542                                | 3,602,911             |
| Prepaid expenses  | 1,392,847                                | 1,171,164             |
| Pledges receivable  | 1,171,986                                | 400,000               |
| Loans receivable from affiliates - less allowance for<br>doubtful receivables of \$12,127,269 and \$10,847,843<br>for 2010 and 2009, respectively | 56,512,993                               | 56,308,106            |
| Investments   | 193,394,362                              | 194,922,012           |
| Land, buildings, and equipment - less accumulated<br>depreciation of \$29,764,155 and \$28,705,247<br>for 2010 and 2009, respectively             | 44,566,441                               | 43,952,385            |
| Other assets  | 2,891,145                                | 2,994,945             |
| Beneficial interest in charitable remainder trust   | 437,334                                  | 419,099               |
|   | <u>\$ 317,358,915</u>                    | <u>\$ 311,870,475</u> |
|   | <b><u>LIABILITIES AND NET ASSETS</u></b> |                       |
| <b>Liabilities</b>  |  |                       |
| Accounts payable  | \$ 948,274                               | \$ 3,217,531          |
| Promises to give to affiliates - Pastoral Plan  | -  | 195,677               |
| Undistributed flood insurance proceeds due to affiliates  | 248,041                                  | 176,036               |
| Accrued expenses and other  | 3,233,796                                | 5,643,953             |
| Accrued liability for self-insured claims   | 7,508,453                                | 8,352,682             |
| Deposits payable to affiliates  | 100,282,834                              | 107,626,094           |
| Funds held for affiliates   | 47,223,170                               | 42,713,564            |
| Bonds payable   | 66,923,006                               | 68,130,330            |
| Accrued pension liability   | 28,265,869                               | 23,989,921            |
|   | <u>254,633,443</u>                       | <u>260,045,788</u>    |
| <b>Total liabilities</b>  |  |                       |
|   | <u>-</u>                                 | <u>-</u>              |
| <b>Commitments and Contingencies (Note 18)</b>  |  |                       |
|   | <u>-</u>                                 | <u>-</u>              |
| <b>Net Assets</b>   |  |                       |
| Unrestricted  | 35,894,494                               | 27,515,680            |
| Temporarily restricted  | 12,806,878                               | 10,288,575            |
| Permanently restricted  | 14,024,100                               | 14,020,432            |
|   | <u>62,725,472</u>                        | <u>51,824,687</u>     |
| <b>Total net assets</b>   |  |                       |
|   | <u>62,725,472</u>                        | <u>51,824,687</u>     |
| <b>Total liabilities and net assets</b>   | <u>\$ 317,358,915</u>                    | <u>\$ 311,870,475</u> |

See notes to financial statements.



Exhibit B-1  
(Continued)

2010

2009  
Comparative  
Totals

|   | Unrestricted       | Temporarily Restricted | Permanently Restricted | Totals             | 2009 Comparative Totals |
|---|--------------------|------------------------|------------------------|--------------------|-------------------------|
| Supporting services:  |                    |                        |                        |                    |                         |
| Administration  | 2,365,420          |                        |                        | 2,365,420          | 2,183,466               |
| Financial services  | 8,418,163          |                        |                        | 8,418,163          | 6,047,131               |
| Interest  | 3,094,751          |                        |                        | 3,094,751          | 3,148,041               |
| Interest expense - Deposit and Loan Fund  | 1,096,103          |                        |                        | 1,096,103          | 2,584,506               |
| Total supporting services expenses  | 14,974,437         | -                      | -                      | 14,974,437         | 13,963,144              |
| Total expenses  | 39,112,027         | -                      | -                      | 39,112,027         | 38,192,622              |
| <b>Income (Loss) From Operations</b>  | <b>(3,232,963)</b> | <b>282,318</b>         | <b>3,668</b>           | <b>(2,946,977)</b> | <b>(311,139)</b>        |
| <b>Non-Operating Revenues (Expenses)</b>  |                    |                        |                        |                    |                         |
| Investment income reduced (loss increased) by the portion of cumulative net investment income designated for current operations | 12,768,371         | 2,408,499              |                        | 15,176,870         | (23,818,273)            |
| Grants and donations related to hurricanes  | 9,982,078          | 1,055,553              |                        | 11,037,631         | 20,599,457              |
| Net assets released from restrictions - Hurricane Katrina   | 1,228,067          | (1,228,067)            |                        | -                  | -                       |
| Insurance proceeds  | 2,563,194          |                        |                        | 2,563,194          | 3,787,567               |
| Distributions of donations to affiliates  | (11,911,682)       |                        |                        | (11,911,682)       | (17,647,099)            |
| Total non-operating revenues - net  | 14,630,028         | 2,235,985              | -                      | 16,866,013         | (17,078,548)            |
| <b>Excess (Deficiency) of Revenue, Gains, and Other Support Over Expenses</b>   | <b>11,397,065</b>  | <b>2,518,303</b>       | <b>3,668</b>           | <b>13,919,036</b>  | <b>(17,389,687)</b>     |
| <b>Additional Minimum Pension Liability Adjustment</b>  | <b>(3,018,251)</b> |                        |                        | <b>(3,018,251)</b> | <b>(1,032,226)</b>      |
| <b>Increase (Decrease) in Net Assets</b>  | <b>8,378,814</b>   | <b>2,518,303</b>       | <b>3,668</b>           | <b>10,900,785</b>  | <b>(18,421,913)</b>     |
| <b>Net Assets</b>   |                    |                        |                        |                    |                         |
| Beginning of year   | 27,515,680         | 10,288,575             | 14,020,432             | 51,824,687         | 70,246,600              |
| End of year   | \$ 35,894,494      | \$ 12,806,878          | \$ 14,024,100          | \$ 62,725,472      | \$ 51,824,687           |

See notes to financial statements.

STATEMENT OF ACTIVITIES

**Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

For the year ended June 30, 2009

|   | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Totals       |
|---|--------------|---------------------------|---------------------------|--------------|
| <b>Revenue, Gains, and Other Support</b>  |              |                           |                           |              |
| Assessments to affiliated entities for:   |              |                           |                           |              |
| Archdiocesan support  | \$ 8,923,278 |                           |                           | \$ 8,923,278 |
| Priest health insurance and retirement<br>Insurance                             | 1,841,924    |                           |                           | 1,841,924    |
|   | 11,817,798   |                           |                           | 11,817,798   |
| Total assessments   | 22,583,000   |                           |                           | 22,583,000   |
| Bad debt recovery   | 2,607,632    |                           |                           | 2,607,632    |
| Contributions and grants  | 764,425      |                           |                           | 764,425      |
| Rents and royalties   | 974,533      | \$ 600,499                | \$ 1,555                  | 1,366,479    |
| Investment return - designated for current operations                           | 2,781,222    | 743,564                   |                           | 3,524,786    |
| Interest income - Deposit and Loan Fund   | 2,738,462    |                           |                           | 2,738,462    |
| Fees collected and other revenue  | 2,562,086    |                           |                           | 2,562,086    |
| Gain on sale of assets  | 1,529,570    |                           |                           | 1,529,570    |
| Changes in value of split-interest agreement                                    |              | (5,065)                   |                           | (5,065)      |
| Net assets released from restrictions -<br>satisfaction of program restrictions | 1,636,741    | (1,636,741)               |                           | -            |
| Total revenue, gains, and other support   | 38,177,671   | (297,743)                 | 1,555                     | 37,881,483   |
| <b>Expenses</b>   |              |                           |                           |              |
| Program services:   |              |                           |                           |              |
| Christian formation   | 3,410,079    |                           |                           | 3,410,079    |
| Clergy  | 6,407,768    |                           |                           | 6,407,768    |
| Community services  | 155,732      |                           |                           | 155,732      |
| Gifts and grants  | 205,240      |                           |                           | 205,240      |
| Insurance   | 13,030,341   |                           |                           | 13,030,341   |
| Pastoral services   | 926,387      |                           |                           | 926,387      |
| Religious   | 93,931       |                           |                           | 93,931       |
| Total program services expenses   | 24,229,478   | -                         | -                         | 24,229,478   |

Exhibit B-2  
(Continued)

|  | Unrestricted         | Temporarily Restricted | Permanently Restricted | Totals               |
|--|----------------------|------------------------|------------------------|----------------------|
| Supporting services:   |                      |                        |                        |                      |
| Administration   | 2,183,466            |                        |                        | 2,183,466            |
| Financial services   | 6,047,131            |                        |                        | 6,047,131            |
| Interest   | 3,148,041            |                        |                        | 3,148,041            |
| Interest expense - Deposit and Loan Fund   | 2,584,506            |                        |                        | 2,584,506            |
| Total supporting services expenses   | 13,963,144           | -                      | -                      | 13,963,144           |
| Total expenses   | 38,192,622           | -                      | -                      | 38,192,622           |
| <b>Income (Loss) From Operations</b>   | <u>(14,951)</u>      | <u>(297,743)</u>       | <u>1,555</u>           | <u>(311,139)</u>     |
| <b>Non-Operating Revenues (Expenses)</b>   |                      |                        |                        |                      |
| Investment loss increased by the portion of cumulative net investment income designated for current operations | (18,793,737)         | (5,024,536)            |                        | (23,818,273)         |
| Grants and donations related to hurricanes   | 16,389,562           | 4,209,895              |                        | 20,599,457           |
| Net assets released from restrictions - Hurricane Katrina  | 2,144,165            | (2,144,165)            |                        | -                    |
| Insurance proceeds   | 3,787,367            |                        |                        | 3,787,367            |
| Distributions of donations to affiliates   | (17,647,099)         |                        |                        | (17,647,099)         |
| Total non-operating revenues - net   | <u>(14,119,742)</u>  | <u>(2,958,806)</u>     | <u>-</u>               | <u>(17,078,548)</u>  |
| <b>Excess (Deficiency) of Revenue, Gains, and Other Support Over Expenses</b>                                  | <u>(14,134,693)</u>  | <u>(3,256,549)</u>     | <u>1,555</u>           | <u>(17,389,687)</u>  |
| <b>Additional Minimum Pension Liability Adjustment</b>   | <u>(1,032,226)</u>   |                        |                        | <u>(1,032,226)</u>   |
| <b>Increase (Decrease) in Net Assets</b>   | <u>(15,166,919)</u>  | <u>(3,256,549)</u>     | <u>1,555</u>           | <u>(18,421,913)</u>  |
| <b>Net Assets</b>  |                      |                        |                        |                      |
| Beginning of year  | 42,682,599           | 13,545,124             | 14,018,877             | 70,246,600           |
| End of year  | <u>\$ 27,515,680</u> | <u>\$ 10,288,575</u>   | <u>\$ 14,020,432</u>   | <u>\$ 51,824,687</u> |

See notes to financial statements.

**STATEMENTS OF CASH FLOWS****Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

For the years ended June 30, 2010 and 2009

|   | <u>2010</u>       | <u>2009</u>        |
|---|-------------------|--------------------|
| <b>Cash Flows From Operating Activities</b>   |                   |                    |
| Increase (decrease) in net assets   | \$ 10,900,785     | \$ (18,421,913)    |
| Adjustments to reconcile increase (decrease) in net assets<br>to net cash used in operating activities: |                   |                    |
| Federal grants restricted for building construction   | -                 | (1,600,003)        |
| Depreciation and amortization   | 1,232,104         | 1,028,261          |
| Bond premium amortization   | (67,324)          | (68,483)           |
| Asset retirement obligation accretion   | 33,793            | 32,184             |
| Provision for doubtful receivables - net  | 1,279,426         | (2,393,603)        |
| Net gain from sale of assets  | (56,117)          | (1,529,570)        |
| Unrealized (gains) losses on investments  | (12,119,178)      | 19,585,653         |
| Increase in accrued pension liability   | 4,275,948         | 2,516,899          |
| Change in beneficial interest in charitable remainder trust   | (18,235)          | 5,065              |
| Contributions restricted for long-term investments  | (3,668)           | (1,555)            |
| Changes in operating assets and liabilities:  |                   |                    |
| Increase in grants, accounts and other,<br>and pledges receivable                                       | (140,464)         | (1,840,402)        |
| Increase in prepaid expense and<br>other assets   | (221,681)         | (248,677)          |
| Decrease in accounts payable, promises to give,<br>accrued expenses, and other                          | (5,753,113)       | (854,357)          |
| Net cash used in operating activities   | <u>(657,724)</u>  | <u>(3,790,501)</u> |
| <b>Cash Flows From Investing Activities</b>   |                   |                    |
| Collection on loans to affiliates   | 16,000,050        | 35,009,766         |
| Loans made to affiliates  | (17,484,364)      | (24,619,510)       |
| Decrease in investments - net   | 13,550,475        | 11,464,375         |
| Proceeds from sale of land, buildings, and equipment  | 56,117            | 1,619,570          |
| Purchase of land, buildings, and equipment  | (1,742,360)       | (2,904,718)        |
| Decrease in investments restricted for debt service   | 96,352            | 135,327            |
| Net cash provided by investing activities   | <u>10,476,270</u> | <u>20,704,810</u>  |

**Exhibit C  
(Continued)**

|  | 2010          | 2009         |
|--|---------------|--------------|
| <b>Cash Flows From Financing Activities</b>                            |               |              |
| Collection of federal grant funds restricted for building construction | 1,052,094     | 4,131,062    |
| Decrease in deposits payable to affiliates - net                       | (7,343,260)   | (11,871,470) |
| Bond principal payments  | (1,140,000)   | (1,095,000)  |
| Increase (decrease) in funds held for affiliates                       | 4,509,606     | (15,500,685) |
| Increase (decrease) in undistributed flood insurance                   | 72,005        | (350,892)    |
| Proceeds from permanently restricted contributions                     | 3,668         | 1,555        |
| Net cash used in financing activities                                  | (2,845,887)   | (24,685,430) |
| <b>Net Increase (Decrease) In Cash and Cash Equivalents</b>            | 6,972,659     | (7,771,121)  |
| <b>Cash and Cash Equivalents</b>                                       |               |              |
| Beginning of year  | 5,091,249     | 12,862,370   |
| End of year  | \$ 12,063,908 | \$ 5,091,249 |
| <b>Supplemental Disclosure of Cash Flow Information:</b>               |               |              |
| Cash paid during the year for interest                                 | \$ 3,185,650  | \$ 3,213,025 |

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

June 30, 2010 and 2009

**Note 1 - ORGANIZATION**

The accompanying financial statements of the Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") include the assets, liabilities, net assets, and the financial activities of all administrative and program offices and departments maintained and directed by the administrative offices of the Roman Catholic Church of the Archdiocese of New Orleans, a Louisiana corporation (the "Archdiocese"), and also include certain assets which are owned by the Archdiocese and are used in the operations of certain affiliated entities. The purpose of the Administrative Offices is to provide support and services to the various church parishes and other related agencies within the Archdiocese. Operating support is derived primarily from assessments from affiliated entities, contributions, and bequests, interest on loans to church parishes, and investment earnings. The activities of the Administrative Offices also include:

- the operation of the Deposit and Loan Fund, which provides savings and loan services to the parishes;
- the administration of a centralized property and casualty insurance program;
- the investment of endowment funds; and
- the administration and funding of health care, auto insurance, and retirement costs for priests of the Archdiocese.

The activities of church parishes, schools, cemeteries, seminaries, nursing homes, and other distinct operating entities which operate within the Archdiocese ("non-combined affiliated entities") have not been included in the accompanying financial statements.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Accounting**

The financial statements of the Administrative Offices have been prepared in accordance with accounting principles generally accepted in the United States of America.

**b. Basis of Presentation**

The Administrative Offices reports information regarding its financial position and activities according to three classes of net assets:

**Unrestricted Net Assets** - Those net assets whose use is not restricted by donors.

**Temporarily Restricted Net Assets** - Those net assets whose use by the Administrative Offices has been limited by donors (a) to later periods of time or after specified dates or (b) to specific purposes.

**Permanently Restricted Net Assets** - Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. Income earned on these investments may be restricted for specific purposes.

**c. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Of particular significance to the Administrative Offices' financial statements are estimates related to pension assumptions, the allowance for doubtful loans receivable, and the accrued liability for self-insured claims. Actual results could differ from those estimates.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash equivalents is defined to include highly liquid short-term investments, including money market account deposits, commercial paper investments, and certificates of deposit purchased with an original maturity of 90 days or less, unless held in the investment portfolios.

**e. Accounts and Loans Receivable**

The accounts and loans receivable consist of advances made to church parishes and diocesan-related organizations as a result of a cooperative lending program established by the Administrative Offices for the mutual benefit of participants. The determination of the terms of repayment and interest charges are made by the Administrative Offices on an individual case basis. Since most of the accounts and loans receivable consist of large amounts due from a limited number of related organizations, the determination of the collectibility of these receivables is also made by management on an individual case basis, using prior collection histories and current economic factors as judgment criteria.

**f. Allowance for Doubtful Receivables**

The Administrative Offices establishes an allowance for uncollectible loans receivable based on management's evaluation of the collectibility of outstanding loans receivables.

**g. Pledges Receivable**

Unconditional promises to give are recognized as revenue or gains and as assets in the period in which the promise is made and are recorded at the present value of their 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 discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Allowances for uncollectible promises to give, if any, are based on management's evaluation of the collectibility of such amounts.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**h. Investments**

Investments in marketable securities are valued at their fair values in the Statements of Financial Position. Unrealized gains and losses on investments recorded at fair value are included in the Statements of Activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Investments are managed to achieve the maximum long-term total return. A spending rate approach is used to allocate a defined percentage of investment return for operating purposes each year, with the remainder of investment income reinvested and reported as non-operating income. A spending rate of approximately 5% of the market value of the Administrative Offices' pooled investments (excluding funds held for others) as of the beginning of each fiscal year was used during each of the fiscal years ended June 30, 2010 and 2009.

Investments consist of the following:

- Investments over which the Archdiocese retains control and may use at its own discretion subject to donor restrictions, if any.
- Unexpended bond funds held by the trustee, which are designated for capital projects as per the bond indenture agreement.
- Investments restricted for debt service, which are those funds set aside to pay related debt service costs.
- Funds held for others, which are funds owned by affiliated entities that are held in a custodial capacity and invested in a centralized investment pool of assets.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. Land, Buildings, and Equipment**

Land, buildings, and equipment are recorded at cost or, when donated, at fair value. Additions and major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Depreciation on buildings and improvements and equipment is calculated using the straight-line method over the estimated useful lives as follows:

|                            |          |
|----------------------------|----------|
| Furniture and fixtures     | 5 years  |
| Transportation equipment   | 5 years  |
| Buildings and improvements | 40 years |

**j. Impairment of Long-Lived Assets**

The Administrative Offices reviews its long-lived assets, consisting of buildings and equipment, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The Administrative Offices determines recoverability of the assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate or to fair value. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. During the years ended June 30, 2010 and 2009, no asset impairments were recorded.

**k. Historical Treasures**

Included in other assets is a donation of historical documents (Garrison St. Lazarus) that does not meet the definition of a collection. This asset was recorded at fair value at the time of donation.

**l. Promises To Give To Affiliates**

The Administrative Offices records promises to give as a liability and a donation in the year in which the commitment was made.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m. Deposits Payable To Affiliates**

Entities affiliated with the Archdiocese are encouraged to deposit funds not required for short-term operating needs with the Administrative Offices. Such deposits are used to fund loans and make other investments. Market rates of interest are paid on such deposits. Such interest rates are adjusted annually based on changes in the 90-day U.S. Treasury bill rate.

**n. Funds Held for Affiliates**

The Administrative Offices acts as a custodian for funds owned by affiliated entities to provide centralized investment of pooled assets. Earnings on these investments are allocated monthly.

**o. Amortization of Bond Issue Costs**

Included in other assets are bond issue costs of \$3,104,000 as of June 30, 2010 and 2009, which are being amortized over the term of the related bond issue using a method that approximates the interest method. Accumulated amortization was \$335,000 and \$231,000 as of June 30, 2010 and 2009, respectively.

**p. Statements of Activities**

Transactions deemed to be ongoing, major, or central to the operations of the Administrative Offices are reported as operating revenues and expenses. Peripheral or incidental transactions, when material, are reported as non-operating gains or losses, as are investment returns over and above the predetermined spending rate. Grants and donations received and distributed to affiliates and expenses incurred relating to Hurricane Katrina (see Note 3) are reported as non-operating activities.

Changes in unrestricted net assets that are excluded from excess (deficiency) of unrestricted revenues, gains, and other support over expenses include changes in the additional minimum pension liability.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**q. Contributed Support**

The Administrative Offices recognizes all contributed support received as income in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support.

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 net assets released from restrictions. Federal grant income received and expended in the same year is recorded as unrestricted revenue.

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as unrestricted or as temporarily restricted depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. Long-lived assets are reported as permanently restricted only if the Administrative Offices must maintain the assets in perpetuity or if the donor explicitly restricted the proceeds from any future disposition of the assets to reinvestment in long-lived assets.

**r. Functional Allocation of Expenses**

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

**s. Income Taxes**

The Archdiocese is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**t. New Accounting Pronouncements**

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168, *The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 168, which is incorporated into FASB Accounting Standards Codification ("FASB ASC") 105, *Generally Accepted Accounting Principles* established the FASB ASC, as the sole source of authoritative generally accepted accounting principles ("GAAP"). Pursuant to the provisions of FASB ASC 105, the Administrative Offices has updated references to GAAP in its financial statements issued for the years ended June 30, 2010 and 2009.

FASB ASC 740-10 provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The July 1, 2009 adoption of the requirements of this standard related to uncertain tax positions did not have a material effect on the Administrative Offices' net assets, changes in net assets, or cash flows.

**u. Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 17, 2010, which is the date the financial statements were available to be issued.

**Note 3 - HURRICANE KATRINA AND RECOVERY**

On August 29, 2005, Hurricane Katrina crossed the Louisiana coast causing catastrophic damage to many of the Archdiocese properties in the civil parishes of Orleans, Plaquemines, St. Bernard, Jefferson, and St. Tammany. As a result of the damage caused by Hurricane Katrina during fiscal 2006, the Archdiocese closed 6 church parishes and delayed the reopening of 23 church parishes and 18 schools. In addition, the Administrative Offices reduced non-clergy staff by approximately 30%.

**Note 3 - HURRICANE KATRINA AND RECOVERY (Continued)**

The June 30, 2010 and 2009 financial statements reflect certain unusual items resulting from the effects of Hurricane Katrina on the operations of the Administrative Offices. The 2010 and 2009 Statements of Activities reflect approximately \$11 million and \$21 million, respectively, of grants and donations received and approximately \$12 million and \$18 million, respectively, of recovery-related expenses. Temporarily restricted net assets related to Hurricane Katrina Recovery totaled \$3,538,359 and \$3,710,873 as of June 30, 2010 and 2009, respectively.

The following table presents information related to Hurricane Katrina recovery for the years ended June 30, 2010 and 2009:

|  | 2010          | 2009          |
|--|---------------|---------------|
| Unrestricted revenues:   |               |               |
| Unrestricted donations related to Hurricane Katrina                | \$ 132,114    | \$ 43,770     |
| Federal grant monies received                                      | 9,751,102     | 16,278,134    |
| Net assets released from restrictions - Hurricane Katrina          | 1,228,067     | 2,144,165     |
| Total unrestricted revenues related to Hurricane Katrina           | 11,111,283    | 18,466,069    |
| Temporarily restricted revenues:                                   |               |               |
| Restricted donations related to Hurricane Katrina                  | 1,055,553     | 4,209,895     |
| Net assets released from restrictions - Hurricane Katrina          | (1,228,067)   | (2,144,165)   |
| Total temporarily restricted revenues related to Hurricane Katrina | (172,514)     | 2,065,730     |
| Total revenues related to Hurricane Katrina                        | \$ 10,938,769 | \$ 20,531,799 |

**Note 3 - HURRICANE KATRINA AND RECOVERY (Continued)**

|   | 2010            | 2009            |
|---|-----------------|-----------------|
| Distributions - non-combined affiliated entities:             |                 |                 |
| Restricted donations received and distributed to affiliates   | \$ (1,228,067)  | \$ (2,144,165)  |
| Unrestricted donations received and distributed to affiliates | (807,071)       | (771,748)       |
| Federal grant monies distributed to affiliates                | (9,777,682)     | (14,663,528)    |
| Total distributions to non-combined affiliated entities       | (11,812,820)    | (17,579,441)    |
| Administrative offices:                                       |                 |                 |
| Hurricane Katrina related expenses                            | -               | -               |
| Total expenses related to Hurricane Katrina                   | \$ (11,812,820) | \$ (17,579,441) |

The Archdiocese, through the operations of the Administrative Offices, serves as a conduit in providing insurance coverage to its affiliates; including wind, flood, and business interruption (see Note 18). Actual affiliate insurance claims and proceeds received from insurance claims related to wind, flood, and business interruption resulting from Hurricane Katrina are not recorded in the operations of the Administrative Offices and are not included in the Statements of Activities herein.

As of the date of Hurricane Katrina, the Administrative Offices, together with the non-combined affiliated entities had wind and business interruption coverage through the Archdiocese and flood coverage through the National Flood Insurance Program. Details relevant to the June 30, 2010 and 2009 financial statements are as follows:

**Wind Insurance:** Approximately \$347,000 of insurance proceeds related to wind damage to Administrative Offices' properties was received in the year ended June 30, 2006. No further wind insurance proceeds are expected to be received from the insurer.

**Business Interruption Insurance:** During 2007, the Administrative Offices, on behalf of the non-combined affiliated entities, settled with the insurer for \$7.3 million, which was received during fiscal years 2009, 2008, and 2007. As of June 30, 2009, approximately \$2.6 million was undistributed and is included in accrued expenses and

**Note 3 - HURRICANE KATRINA AND RECOVERY (Continued)**

other liabilities in the Statement of Financial Position. During fiscal 2010, the Administrative Offices recognized the remainder of the undistributed funds of approximately \$2.6 million as income in the accompanying Statement of Activities after having paid out all non-combined affiliated entity claims.

**Flood Insurance:** As of June 30, 2010, approximately \$13 million of flood insurance proceeds had been received by the Administrative Offices on behalf of affected parishes and schools. As of June 30, 2010 and 2009, \$248,001 and \$176,036 respectively, was undistributed and recorded as a liability in the accompanying Statements of Financial Position.

**Note 4 - PASTORAL PLAN**

On April 9, 2008, the Archdiocese promulgated a plan to address the way in which the Archdiocese will offer pastoral, educational, and social services in the Greater New Orleans area. The plan called for 27 church parishes to be closed and merged with neighboring church parishes, 4 to become missions, and 2 to become Campus Ministry Centers, giving up their role as parishes. The Administrative Offices has loans receivable from several of these parishes. Additionally, several of these parishes have funds on deposit with the Administrative Offices. During the year ended June 30, 2006, the Administrative Offices fully reserved these loan balances. On April 4, 2008, the Archdiocesan Finance Council approved funding by the Administrative Offices to eliminate the net deficit positions of parishes with existing debt. During the year ended June 30, 2008, the Administrative Offices recorded a recovery of the reserved loans of \$6,082,981 and recorded a promise to give in the amount of \$5,444,451, which represents the net deficit positions of the closed and merging parishes. During the year ended June 30, 2009, the Administrative Offices paid promises to give in the amount of \$5,186,690 and reversed \$62,084 of the original amount which was not needed. The Administrative Offices paid the remaining \$195,677 in fiscal year 2010.

**Note 5 - PLEDGES RECEIVABLE**

Pledges receivable are considered fully collectible; accordingly, no allowance for uncollectible pledges has been provided. The \$1,000,000 pledge recognized as income in the current year is reflected at the present value of estimated future cash flows using a 1.4% discount rate.

As of June 30, 2010 and 2009, pledges receivable consist of the following:

|                                  | 2010         | 2009       |
|----------------------------------|--------------|------------|
| Receivable in less than one year | \$ 400,000   | \$ 200,000 |
| Receivables in one to five years | 800,000      | 200,000    |
| Totals                           | 1,200,000    | 400,000    |
| Unamortized discount             | 28,014       | -          |
| Net pledges receivable           | \$ 1,171,986 | \$ 400,000 |

**Note 6 - LOANS RECEIVABLE FROM AFFILIATES**

A summary of loans receivable from affiliates as of June 30, 2010 and 2009, is as follows:

|   | 2010          | 2009          |
|---|---------------|---------------|
| Parishes                                    | \$ 34,306,291 | \$ 32,342,837 |
| Nursing homes                               | 21,007,070    | 20,985,014    |
| Archdiocesan-sponsored high schools         | 6,684,086     | 7,761,469     |
| Borrowings under revolving lines of credit  | -             | 69,314        |
| Real estate - Affordable Housing Ministries | 3,332,229     | 3,152,207     |
| Other school-related loans                  | 291,629       | 265,950       |
| Other                                       | 3,018,957     | 2,579,158     |
| Total loans                                 | 68,640,262    | 67,155,949    |
| Less allowance for doubtful receivables     | (12,127,269)  | (10,847,843)  |
| Total loans - net                           | \$ 56,512,993 | \$ 56,308,106 |

**Note 6 - LOANS RECEIVABLE FROM AFFILIATES (Continued)**

A summary of loans receivable from affiliates based on interest-accrued status as of June 30, 2010 and 2009 is as follows:

|   | 2010          | 2009          |
|---|---------------|---------------|
| Balances on which interest is accrued     | \$ 56,337,824 | \$ 55,002,375 |
| Balances on which interest is not accrued | 12,302,438    | 12,153,574    |
| Totals                                    | \$ 68,640,262 | \$ 67,155,949 |

**Note 7 - INVESTMENTS**

The Administrative Offices' investments are held in pooled assets and separately invested portfolios. Pooled assets represent funds that are invested in a commingled portfolio of investments, as opposed to the separately invested assets which have segregated investments. Investments are recorded at fair value at June 30, 2010 and 2009, and consist of the following:

|  | 2010           | 2009           |
|--|----------------|----------------|
| Pooled asset portfolio:                |                |                |
| Cash and cash equivalents              | \$ 6,735,495   | \$ 9,740,877   |
| U.S. government and agency obligations | 16,094,526     | 12,923,915     |
| Corporate obligations                  | 10,719,276     | 16,016,888     |
| Corporate stocks                       | 6,404,011      | 8,785,542      |
| Mutual funds                           | 58,696,042     | 45,563,994     |
| Exchange traded fund                   | 2,007,847      | -              |
| Hedge funds                            | 13,687,240     | 9,390,210      |
| Total pooled asset portfolio           | 114,344,437    | 102,421,426    |
| Separately invested portfolio:         |                |                |
| Cash and cash equivalents              | 5,664,310      | 10,864,110     |
| Government and agency obligations      | 50,117,448     | 52,593,314     |
| Corporate obligations                  | 16,777,868     | 23,124,753     |
| Investment in Catholic Umbrella Pool   | 809,618        | 627,021        |
| Other                                  | 5,680,681      | 5,291,388      |
| Total separately invested portfolio    | 79,049,925     | 92,500,586     |
| Totals                                 | \$ 193,394,362 | \$ 194,922,012 |

**Note 7 - INVESTMENTS (Continued)**

As of June 30, 2010 and 2009, investments are comprised of amounts owned by the Administrative Offices and funds held for others as follows:

|                              | 2010           | 2009           |
|------------------------------|----------------|----------------|
| Administrative Offices:      |                |                |
| Restricted for debt services | \$ 6,229,987   | \$ 6,326,339   |
| Other                        | 140,686,903    | 147,323,524    |
|                              | 146,916,890    | 153,649,863    |
| Funds held for others        | 46,477,472     | 41,272,149     |
| Totals                       | \$ 193,394,362 | \$ 194,922,012 |

Net investment income (loss) for the years ended June 30, 2010 and 2009, is comprised of the following:

|  | 2010          | 2009            |
|--|---------------|-----------------|
| Interest, dividends, and realized gains (losses) - net | \$ 5,741,982  | \$ (707,834)    |
| Unrealized gains (losses) - net                        | 12,119,178    | (19,585,653)    |
| Total net investment income (loss)                     | \$ 17,861,160 | \$ (20,293,487) |

**Note 7 - INVESTMENTS (Continued)**

|  | 2010          | 2009            |
|--|---------------|-----------------|
| Investment return designated for current operations: |               |                 |
| Unrestricted   | \$ 2,258,306  | \$ 2,781,222    |
| Temporarily restricted                               | 425,984       | 743,564         |
|  | 2,684,290     | 3,524,786       |
| Investment return - non-operating:                   |               |                 |
| Unrestricted   | 12,768,371    | (18,793,737)    |
| Temporarily restricted                               | 2,408,499     | (5,024,536)     |
|  | 15,176,870    | (23,818,273)    |
| Total net investment income (loss)                   | \$ 17,861,160 | \$ (20,293,487) |

Investment income is reported net of investment fees. Investment fees were approximately \$450,000 and \$436,000 for the years ended June 30, 2010 and 2009, respectively.

**Note 8 - LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment include certain properties which are owned by the Archdiocese but are used in the operations of certain non-combined affiliated entities. Additionally, included in land, buildings, and equipment is land held for future development by the Archdiocese, as detailed below.

The composition of land, buildings, and equipment and accumulated depreciation as of June 30, 2010 and 2009, is summarized as follows:

**Note 8 - LAND, BUILDINGS, AND EQUIPMENT (Continued)**

|   | 2010          | 2009          |
|---|---------------|---------------|
| Administrative offices:   |               |               |
| Land  | \$ 3,250,884  | \$ 2,629,685  |
| Buildings and improvements  | 19,911,078    | 18,906,048    |
| Furniture and fixtures  | 1,320,806     | 1,278,408     |
| Transportation equipment  | 22,985        | 34,114        |
|   | 24,505,753    | 22,848,255    |
| Less accumulated depreciation   | (14,504,393)  | (14,140,923)  |
| Subtotals   | 10,001,360    | 8,707,332     |
| Non-combined affiliated entities:   |               |               |
| Land  | 6,686,497     | 6,671,031     |
| Buildings and improvements  | 34,971,434    | 34,971,434    |
|   | 41,657,931    | 41,642,465    |
| Less accumulated depreciation   | (15,259,762)  | (14,564,324)  |
| Subtotals   | 26,398,169    | 27,078,141    |
| Land held for future development<br>(includes \$190,625 of land,<br>the use of which is restricted) | 8,166,912     | 8,166,912     |
| Totals  | \$ 44,566,441 | \$ 43,952,385 |

Depreciation expense for the years ended June 30, 2010 and 2009 was approximately \$1,128,000 and \$924,000, respectively, and is reported in the Statements of Activities by functional category:

|                     | 2010         | 2009       |
|---------------------|--------------|------------|
| Program services    | \$ 64,291    | \$ 63,564  |
| Supporting services | 1,064,013    | 860,897    |
| Totals              | \$ 1,128,304 | \$ 924,461 |

**Note 9 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST**

During the fiscal year ended June 30, 2001, the Administrative Offices received possession of a 20% interest in the assets of the Margaret Ellen Lauer Estate (the "Estate"). However, certain assets from the Estate were placed in a charitable remainder trust. The Administrative Offices' interest in this charitable remainder trust is as follows:

|   | 2010       | 2009       |
|---|------------|------------|
| Contribution receivable                           | \$ 701,439 | \$ 678,725 |
| Less discount to net present value                | (264,105)  | (259,626)  |
| Beneficial interest in charitable remainder trust | \$ 437,334 | \$ 419,099 |

The present values are calculated using a discount rate equal to 5% and the applicable mortality tables pertinent to trust beneficiaries.

All amounts are considered to be long-term since the dates of the distribution of the trust are uncertain.

**Note 10 - BONDS PAYABLE**

In March 2007, the Archdiocese completed a refinancing for the purpose of advance refunding certain bonds and providing for the financing of certain capital projects of the Archdiocese and non-combined affiliated entities. The Louisiana Public Facilities Authority issued the \$69.15 million par value 2007 Series Revenue and Revenue Refunding Bonds at a premium of \$1.3 million. Approximately \$14.8 million of the proceeds were designated for the refunding of all outstanding principal and accrued interest on the 2001A Series Bonds, which were previously outstanding at June 30, 2006, and the 2002C Series Bonds which were previously guaranteed by the Administrative Offices on behalf of certain non-combined affiliated entities. Amounts under the 2002C Series which were refunded by the 2007 Series were converted to loans receivable from the original obligated parties. Debt service on the bonds is provided in part by collections on these loans receivable. The 2007 bonds were issued at fixed rates ranging from 4.5% to 5% and are secured by an assignment of all presently existing and future revenues of the Archdiocese as defined in the loan agreement.

**Note 10 - BONDS PAYABLE (Continued)**

The bonds require the Administrative Offices to maintain certain covenants under the terms of the bond agreement. At June 30, 2010, management of the Administrative Offices was not aware of any violation of the covenants.

The aggregate maturities of the bonds payable as of June 30, 2010, are as follows:

| <u>Years Ending<br/>June 30,</u> |                      |
|----------------------------------|----------------------|
| 2011                             | \$ -                 |
| 2012                             | 1,200,000            |
| 2013                             | 1,260,000            |
| 2014                             | 1,325,000            |
| 2015                             | 1,395,000            |
| 2016 - 2038                      | <u>60,635,000</u>    |
| Subtotal                         | 65,815,000           |
| Unamortized bond premium         | <u>1,108,006</u>     |
|                                  | <u>\$ 66,923,006</u> |

**Note 11 - RETIREMENT PLANS**

The Administrative Offices offers a 401(k) defined contribution plan (the "401(k) Plan") to its lay employees and employees of affiliates. Employees electing to participate in the 401(k) Plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a maximum of 16%. The 401(k) Plan requires the Administrative Offices to contribute 3.5% of the participants' salaries. Retirement plan expenses also include an additional 2% contribution by the Administrative Offices to cover costs for life insurance and disability insurance for the employees. Any remaining funds from the 2% contribution may be used as a discretionary employer contribution to the 401(k) Plan. The 401(k) Plan administrator is the Archdiocese. The Administrative Offices contributed approximately \$185,000 and \$179,000 for the years ended June 30, 2010 and 2009, respectively.

**Note 11 - RETIREMENT PLANS (Continued)**

Incardinated priests of the Archdiocese whose retirement from active service is duly accepted by the Archbishop are eligible for retirement benefits under an unfunded retirement plan (the "Plan"). The Administrative Offices has elected to account for these retirement benefits under accounting principles generally accepted in the United States of America as a defined benefit pension plan.

FASB ASC 715-20 requires an employer to recognize the overfunded or underfunded status of defined benefit pension and postretirement plans as an asset or liability in its balance sheets and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income or net assets for not-for-profit entities.

The following table as of June 30, 2010 and 2009 sets forth the Plan's change in benefit obligation, change in Plan assets, and the funded status of the Plan:

|  | 2010            | 2009            |
|--|-----------------|-----------------|
| Change in benefit obligation:                    |                 |                 |
| Projected benefit obligation - beginning of year | \$ (23,989,921) | \$ (21,473,022) |
| Service cost                                     | (281,528)       | (233,419)       |
| Interest cost                                    | (1,436,159)     | (1,479,941)     |
| Amendments                                       | -               | 681,888         |
| Actuarial gain (loss)                            | (3,967,816)     | (2,748,073)     |
| Benefits paid                                    | 1,409,555       | 1,262,646       |
| Projected benefit obligation - end of year       | (28,265,869)    | (23,989,921)    |
| Change in plan assets:                           |                 |                 |
| Fair value of plan assets - beginning of year    | -               | -               |
| Employer contributions made                      | 1,409,555       | 1,262,646       |
| Benefits paid                                    | (1,409,555)     | (1,262,646)     |
| Fair value of plan assets - end of year          | -               | -               |
| Funded status - (deficit)                        | \$ (28,265,869) | \$ (23,989,921) |

**Note 11 - RETIREMENT PLANS (Continued)**

|  | 2010            | 2009            |
|--|-----------------|-----------------|
| Amounts recognized in the Statements of Financial Position consist of: |                 |                 |
| Accrued pension liability  | \$ (28,265,869) | \$ (23,989,921) |
| Unrestricted net assets  |                 |                 |
| Net (gain)/loss  | \$ 5,755,406    | \$ 1,787,590    |
| Prior service cost   | 698,790         | 797,492         |
| Transition obligation  | 3,803,360       | 4,654,223       |
| Totals   | \$ 10,257,556   | \$ 7,239,305    |

The actuarial present value of the projected benefit obligation was computed using a weighted-average discount rate of 5.240% and 6.182% as of June 30, 2010 and 2009, respectively. Because benefit payments are based on years of service rather than compensation levels, there is no difference between the accumulated and projected benefit obligation.

Net periodic pension cost for the years ended June 30, 2010 and 2009, includes the following components:

|  | 2010         | 2009         |
|--|--------------|--------------|
| Service costs - benefits earned during the periods | \$ 281,528   | \$ 233,419   |
| Interest cost on projected benefit obligation      | 1,436,159    | 1,479,941    |
| Amortization of transition obligation              | 850,863      | 850,863      |
| Amortization of prior service cost                 | 98,702       | 183,096      |
| Net periodic pension cost                          | \$ 2,667,252 | \$ 2,747,319 |

The net periodic pension cost was computed using a weighted-average discount rate of 6.182% and 7.131% for the years ended June 30, 2010 and 2009, respectively.

The Administrative Offices currently expects to make benefit payments and contributions to the Plan of approximately \$1,588,000 in fiscal 2011.

The estimated net loss, prior service cost, and transition obligation for the Plan that will be amortized from accumulated unrestricted net assets into net periodic benefit cost over the next fiscal year is estimated at \$184,778, \$98,702 and \$850,863, respectively.

**Note 11 - RETIREMENT PLANS (Continued)**

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of June 30, 2010, are as follows:

| <u>Years Ending<br/>June 30,</u> |                             |
|----------------------------------|-----------------------------|
| 2011                             | \$ 1,588,353                |
| 2012                             | 1,589,522                   |
| 2013                             | 1,596,445                   |
| 2014                             | 1,612,562                   |
| 2015                             | 1,597,310                   |
| 2016 - 2020                      | <u>8,074,710</u>            |
|                                  | <u><u>\$ 16,058,902</u></u> |

**Note 12 - NET ASSETS**

Unrestricted net assets as of June 30, 2010 and 2009 were \$35,894,494 and \$27,515,680, respectively.

Temporarily restricted net assets as of June 30, 2010 and 2009 consist of the following:

|                            | <u>2010</u>                 | <u>2009</u>                 |
|----------------------------|-----------------------------|-----------------------------|
| Hurricane Katrina Recovery | \$ 3,538,359                | \$ 3,710,873                |
| Infirm priests             | 4,191,818                   | 3,659,707                   |
| School Endowment           | 2,464,693                   | 872,098                     |
| Margaret Lauer             | 716,221                     | 697,986                     |
| Cathedral Capital Campaign | 598,369                     | 415,220                     |
| Disaster Fund              | 387,518                     | 241,428                     |
| Hector Ragas               | 241,312                     | 215,620                     |
| Cummings land donation     | 127,125                     | 127,125                     |
| Burses                     | 77,022                      | (104,568)                   |
| Other - miscellaneous      | <u>464,441</u>              | <u>453,086</u>              |
| Totals                     | <u><u>\$ 12,806,878</u></u> | <u><u>\$ 10,288,575</u></u> |

**Note 12 - NET ASSETS (Continued)**

Permanently restricted net assets as of June 30, 2010 and 2009, consist of endowment funds and are held as follows:

|                     | 2010          | 2009          |
|---------------------|---------------|---------------|
| School Endowment    | \$ 11,152,537 | \$ 11,152,537 |
| Burses              | 1,871,563     | 1,867,895     |
| St. Louis Cathedral | 1,000,000     | 1,000,000     |
| Totals              | \$ 14,024,100 | \$ 14,020,432 |

**Note 13 - CONCENTRATIONS OF CREDIT RISK**

As of June 30, 2010, the Administrative Offices had bank account balances which exceeded the \$250,000 limit insured by the Federal Deposit Insurance Corporation ("FDIC") totaling approximately \$5,776,000. Also, as of June 30, 2010, the Administrative Offices had a sweep account with a balance of approximately \$6,309,000 which was not insured by the FDIC.

The Administrative Offices extends unsecured credit to non-combined affiliated entities, as further explained in Note 2. Financial instruments that potentially subject the Administrative Offices to credit risk include these accounts, which are shown on the statements of financial position as accounts and loans receivable.

**Note 14 - RELATED-PARTY TRANSACTIONS**

The Archbishop of New Orleans serves as president of the Archdiocese. He also serves as the controlling member of all other corporations, boards of trustees, and separate activities sponsored by, or operated under, the auspices of the Archdiocese. In the normal course of operations, the Administrative Offices has made and will, when necessary, make available to these non-combined affiliated entities, specific assistance in the form of operating subsidies, loans, use of facilities, and/or administrative support. The Administrative Offices receives income from affiliates in the form of assessments to cover insurance and other administrative costs. In addition, the Administrative Offices pays interest on deposits payable to affiliates and collects interest on loans receivable from affiliates.

**Note 14 - RELATED-PARTY TRANSACTIONS (Continued)**

In lieu of rental payments for the use of facilities, non-combined affiliated entities pay insurance and repairs and maintenance for the facilities. The provision of the facilities is not recorded as an in-kind contribution and related rental income by the Administrative Offices. The values of the land and buildings are not readily determinable. These rental agreements are classified as exchange transactions because both parties receive significant value from these arrangements.

**Note 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

**Cash and Cash Equivalents** - The carrying amount approximates fair value because of the short maturity of these instruments.

**Loans Receivable From Affiliates** - The carrying amount approximates fair value because amounts not reserved generally bear interest at market rates.

**Investments** - The carrying amounts of the marketable investment securities reported on the Statements of Financial Position are predominately based on quoted market prices.

**Bonds Payable** - The carrying value of long-term debt at June 30, 2010 and 2009 is \$66,923,006 and \$68,130,330, respectively, which approximates fair value.

**Limitations** - Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

**Note 16 - FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments.

FASB ASC 820 establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad categories. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Portfolio A* - The custodian of this portfolio uses independent pricing services, where available, to value the securities included in this portfolio. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodian will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisers, principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security.

**Note 16 - FAIR VALUE MEASUREMENTS (Continued)**

More specifically, the custodian uses quoted market prices for valuing government obligations, corporate stocks, and foreign equities which are all classified within Level 1 of the fair value hierarchy. The custodian uses quoted market prices, which represent the net asset value per unit, to value mutual and money market funds, which are also classified within Level 1 of the fair value hierarchy. Fixed income securities included in this portfolio, such as government agency mortgage obligations and corporate and foreign obligations are classified within Level 2 of the fair value hierarchy and are valued based on bid-side quotations or evaluated bids based on internal models used by the custodian's independent pricing service. The Ashmore Multi Strategy Fund, which is classified within Level 2 of the fair value hierarchy, is valued based on market quotes in a market that is not active. Alternative investments are valued at an evaluated price provided by a counterparty or fund manager that may or may not be an affiliate of the Portfolio A custodian.

*Portfolio B* - The custodian of this portfolio uses Interactive Data Pricing and Reference Data, Inc. ("Interactive Data") to price securities in this portfolio. Asset prices may also be obtained from Bloomberg for publicly traded securities not priced by Interactive Data. The vast majority of the portfolio's assets are priced by Interactive Data.

More specifically, the custodian uses quoted market prices which represent the net asset value per unit to value money market funds which are classified within Level 1 of the fair value hierarchy. The remainder of the portfolio is composed of various fixed income securities which do not trade on a daily basis. Because of this, Interactive Data uses pricing methodologies which apply available information through processes such as benchmark curves, benchmarking of like securities, and matrix pricing to arrive at values used for the various fixed income securities in this portfolio. Accordingly, these fixed income securities are classified within Level 2 of the fair value hierarchy.

*Bond Funds* - The Administrative Offices uses quoted market prices which represent the net asset value per unit to value the money market fund included in this group of investments. The money market fund is classified within Level 1 of the fair value hierarchy. The other investment included in this group is a corporate obligation which is valued by the Administrative Offices at par and is classified within Level 2 of the fair value hierarchy.

**Note 16 - FAIR VALUE MEASUREMENTS (Continued)**

*Investment in the Catholic Umbrella Pool* - The Administrative Offices values its investment in this pool based on information provided by the pool manager. This investment is classified within Level 2 of the fair value hierarchy.

*Beneficial Interest in Charitable Remainder Trust* - The Administrative Offices values its investment in this trust based on present value calculations (Note 9) applied to the fair value of trust assets. This investment is classified within Level 2 of the fair value hierarchy.

*Asset Retirement Obligation* - The Administrative Offices calculates this liability based on an original cost estimate of the obligation and accretes such amount to its present value each year.

*Accrued Pension Liability* - The Administrative Offices uses actuarial services to calculate the present value of the projected benefit obligation (Note 11).

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Administrative Offices believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets and liabilities measured at fair value on a recurring basis at June 30, 2010 are comprised of and determined as follows:

Note 16 - FAIR VALUE MEASUREMENTS (Continued)

| June 30, 2010<br>Description                        | Total Assets<br>and Liabilities<br>Measured At<br>Fair Value | Based on   |  |                                     |
|---|--|--|--|-------------------------------------|
|   |  | Quoted Prices<br>In Active<br>Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
| <b>Portfolio A</b>                                  |  |  |  |                                     |
| Cash and money market funds                         | \$ 6,735,495   | \$ 6,735,495                                       |  |                                     |
| Government obligations                              | 4,860,771  | 4,860,771  |  |                                     |
| Government agency mortgage<br>obligations           | 11,233,755   |  | \$ 11,233,755                              |                                     |
| Corporate obligations (a)                           |  |  |  |                                     |
| Aaa   | 512,069  |  | 512,069                                    |                                     |
| Aa2   | 372,029  |  | 372,029                                    |                                     |
| A1  | 189,080  |  | 189,080                                    |                                     |
| A2  | 564,683  |  | 564,683                                    |                                     |
| A3  | 382,756  |  | 382,756                                    |                                     |
| Baa1  | 1,589,123  |  | 1,589,123                                  |                                     |
| Ba1   | 660,801  |  | 660,801                                    |                                     |
| Ba2   | 822,090  |  | 822,090                                    |                                     |
| Ba3   | 474,528  |  | 474,528                                    |                                     |
| B1  | 1,069,461  |  | 1,069,461                                  |                                     |
| B2  | 614,325  |  | 614,325                                    |                                     |
| B3  | 275,156  |  | 275,156                                    |                                     |
| Not rated   | 376,673  |  | 376,673                                    |                                     |
| Foreign obligations (a)                             |  |  |  |                                     |
| Aaa   | 1,322,319  |  | 1,322,319                                  |                                     |
| Aa3   | 556,249  |  | 556,249                                    |                                     |
| Baa1  | 443,717  |  | 443,717                                    |                                     |
| Ba3   | 34,238   |  | 34,238                                     |                                     |
| B1  | 103,018  |  | 103,018                                    |                                     |
| Not rated   | 356,961  |  | 356,961                                    |                                     |
| Corporate stocks                                    |  |  |  |                                     |
| Real estate industry                                | 2,732,430  | 2,732,430  |  |                                     |
| Foreign equities                                    |  |  |  |                                     |
| Real estate industry                                | 3,671,581  | 3,671,581  |  |                                     |
| Mutual funds  |  |  |  |                                     |
| U.S. large blend                                    | 37,897,677   | 37,897,677   |  |                                     |
| Foreign large blend                                 | 15,738,134   | 15,738,134   |  |                                     |
| Real estate   | 5,060,231  | 5,060,231  |  |                                     |
| Exchange traded fund                                | 2,007,847  | 2,007,847  |  |                                     |
| Ashmore Multi Strategy Fund                         | 5,680,681  |  | 5,680,681                                  |                                     |
| Siguler Guff Distressed<br>Opportunity Fund III, LP | 5,995,205  |  |  | \$ 5,995,205                        |
| Meridian Diversified Fund, Ltd.                     | 7,692,035  |  |  | 7,692,035                           |
| <b>Total Portfolio A</b>                            | <b>120,025,118</b>   | <b>78,704,166</b>                                  | <b>27,633,712</b>                          | <b>13,687,240</b>                   |

**Note 16 - FAIR VALUE MEASUREMENTS (Continued)**

| June 30, 2010 (Continued)<br>Description                 | Total Assets<br>and Liabilities<br>Measured At<br>Fair Value | Based on   |  |                                     |
|--|--|--|--|-------------------------------------|
|  |  | Quoted Prices<br>In Active<br>Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
| <u>Portfolio B</u>                                       |  |  |  |                                     |
| Money market fund  | 3,565,214  | 3,565,214  |  |                                     |
| Assets backed securities (a)                             |  |  |  |                                     |
| Aaa  | 859,051  |  | 859,051                                    |                                     |
| Baa3   | 1,059,018  |  | 1,059,018                                  |                                     |
| Collateralized mortgage obligations (a)                  |  |  |  |                                     |
| Aaa  | 4,292,495  |  | 4,292,495                                  |                                     |
| Not rated  | 1,177,619  |  | 1,177,619                                  |                                     |
| Government agency mortgage obligations                   | 6,258,057  |  | 6,258,057                                  |                                     |
| Corporate obligations (a)                                |  |  |  |                                     |
| Aa2  | 508,645  |  | 508,645                                    |                                     |
| A1   | 527,655  |  | 527,655                                    |                                     |
| A2   | 1,410,195  |  | 1,410,195                                  |                                     |
| A3   | 540,755  |  | 540,755                                    |                                     |
| Baa1   | 1,051,410  |  | 1,051,410                                  |                                     |
| Baa2   | 798,950  |  | 798,950                                    |                                     |
| Government agency obligations                            | 11,522,414   |  | 11,522,414                                 |                                     |
| Municipal obligations (a)                                |  |  |  |                                     |
| Baa2   | 32,336,977   |  | 32,336,977                                 |                                     |
| <b>Total Portfolio B</b>                                 | <b>65,908,455</b>  | <b>3,565,214</b>                                   | <b>62,343,241</b>                          | <b>-</b>                            |
| <u>Bond Funds</u>  |  |  |  |                                     |
| Money market fund  | 2,099,096  | 2,099,096  |  |                                     |
| Corporate obligation (a)                                 |  |  |  |                                     |
| Aa2  | 4,552,075  |  | 4,552,075                                  |                                     |
| <b>Total bond funds</b>                                  | <b>6,651,171</b>   | <b>2,099,096</b>                                   | <b>4,552,075</b>                           | <b>-</b>                            |
| <u>Investment in Catholic Umbrella Pool</u>              | 809,618  | -  | 809,618                                    | -                                   |
| <b>Total investments</b>                                 | <b>\$ 193,394,362</b>  | <b>\$ 84,368,476</b>                               | <b>\$ 95,338,646</b>                       | <b>\$ 13,687,240</b>                |
| <u>Beneficial Interest in Charitable Remainder Trust</u> |  |  |  |                                     |
|  | \$ 437,334   | \$ -   | \$ 437,334                                 | \$ -                                |

(a) Based on Moody's bond credit rating.

Note 16 - FAIR VALUE MEASUREMENTS (Continued)

| June 30, 2010 (Continued)<br>Description                                   | Total Assets<br>and Liabilities<br>Measured At<br>Fair Value | Based on   |  |                                     |
|--|--|--|--|-------------------------------------|
|  |  | Quoted Prices<br>In Active<br>Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
| Liabilities, at Fair Value   |  |  |  |                                     |
| Asset Retirement Obligation -<br>included in accrued<br>expenses and other | \$ 709,653   |  |  | \$ 709,653                          |
| Accrued Pension Liability  | 28,265,869   | \$   | \$ 28,265,869                              |                                     |
| Total Liabilities  | \$ 28,975,522  | \$ -   | \$ 28,265,869                              | \$ 709,653                          |

Assets and liabilities measured at fair value on a recurring basis at June 30, 2009 are comprised of and determined as follows:

| June 30, 2009<br>Description                        | Total Assets<br>and Liabilities<br>Measured At<br>Fair Value | Based on   |  |                                     |
|---|--|--|--|-------------------------------------|
|   |  | Quoted Prices<br>In Active<br>Markets<br>(Level 1) | Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
| <b>Portfolio A</b>                                  |  |  |  |                                     |
| Cash and money market funds                         | \$ 9,957,826   | \$ 9,957,826                                       |  |                                     |
| Government obligations                              | 4,680,720  | 4,680,720  |  |                                     |
| Government agency mortgage<br>obligations           | 8,243,195  |  | \$ 8,243,195                               |                                     |
| Corporate obligations                               | 11,630,640   |  | 11,630,640                                 |                                     |
| Foreign obligations                                 | 4,386,248  |  | 4,386,248                                  |                                     |
| Corporate stocks                                    | 3,553,285  | 3,553,285  |  |                                     |
| Foreign equities                                    | 5,232,257  | 5,232,257  |  |                                     |
| Mutual funds  | 45,563,994   | 45,563,994   |  |                                     |
| Ashmore Multi Strategy Fund                         | 5,291,388  |  | 5,291,388                                  |                                     |
| Siguler Guff Distressed<br>Opportunity Fund III, LP | 2,937,995  |  |  | \$ 2,937,995                        |
| Meridian Diversified Fund, Ltd.                     | 6,452,215  |  |  | 6,452,215                           |
| Total Portfolio A                                   | 107,929,763  | 68,988,082   | 29,551,471                                 | 9,390,210                           |

**Note 16 - FAIR VALUE MEASUREMENTS (Continued)**

| June 30, 2009 (Continued)<br>Description                                | Total Assets<br>and Liabilities<br>Measured At<br>Fair Value | Quoted Prices<br>In Active<br>Markets<br>(Level 1) | Based on<br>Other<br>Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |
|---|--|--|--|-------------------------------------|
| <u>Portfolio B</u>  |  |  |  |                                     |
| Money market fund   | 2,400,814  | 2,400,814  |  |                                     |
| Asset backed securities   | 5,317,791  |  | 5,317,791  |                                     |
| Collateralized mortgage obligations                                     | 6,739,750  |  | 6,739,750  |                                     |
| Government agency mortgage obligations                                  | 10,422,343   |  | 10,422,343   |                                     |
| Corporate obligations   | 6,515,137  |  | 6,515,137  |                                     |
| Government agency obligations   | 13,554,795   |  | 13,554,795   |                                     |
| Municipal obligations   | 28,616,176   |  | 28,616,176   |                                     |
| Total Portfolio B   | <u>73,566,806</u>  | <u>2,400,814</u>                                   | <u>71,165,992</u>                                      | <u>-</u>                            |
| <u>Bond Funds</u>   |  |  |  |                                     |
| Money market fund   | 8,246,347  | 8,246,347  |  |                                     |
| Corporate obligation  | 4,552,075  |  | 4,552,075  |                                     |
| Total Bond Funds  | <u>12,798,422</u>  | <u>8,246,347</u>                                   | <u>4,552,075</u>                                       | <u>-</u>                            |
| <u>Investment in Catholic Umbrella Pool</u>                             | <u>627,021</u>   | <u>-</u>   | <u>627,021</u>   | <u>-</u>                            |
| Total investments   | <u>\$ 194,922,012</u>  | <u>\$ 79,635,243</u>                               | <u>\$ 105,896,559</u>                                  | <u>\$ 9,390,210</u>                 |
| <u>Beneficial Interest in</u>   |  |  |  |                                     |
| <u>Charitable Remainder Trust</u>                                       | <u>\$ 419,099</u>  | <u>\$ -</u>  | <u>\$ 419,099</u>                                      | <u>\$ -</u>                         |
| <u>Liabilities, at Fair Value</u>                                       |  |  |  |                                     |
| Asset Retirement Obligation - included<br>in accrued expenses and other | \$ 675,860   |  |  | \$ 675,860                          |
| Accrued Pension Liability   | 23,989,921   | \$ -   | \$ 23,989,921  |                                     |
| Total Liabilities   | <u>\$ 24,665,781</u>   | <u>\$ -</u>  | <u>\$ 23,989,921</u>                                   | <u>\$ 675,860</u>                   |

**Note 16 - FAIR VALUE MEASUREMENTS (Continued)**

The Statements of Financial Position as of June 30, 2010 and 2009 include the following assets which are measured at fair value on a non-recurring basis: donated historical treasures included in other assets totaling \$122,000 (Level 3) and donated land in an undetermined amount (Level 3) which are valued at estimated or appraised fair value as of the time of the donations.

The table below sets forth a summary of changes in the fair value of the Administrative Offices' Level 3 assets and liability for the years ended June 30, 2010 and 2009.

|                        | Siguler Guff<br>Distressed<br>Opportunity<br>Fund III, LP | Meridian<br>Diversified<br>Fund, Ltd. | Asset<br>Retirement<br>Obligation |
|------------------------|---|---------------------------------------|-----------------------------------|
| Balance, July 1, 2008  | \$ -  | \$ 7,976,165                          | \$ 643,676                        |
| Purchases              | 3,010,000   | -                                     | -                                 |
| Unrealized losses      | (72,005)  | (1,523,950)                           | -                                 |
| Accretion              | -   | -                                     | 32,184                            |
| Balance, June 30, 2009 | 2,937,995   | 6,452,215                             | 675,860                           |
| Purchases              | 1,890,000   | -                                     | -                                 |
| Unrealized gains       | 1,167,210   | 1,239,820                             | -                                 |
| Accretion              | -   | -                                     | 33,793                            |
| Balance, June 30, 2010 | <u>\$ 5,995,205</u>                                       | <u>\$ 7,692,035</u>                   | <u>\$ 709,653</u>                 |

The following table presents total gains (losses) for each year ended included in changes in net assets attributable to the change in unrealized gain (loss) related to investments still held as of each year end.

|               | Siguler Guff<br>Distressed<br>Opportunity<br>Fund III, LP | Meridian<br>Diversified<br>Fund, Ltd. |
|---------------|---|---------------------------------------|
| June 30, 2009 | <u>\$ (72,005)</u>  | <u>\$ (1,523,950)</u>                 |
| June 30, 2010 | <u>\$ 1,167,210</u>                                       | <u>\$ 1,239,820</u>                   |

**Note 16 - FAIR VALUE MEASUREMENTS (Continued)**

Siguler Guff Distressed Opportunity Fund III, LP seeks to invest in a diversified portfolio of securities of companies undergoing financial distress, operating difficulties or restructuring. As of June 30, 2010, Administrative Offices has funded \$4,900,000 of its \$7,000,000 investment commitment. The nature of the investments in this fund is such that distributions are received through liquidation of the underlying assets of the fund. It is estimated that the underlying assets of this fund will be liquidated by December 31, 2018.

Meridian Diversified Fund, Ltd engages principally in a diversified investment strategy utilizing a multi-manager approach to invest in securities. There are no unfunded commitments related to this investment. As of June 30, 2010, all shares of this fund were owned for more than one year. Accordingly, the Administrative Offices may make redemptions either quarterly or semi-annually with between 45 and 75 days prior written notice.

**Note 17 - ENDOWMENT**

The Administrative Offices' endowment consists of three individual funds established for specific purposes. Endowment assets include those assets of donor-restricted funds that the Administrative Offices must hold in perpetuity or for a donor-specified period. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions imposed by a donor.

The Administrative Offices has interpreted the Uniform Management of Institutional Funds Act ("UMIFA") as requiring preservation of the fair value as of the gift date of the original gift of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Administrative Offices classifies (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Administrative Offices in a manner consistent with the language of UMIFA.

**Note 17 - ENDOWMENT (Continued)**

Endowment fund net asset composition by type of fund as of June 30, 2010 and 2009 are as follows:

|                                     | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total<br/>Endowment<br/>Fund Net Assets</u> |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|--|
| <b>June 30, 2010</b>                |                     |                                   |                                   |  |
| <b>Donor-restricted Endowments:</b> |                     |                                   |                                   |  |
| School Endowment Funds              | \$ -                | \$ 2,464,693                      | \$ 11,152,537                     | \$ 13,617,230                                  |
| Other                               | -                   | 675,395                           | 2,871,563                         | 3,546,958                                      |
| <b>Totals</b>                       | <u>\$ -</u>         | <u>\$ 3,140,088</u>               | <u>\$ 14,024,100</u>              | <u>\$ 17,164,188</u>                           |
| <b>June 30, 2009</b>                |                     |                                   |                                   |  |
| <b>Donor-restricted Endowments:</b> |                     |                                   |                                   |  |
| School Endowment Funds              | \$ -                | \$ 872,098                        | \$ 11,152,537                     | \$ 12,024,635                                  |
| Other                               | -                   | 310,652                           | 2,867,895                         | 3,178,547                                      |
| <b>Totals</b>                       | <u>\$ -</u>         | <u>\$ 1,182,750</u>               | <u>\$ 14,020,432</u>              | <u>\$ 15,203,182</u>                           |

Changes in endowment fund net assets for the years ended June 30, 2010 and 2009 are as follows:

|                           | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total<br/>Endowment<br/>Fund Net Assets</u> |
|---------------------------|---------------------|-----------------------------------|-----------------------------------|--|
| Net assets, July 1, 2008  | \$ -                | \$ 5,479,943                      | \$ 14,018,877                     | \$ 19,498,820                                  |
| Contributions             | -                   | -                                 | 1,555                             | 1,555  |
| Investment earnings:      |                     |                                   |                                   |  |
| Realized gains            | -                   | 510,589                           | -                                 | 510,589  |
| Unrealized losses         | -                   | (4,055,465)                       | -                                 | (4,055,465)                                    |
| Net asset releases        | -                   | (752,317)                         | -                                 | (752,317)                                      |
| Net assets, June 30, 2009 | -                   | 1,182,750                         | 14,020,432                        | 15,203,182                                     |
| Contributions             | -                   | -                                 | 3,668                             | 3,668  |
| Investment earnings:      |                     |                                   |                                   |  |
| Realized gains            | -                   | 517,575                           | -                                 | 517,575  |
| Unrealized gains          | -                   | 1,829,763                         | -                                 | 1,829,763                                      |
| Net asset releases        | -                   | (390,000)                         | -                                 | (390,000)                                      |
| Net assets, June 30, 2010 | <u>\$ -</u>         | <u>\$ 3,140,088</u>               | <u>\$ 14,024,100</u>              | <u>\$ 17,164,188</u>                           |

**Note 17 - ENDOWMENT (Continued)**

*Funds with Deficiencies* - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the Administrative Offices to retain as a fund of perpetual duration. As of June 30, 2010 and 2009 no deficiencies existed.

*Return Objectives and Risk Parameters* - The Administrative Offices has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, the performance objective is to exceed by 100 basis points a target annualized rate of return equal to the aggregate of inflation, spending rate and administrative costs, over a full market cycle (defined as market peak to market peak) without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is expected that the portfolio will outperform its weighted benchmark index by 50 basis points and rank in the top half of the appropriate balanced universe over a full market cycle. Actual returns in any given year may vary from this amount.

*Strategies Employed for Achieving Objectives* - Because the Archdiocese is expected to endure indefinitely, and because inflation is a key component in its performance objective, the long-term risk of not investing in equity securities outweighs the short-term volatility risk. As a result, the majority of assets will be invested in equity securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs. Other asset classes are included to provide diversification and incremental return (e.g. small cap equities, international equities, etc.). The Administrative Offices targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

*Spending Policy and How the Investment Objectives Relate to Spending Policy* - The Administrative Offices authorized a policy of appropriating for distribution each year (spending rate) a maximum of 5% of the prior year market value of the endowment funds. This is consistent with its objective to maintain the purchasing power of donor-restricted funds.

**Note 18 - COMMITMENTS AND CONTINGENCIES**

**Commitments** - The Administrative Offices has agreed to provide financing via the cooperative lending program (see Note 2e) to individual church parishes for capital expenditures. At June 30, 2010 and 2009, such commitments totaled approximately \$44,000,000 and \$45,000,000, respectively.

In February 2009, the Administrative Offices subscribed to a \$7,000,000 investment in a partnership. As of June 30, 2010, \$4,900,000 of this investment was funded.

**Guarantees** - As of June 30, 2010, the Administrative Offices has guaranteed \$1.5 million of indebtedness of a non-combined affiliate.

**Self-Insurance Programs** - The Archdiocese, through the operations of the Administrative Offices, serves as a conduit in providing insurance coverage to its affiliates. The Administrative Offices assesses premiums to the various entities based on relevant factors for each type of coverage and retains all of the related risk of self-insurance liability. The accrued liability for self-insured claims on the accompanying Statements of Financial Position represents the estimated reserves for all of the covered entities.

*General, Property, and Auto Liability* - The Archdiocese is self-insured for \$200,000 per occurrence up to an annual aggregate limit of \$1,500,000 through June 30, 2003, and \$1,750,000 thereafter. The Archdiocese is a subscribing member in the Catholic Umbrella Pool (the "CUP"). The CUP provides the Archdiocese with reinsurance for amounts in excess of its primary layer of insurance coverage of \$1,500,000 through June 30, 2003, and \$1,750,000 from July 1, 2003 and thereafter, with excess coverage limits of \$25,000,000 in the aggregate. The Archdiocese has an equity investment in the CUP of approximately \$810,000 and \$627,000 at June 30, 2010 and 2009, respectively.

The Archdiocese is also self-insured for claims relating to breaches of personal conduct. The self-insured portion applies to claims in excess of annual aggregate limits (which includes reinsurance for amounts provided by the CUP) as follows: amounts in excess of \$100,000 from July 1, 1990 to July 1, 1993; amounts in excess of \$650,000 from July 1, 1993 to July 1, 1998; and amounts in excess of \$1,000,000 for claims after July 1, 1998.

*Workers' Compensation* - Prior to July 1, 2002, the Archdiocese was self-insured for workers' compensation claims for the first \$225,000 per occurrence. Subsequent to July 1, 2002, the Archdiocese is self-insured for workers' compensation claims for the first \$750,000 per occurrence.

**Note 18 - COMMITMENTS AND CONTINGENCIES (Continued)**

The Archdiocese has reflected its estimate of the ultimate liability for all known and incurred but not reported claims in the accompanying financial statements. The estimated reserves for these claims are undiscounted and are approximately \$7,508,000 and \$8,353,000 at June 30, 2010 and 2009, respectively.

**Asset Retirement Obligations** - In accordance with FASB ASC 410-20, an entity is required to recognize a liability for the fair market value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. The corresponding cost is capitalized as part of the carrying amount of the related long-lived asset as of the obligating event date. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized.

As of June 30, 2006, the Administrative Offices recognized obligations associated with the future retirement of long-lived assets. Asbestos abatement costs were added to the carrying value of the Administrative Offices' building cost. The recorded net book value of the abatement costs totaled approximately \$425,000 and \$445,000 as of June 30, 2010 and 2009, respectively.

Estimated asset retirement obligations of approximately \$710,000 and \$676,000 as of June 30, 2010 and 2009, respectively, were recorded as part of accrued expenses and other liabilities.

**Contingencies** - The Archdiocese has certain pending and threatened litigation and claims; however, management believes the probable resolution of such contingencies will not exceed the established reserves or insurance coverage, and will not materially affect its financial position. It is reasonably possible that estimates included in the financial statements related to these contingencies may change in the near term.

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET ASSETS -  
TEMPORARILY RESTRICTED**

**Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

For the year ended June 30, 2010  
(with comparative totals for 2009)

|   | School<br>Endowment | Infirm<br>Priests | Burses       | Disaster<br>Fund | Cummings<br>Land<br>Donation | Cathedral<br>Capital<br>Campaign | Lector<br>Ragas | Margaret<br>Lauer | Hurricane<br>Katrina<br>Recovery | Others     | 2010<br>Totals | 2009<br>Totals |
|---|---------------------|-------------------|--------------|------------------|------------------------------|----------------------------------|-----------------|-------------------|----------------------------------|------------|----------------|----------------|
| Balances, beginning of year   | \$ 872,098          | \$ 3,659,707      | \$ (104,568) | \$ 241,428       | \$ 127,125                   | \$ 415,220                       | \$ 215,620      | \$ 697,986        | \$ 3,710,873                     | \$ 453,086 | \$ 10,288,575  | \$ 13,545,124  |
| <b>Additions:</b>   |                     |                   |              |                  |                              |                                  |                 |                   |                                  |            |                |                |
| Investment earnings:  |                     |                   |              |                  |                              |                                  |                 |                   |                                  |            |                |                |
| Realized gains  | 418,642             | 89,378            | 65,570       | 2,119            |                              | 33,360                           | 4,729           |                   |                                  | 6,445      | 620,243        | 603,652        |
| Unrealized gains (losses)   | 1,473,953           | 338,184           | 206,020      |                  |                              | 149,789                          | 20,963          |                   |                                  | 25,332     | 2,214,241      | (4,884,624)    |
| Changes in value of<br>split-interest agreements                                |                     |                   |              |                  |                              |                                  |                 | 18,235            |                                  |            | 18,235         | (5,065)        |
| Contributions and grants  |                     | 240,149           |              | 1,171,591        |                              |                                  |                 |                   | 1,055,553                        | 34,116     | 2,501,409      | 4,810,394      |
| Total additions   | 1,892,595           | 667,711           | 271,590      | 1,173,710        | -                            | 183,149                          | 25,692          | 18,235            | 1,055,553                        | 65,893     | 5,354,128      | 524,357        |
| <b>Deductions:</b>  |                     |                   |              |                  |                              |                                  |                 |                   |                                  |            |                |                |
| Net assets released from restrictions -<br>satisfaction of program restrictions | 300,000             | 135,600           | 90,000       | 1,027,620        |                              |                                  |                 |                   | 1,228,067                        | 54,538     | 2,835,825      | 3,780,906      |
| Net change  | 1,592,595           | 532,111           | 181,590      | 146,090          | -                            | 183,149                          | 25,692          | 18,235            | (172,514)                        | 11,355     | 2,518,303      | (3,256,549)    |
| Balances, end of year   | \$ 2,464,693        | \$ 4,191,818      | \$ 77,022    | \$ 387,518       | \$ 127,125                   | \$ 598,369                       | \$ 241,312      | \$ 716,221        | \$ 3,538,359                     | \$ 464,441 | \$ 12,806,878  | \$ 10,288,575  |

**SCHEDULE OF CHANGES IN NET ASSETS -**  
**PERMANENTLY RESTRICTED**

**Roman Catholic Church of the Archdiocese of New Orleans**  
**Administrative Offices**

For the year ended June 30, 2010  
(with comparative totals for 2009)

|                             | <u>School<br/>Endowment</u> | <u>Burses<br/>Fund</u> | <u>St. Louis<br/>Cathedral</u> | <u>2010<br/>Totals</u> | <u>2009<br/>Totals</u> |
|-----------------------------|-----------------------------|------------------------|--------------------------------|------------------------|------------------------|
| Balances, beginning of year | \$ 11,152,537               | \$ 1,867,895           | \$ 1,000,000                   | \$ 14,020,432          | \$ 14,018,877          |
| Additions - contributions   |                             | 3,668                  |                                | 3,668                  | 1,555                  |
| Balances, end of year       | <u>\$ 11,152,537</u>        | <u>\$ 1,871,563</u>    | <u>\$ 1,000,000</u>            | <u>\$ 14,024,100</u>   | <u>\$ 14,020,432</u>   |

**SCHEDULE OF EXPENSES -**  
**PROGRAM SERVICES**

**Roman Catholic Church of the Archdiocese of New Orleans**  
**Administrative Offices**

For the years ended June 30, 2010 and 2009

|                              | <u>2010</u>         | <u>2009</u>         |
|------------------------------|---------------------|---------------------|
| Christian Formation:         |                     |                     |
| Campus ministry              | \$ 281,584          | \$ 217,092          |
| Office of Catholic Schools   | 1,552,193           | 1,854,785           |
| Catholic Youth Organization  | 528,392             | 453,080             |
| Director's office            | 140,380             | 134,516             |
| Religious education office   | 466,358             | 682,506             |
| Eucharistic adoration office | 83,730              | 68,100              |
|                              | <u>\$ 3,052,637</u> | <u>\$ 3,410,079</u> |
| Clergy:                      |                     |                     |
| Clergy programs              | \$ 6,108,066        | \$ 5,860,683        |
| Permanent diaconate          | 144,743             | 143,706             |
| Priest personnel office      | 276,772             | 312,098             |
| Vocation office              | 87,930              | 91,281              |
|                              | <u>\$ 6,617,511</u> | <u>\$ 6,407,768</u> |
| Community Services:          |                     |                     |
| Director's office            | \$ 89,161           | \$ 87,407           |
| Seaman's Center              | 67,326              | 68,325              |
|                              | <u>\$ 156,487</u>   | <u>\$ 155,732</u>   |
| Gifts and Grants:            |                     |                     |
| Donations                    | \$ 257,965          | \$ 205,240          |
| Pastoral Services:           |                     |                     |
| Black Catholics Office       | \$ 125,044          | \$ 162,667          |
| Chaplains                    | 210,051             | 175,890             |
| Director's office            | 189,867             | 118,846             |
| Ecumenical Office            | 20,004              | 20,004              |
| Family Life Apostolate       | 171,400             | 170,090             |
| Hispanic Apostolate          | 141,345             | 143,291             |
| Office of Worship            | 110,447             | 110,599             |
| Spirituality Center          | 25,000              | 25,000              |
|                              | <u>\$ 993,158</u>   | <u>\$ 926,387</u>   |
| Religious:                   |                     |                     |
| Director's office            | \$ 106,275          | \$ 93,931           |

**SCHEDULE OF EXPENSES -**  
**SUPPORTING SERVICES**

**Roman Catholic Church of the Archdiocese of New Orleans**  
**Administrative Offices**

For the years ended June 30, 2010 and 2009

|  | <u>2010</u>         | <u>2009</u>         |
|--|---------------------|---------------------|
| <b>Administration:</b>                 |                     |                     |
| Archbishop - household                 | \$ 241,687          | \$ 113,760          |
| Archbishop - office                    | 218,469             | 149,523             |
| Archives                               | 353,003             | 405,428             |
| Communications and public relations    | 259,795             | 255,219             |
| Former archbishops                     | 170,672             | 119,200             |
| National and regional fees             | 263,453             | 276,100             |
| Racial Harmony                         | 49,966              | -                   |
| Tribunal - first instance              | 241,473             | 269,198             |
| Tribunal - second instance             | 142,196             | 140,069             |
| Vicar General                          | 151,295             | 160,082             |
| St. Louis Cathedral support            | -                   | 3,051               |
| Victims Assistance Office              | 82,662              | 83,112              |
| Development activities                 | 190,749             | 208,724             |
|  | <u>\$ 2,365,420</u> | <u>\$ 2,183,466</u> |
| <b>Financial Services:</b>             |                     |                     |
| Accounting office                      | \$ 293,589          | \$ 294,687          |
| Bad debt expense                       | 1,760,566           | 468,527             |
| Building office                        | 358,551             | 386,800             |
| Depreciation                           | 843,118             | 642,262             |
| Closed parish facilities               | 55,421              | (294,720)           |
| Howard Avenue building services        | 947,989             | 897,437             |
| Human resources and employee benefits  | 165,122             | 160,954             |
| Internal audit department              | 109,900             | 106,900             |
| Internet services                      | 1,010,750           | 1,343,374           |
| Office of Chief Administrative Officer | 650,161             | 468,420             |
| Office of Chief Financial Officer      | 198,002             | 183,082             |
| Property and general costs             | 1,449,922           | 935,724             |
| Walmsley Avenue building services      | 575,072             | 453,684             |
|  | <u>\$ 8,418,163</u> | <u>\$ 6,047,131</u> |
| Totals                                 |                     |                     |

**SCHEDULE OF INVESTMENT BALANCES BY CLASSIFICATION****Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

June 30, 2010

|  | Investment<br>Pool | Non-pooled<br>Investments | Equity<br>In CUP | Restricted<br>For Debt<br>Service | Totals       |
|--|--------------------|---------------------------|------------------|-----------------------------------|--------------|
| <b>Operating Fund:</b>   |                    |                           |                  |                                   |              |
| Burse Fund   | \$ 1,946,414       |                           |                  |                                   | \$ 1,946,414 |
| General Account  | 44,200,178         | \$ 72,010,322             | \$ 809,618       | \$ 6,229,987                      | 123,250,105  |
| Parish Development Fund  | 2,159,440          | 2                         |                  |                                   | 2,159,442    |
| School Endowment Fund  | 13,759,954         | 1                         |                  |                                   | 13,759,955   |
| Elmer G. Ponton Trust  | 220,986            |                           |                  |                                   | 220,986      |
| Priests' Pension Fund  | 2,953,920          | 2,000                     |                  |                                   | 2,955,920    |
| St. Louis King of France<br>Cathedral Endowment                      | 1,362,436          |                           |                  |                                   | 1,362,436    |
| Elizabeth G. Lockett Legacy  | 939,559            | 4                         |                  |                                   | 939,563      |
| Hector Ragas Fund  | 183,629            | 4                         |                  |                                   | 183,633      |
| Monsignor Reynolds Aged<br>and Infirm Priests Endowment              | 138,436            |                           |                  |                                   | 138,436      |
| Total operating fund   | 67,861,952         | 72,012,333                | 809,618          | 6,229,987                         | 146,916,890  |
| <b>Funds Held For Others:</b>  |                    |                           |                  |                                   |              |
| Adult Day Health Care Endowment                                      | 11,916             |                           |                  |                                   | 11,916       |
| Agnes Byrnes Roniger/St. Rita Church<br>Capital Endowment            | 67,120             | 2                         |                  |                                   | 67,122       |
| Agnes Byrnes Roniger /St. Rita School<br>Endowment Fund              | 35,381             |                           |                  |                                   | 35,381       |
| The Almar Foundation Endowment                                       | 24,021             |                           |                  |                                   | 24,021       |
| St. Andrew the Apostle School Endowment Fund                         | 1,155,326          | 4                         |                  |                                   | 1,155,330    |
| Archbishop Chapelle High School<br>Endowment Fund                    | 541,113            | 4                         |                  |                                   | 541,117      |
| Catholic Charities Archdiocese of New Orleans                        | 1,782,774          |                           |                  |                                   | 1,782,774    |
| B. Frank Eshleman Seminarian Fund                                    | 137,694            | 1                         |                  |                                   | 137,695      |
| Bahan Trust  | 331,841            | 1                         |                  |                                   | 331,842      |
| Barbara Lynn Richl Endowment   | 249,709            |                           |                  |                                   | 249,709      |
| Beverly B. Durand Memorial Endowment                                 | 39,335             | 1                         |                  |                                   | 39,336       |
| Blackie (Loyd) Barras/Our Lady of<br>Perpetual Help School Endowment | 119,167            |                           |                  |                                   | 119,167      |
| Boggs/Cathedral  | 26,508             |                           |                  |                                   | 26,508       |
| Boys Hope Girls Hope Endowment Fund                                  | 512,949            |                           |                  |                                   | 512,949      |
| Brandt J. Dufrene Family Fund Endowment Fund                         | 21,225             |                           |                  |                                   | 21,225       |
| C.J. & Jane Dunaway Endowment  | 5,615              |                           |                  |                                   | 5,615        |
| Carboni Family Fund  | 343,621            |                           |                  |                                   | 343,621      |
| Care Center Endowment  | 11,916             |                           |                  |                                   | 11,916       |
| Catholic Charities Endowment   | 24,458             |                           |                  |                                   | 24,458       |
| Catholic Community on Scouting                                       | 28,076             |                           |                  |                                   | 28,076       |
| Catholic Foundation Board of Directors<br>Endowment Fund             | 1,197,738          |                           |                  |                                   | 1,197,738    |
| Catholic Foundation Gift Annuity Pool                                | 2,534,948          |                           |                  |                                   | 2,534,948    |
| Catholic Foundation  | 2,026,846          |                           |                  |                                   | 2,026,846    |
| Chateau De Notre Dame Endowment Fund                                 | 9,534              | 1                         |                  |                                   | 9,535        |
| Children's Fund Endowment  | 11,916             |                           |                  |                                   | 11,916       |
| Christ The King Church Endowment                                     | 8,881              |                           |                  |                                   | 8,881        |
| Christian Meibaum Endowment  | 104,411            |                           |                  |                                   | 104,411      |
| Christopher Homes  | 57,183             |                           |                  |                                   | 57,183       |
| Clara Endowment  | 13,229             |                           |                  |                                   | 13,229       |
| Clearing Account   | 28,144             | 8                         |                  |                                   | 28,152       |

|  | Investment<br>Pool | Non-pooled<br>Investments | Equity<br>In CLIP | Restricted<br>For Debt<br>Service | Totals    |
|--|--------------------|---------------------------|-------------------|-----------------------------------|-----------|
| <b>Funds Held For Others: (Continued)</b>                                |                    |                           |                   |                                   |           |
| Cole Michael Geigerman Special Needs Trust                               | 1,737              |                           |                   |                                   | 1,737     |
| Community Centers Endowment  | 11,916             |                           |                   |                                   | 11,916    |
| Community of Deacon's Endowment Fund                                     | 12,345             |                           |                   |                                   | 12,345    |
| Connie and Frank Walk Endowment Fund                                     | 92,195             |                           |                   |                                   | 92,195    |
| Covenant House New Orleans Endowment Fund                                | 27,784             |                           |                   |                                   | 27,784    |
| Delores F. Harris Endowment Fund   | 297,675            |                           |                   |                                   | 297,675   |
| Domestic Violence Services Endowment                                     | 11,916             |                           |                   |                                   | 11,916    |
| E.J. and Marjory B. Ourso Family Fund for<br>Second Harvesters Food Bank | 1,365,179          | 1                         |                   |                                   | 1,365,180 |
| Family Counseling Endowment  | 11,916             |                           |                   |                                   | 11,916    |
| Father Harold Cohen Memorial Endowment                                   | 38,847             |                           |                   |                                   | 38,847    |
| Archbishop Francis B. Schulte  | 61,458             | 2                         |                   |                                   | 61,460    |
| Good Sheperd Parish Endowment  | 43,809             |                           |                   |                                   | 43,809    |
| Archbishop Philip M. Hannan Witness<br>Endowment Fund                    | 12,011             |                           |                   |                                   | 12,011    |
| Helen Knesel Endowment/St. Catherine<br>of Siena School                  | 14,708             |                           |                   |                                   | 14,708    |
| The Hillary Lanaux Greve Memorial<br>Scholarship Fund                    | 26,783             |                           |                   |                                   | 26,783    |
| Holmes Family Endowment  | 173,993            | 1                         |                   |                                   | 173,994   |
| Holy Family Endowment  | 26,878             |                           |                   |                                   | 26,878    |
| Holy Name of Mary Church<br>Endowment Foundation                         | 68,055             | 1                         |                   |                                   | 68,056    |
| Hooper Endowment   | 774,797            | 1                         |                   |                                   | 774,798   |
| Hope Haven Endowment   | 13,855             |                           |                   |                                   | 13,855    |
| Immaculate Conception Scholarship  | 140,489            | 1                         |                   |                                   | 140,490   |
| Immaculate Conception (Marrero) Church<br>Endowment                      | 9,039              | 1                         |                   |                                   | 9,040     |
| Immigration and Refugee Endowment  | 11,908             |                           |                   |                                   | 11,908    |
| James Andrew Lockett Fund  | 519,550            | 2                         |                   |                                   | 519,552   |
| Saint Katharine Drexel Monument<br>Endowment Fund                        | 26,800             |                           |                   |                                   | 26,800    |
| Larry Garvey Family Fund   | 4,437,361          | 3                         |                   |                                   | 4,437,364 |
| Literacy Endowment   | 11,916             |                           |                   |                                   | 11,916    |
| McPeake/Madonna Manor/Hope Haven   | 6,218              |                           |                   |                                   | 6,218     |
| Mary June Ragas/St. Mary Magdalen<br>School Endowment                    | 144,087            |                           |                   |                                   | 144,087   |
| Mary Queen of Peace Endowment Fund                                       | (176)              |                           |                   |                                   | (176)     |
| Metairie Manor Endowment Fund B  | 75,871             |                           |                   |                                   | 75,871    |
| Metairie Manor Endowment Fund  | 176,758            |                           |                   |                                   | 176,758   |
| T. Milton Hynes & Norma M. Hynes Endowment                               | 63,215             |                           |                   |                                   | 63,215    |
| Monsignor Wynhoven Endowment Fund B                                      | 91,275             |                           |                   |                                   | 91,275    |
| Monsignor Wynhoven Apartments, Inc.                                      | 7,815              |                           |                   |                                   | 7,815     |
| Most Holy Trinity Church Endowment                                       | 148,790            | 1                         |                   |                                   | 148,791   |
| Notre Dame Seminary  | 4,074,951          |                           |                   |                                   | 4,074,951 |
| Notre Dame Seminary Endowment  | 65,000             |                           |                   |                                   | 65,000    |
| Our Lady of Divine Providence Parish<br>Endowment Fund                   | 107,852            |                           |                   |                                   | 107,852   |
| Our Lady of Grace Church Endowment                                       | 9,275              |                           |                   |                                   | 9,275     |
| Our Lady of Guadalupe Church   | 1,180,001          |                           |                   |                                   | 1,180,001 |
| Our Lady of Prompt Succor School, Chalmette                              | 26,004             | 1                         |                   |                                   | 26,005    |
| Our Lady of Prompt Succor Church<br>(Chalmette) Endowment                | 8,515              |                           |                   |                                   | 8,515     |
| Our Lady of The Rosary Church Endowment                                  | 8,767              |                           |                   |                                   | 8,767     |
| Our Lady of Wisdom Custodian Fund  | 477,901            | 1                         |                   |                                   | 477,902   |
| Padua Pediatrics Endowment   | 11,916             |                           |                   |                                   | 11,916    |
| The Pat and Bobby McIntyre Family Fund                                   | 14,507             | 1                         |                   |                                   | 14,508    |

|  | Investment<br>Pool | Non-pooled<br>Investments | Equity<br>In CUP | Restricted<br>For Debt<br>Service | Totals    |
|--|--------------------|---------------------------|------------------|-----------------------------------|-----------|
| <b>Funds Held For Others: (Continued)</b>                                      |                    |                           |                  |                                   |           |
| Paula Zabrecky Scholarship Endowment Fund /<br>St. Edward The Confessor School | 42,351             | 2                         |                  |                                   | 42,353    |
| Pennies for Bread Endowment Fund   | 13,516             |                           |                  |                                   | 13,516    |
| Archbishop Alfred C. Hughes Endowment Fund                                     | 29,901             |                           |                  |                                   | 29,901    |
| Archbishop Philip M. Hannan Educational Fund                                   | 282,887            |                           |                  |                                   | 282,887   |
| Philmat Inc.. Endowment Fund   | 4,642,023          |                           |                  |                                   | 4,642,023 |
| Philmat Operating Account  | 506,759            |                           |                  |                                   | 506,759   |
| Propagation of the Faith   | 1,050,908          |                           |                  |                                   | 1,050,908 |
| Quirk/Magnificat Ministry  | 33,204             |                           |                  |                                   | 33,204    |
| Qzanam Inn Endowment   | 25,225             |                           |                  |                                   | 25,225    |
| Ralph J. & Faye M. Alvarez Scholarship<br>Endowment Fund - St. Benilde School  | 22,853             |                           |                  |                                   | 22,853    |
| Resurrection of Our Lord Church<br>Endowment Fund                              | 461,598            | 1                         |                  |                                   | 461,599   |
| Resurrection of Our Lord School<br>Endowment Fund                              | 461,583            | 1                         |                  |                                   | 461,584   |
| Rev. Bernard O'Brien SFC Endowment Fund  | 101,265            |                           |                  |                                   | 101,265   |
| Reverend Msgr. Andrew C. Taormina<br>Endowment Account                         | 3,176              |                           |                  |                                   | 3,176     |
| Reverend Piovan Endowment Account  | 12,227             |                           |                  |                                   | 12,227    |
| Rev. William J. McGough Endowment  | 871                |                           |                  |                                   | 871       |
| Rick and Maxine Resweber Family Fund   | 7,081              |                           |                  |                                   | 7,081     |
| Robert E. Dionne Endowment Fund  | 643                |                           |                  |                                   | 643       |
| Robin R. & Pamela F. Mingo Family Fund   | 1,011,436          |                           |                  |                                   | 1,011,436 |
| Archbishop Rummel High School<br>Endowment Fund                                | 327,042            |                           |                  |                                   | 327,042   |
| San Pedro Pescador Catholic Church Endowment                                   | -                  |                           |                  |                                   | -         |
| Second Harvesters Food Bank  | 967,067            |                           |                  |                                   | 967,067   |
| Second Harvesters Food Bank, Food for<br>Families, Food for Seniors            | 148,822            |                           |                  |                                   | 148,822   |
| Serra Club of New Orleans (Connie & Frank<br>Walk Endowment)                   | 8,918              |                           |                  |                                   | 8,918     |
| Sister Anthony Barczykowski, D.C.<br>Endowment Fund                            | 4,897              |                           |                  |                                   | 4,897     |
| Sister Germaine O. P. Early Childhood<br>Development Center Fund               | 42,229             |                           |                  |                                   | 42,229    |
| Sister Lillian McCormack Endowment Fund/<br>St. Michael School                 | -                  |                           |                  |                                   | -         |
| St. Agnes Church Parish Endowment  | 170,294            |                           |                  |                                   | 170,294   |
| St. Francis Xavier Hickey  | 41,893             |                           |                  |                                   | 41,893    |
| St. Henry Church Parish Endowment  | -                  |                           |                  |                                   | -         |
| St. John Bosco Parish Endowment Fund   | 234,239            |                           |                  |                                   | 234,239   |
| St. John The Baptist Church Endowment  | 34,235             | 1                         |                  |                                   | 34,236    |
| St. Mary's Dominican High School Endowment Fund                                | 799,920            |                           |                  |                                   | 799,920   |
| St. Peter School - Reserve Endowment   | 5,554              |                           |                  |                                   | 5,554     |
| St. Alphonsus Fund   | 24,927             |                           |                  |                                   | 24,927    |
| St. Ann Church & National Shrine Parish<br>Endowment Fund                      | 26,407             |                           |                  |                                   | 26,407    |
| St. Ann & National Shrine School<br>Endowment Fund                             | 1,089,969          |                           |                  |                                   | 1,089,969 |
| St. Anthony School (Gretna) Endowment Fund                                     | 94,567             |                           |                  |                                   | 94,567    |
| St. Augustine High School Endowment Fund                                       | 9,133              |                           |                  |                                   | 9,133     |
| St. Bernard Catholic Church Endowment  | 3,828              | 1                         |                  |                                   | 3,829     |
| Sr. Imelda Moriarity/St. Catherine of Siena School                             | 117,387            | 1                         |                  |                                   | 117,388   |
| St. Christopher the Martyr Church  | 21,017             |                           |                  |                                   | 21,017    |
| St. Charles Borromeo School Endowment  | 13,383             |                           |                  |                                   | 13,383    |
| St. Clement of Rome Church Fund  | 41,322             |                           |                  |                                   | 41,322    |

|   | Investment<br>Pool | Non-pooled<br>Investments | Equity<br>In CUP | Restricted<br>For Debt<br>Service | Totals         |
|---|--------------------|---------------------------|------------------|-----------------------------------|----------------|
| <b>Funds Held For Others: (Continued)</b>                           |                    |                           |                  |                                   |                |
| St. Clement of Rome School Fund                                     | 20,975             |                           |                  |                                   | 20,975         |
| St. Dominic Church Endowment  | 360,993            | 1                         |                  |                                   | 360,994        |
| St. Dominic School Endowment  | 51,253             |                           |                  |                                   | 51,253         |
| St. Francis of Assisi Church Endowment<br>Foundation                | 155,334            | 1                         |                  |                                   | 155,335        |
| St. Joan of Arc Msgr. Robert Vincent Endowment                      | 108,986            |                           |                  |                                   | 108,986        |
| St. Joseph Church Endowment   | 310,267            |                           |                  |                                   | 310,267        |
| St. Joseph Church Patrimony Endowment                               | 327,879            |                           |                  |                                   | 327,879        |
| St. Leo The Great Church Endowment                                  | 17,066             |                           |                  |                                   | 17,066         |
| St. Louis Cathedral Endowment Fund                                  | 134,166            |                           |                  |                                   | 134,166        |
| St. Louis King of France Parish Endowment                           | 476,034            |                           |                  |                                   | 476,034        |
| St. Luke The Evangelist Parish Endowment                            | 82,369             | 1                         |                  |                                   | 82,370         |
| St. Margaret Mary Parish Endowment                                  | 21,349             |                           |                  |                                   | 21,349         |
| St. Margaret Mary School Scholarship Fund                           | 253,305            | 1                         |                  |                                   | 253,306        |
| St. Margaret Mary School Endowment                                  | 40,522             |                           |                  |                                   | 40,522         |
| St. Mary Magdalen Church Endowment                                  | 4,897              | 1                         |                  |                                   | 4,898          |
| St. Michael Endowment   | 918,025            |                           |                  |                                   | 918,025        |
| St. Peter (Covington) School Endowment Fund                         | 26,796             |                           |                  |                                   | 26,796         |
| St. Pius X Church Endowment Fund                                    | 4,563              |                           |                  |                                   | 4,563          |
| St. Pius X Pillars of Pius Endowment Fund                           | 117,336            |                           |                  |                                   | 117,336        |
| St. Rita (Harahan) Parish School Endowment Fund                     | 177,162            |                           |                  |                                   | 177,162        |
| St. Rita Church Parish Endowment Fund                               | 3,162              | 3                         |                  |                                   | 3,165          |
| St. Scholastica Academy Alumnae Scholarship<br>Fund                 | 16,649             |                           |                  |                                   | 16,649         |
| St. Scholastica Academy Endowment Fund                              | 230,618            |                           |                  |                                   | 230,618        |
| St. Stephen School  | 247,752            | 4                         |                  |                                   | 247,756        |
| St. Theresa of the Child Jesus                                      | 473,847            |                           |                  |                                   | 473,847        |
| St. Anthony of Padua Church (New Orleans)<br>Parish Endowment Fund  | 8,618              |                           |                  |                                   | 8,618          |
| Bishop Stanley J. Ott Notre Dame Seminary<br>Memorial Endowment     | 143,912            | 1                         |                  |                                   | 143,913        |
| Steiner Aged/Infirm   | 147,899            |                           |                  |                                   | 147,899        |
| Stewart/Social Apostolate   | 38,766             |                           |                  |                                   | 38,766         |
| Stoulig Fund  | 184,902            |                           |                  |                                   | 184,902        |
| The Thomas H. Stahel, S.J. Good Shepherd<br>Memorial Endowment Fund | 328,663            |                           |                  |                                   | 328,663        |
| T. Hartley Kingsmill Family Endowment                               | 7,990              | 1                         |                  |                                   | 7,991          |
| The Calamari Family Endowment Fund                                  | 918                | 4                         |                  |                                   | 922            |
| The Gift of Life Endowment  | 992,247            |                           |                  |                                   | 992,247        |
| Tujague/Social Apostolate   | 106,685            |                           |                  |                                   | 106,685        |
| William Richard & Helen Hock St. Joseph<br>Parish Endowment         | 112,311            |                           |                  |                                   | 112,311        |
| Wiseman Endowment Fund  | 33,160             | 1                         |                  |                                   | 33,161         |
| Wynhoven Health Care Center   | -                  |                           |                  |                                   | -              |
| Xavier University Preparatory School<br>Endowment                   | 447,415            | 2                         |                  |                                   | 447,417        |
| Total funds held for others   | 46,477,405         | 67                        | -                | -                                 | 46,477,472     |
| Total investments   | \$ 114,342,357     | \$ 72,012,400             | \$ 809,618       | \$ 6,229,987                      | \$ 193,394,362 |

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**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**

To the Most Reverend Gregory M. Aymond,  
Archbishop of the Roman Catholic Church of  
the Archdiocese of New Orleans,  
New Orleans, Louisiana.

We have audited the financial statements of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") as of and for the year ended June 30, 2010 and have issued our report thereon dated November 17, 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 the Administrative Offices' internal control over financial reporting as a basis for designing our audit 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 Administrative Offices' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Administrative Offices' 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 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 and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Administrative Offices' 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 10-1.

The Administrative Offices' response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Administrative Offices' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Most Reverend Gregory M. Aymond, Archbishop of the Roman Catholic Church of the Archdiocese of New Orleans, management, federal awarding agencies, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
November 17, 2010.



Bourgeois Bennett

**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**

To the Most Reverend Gregory M. Aymond,  
Archbishop of the Roman Catholic Church of  
the Archdiocese of New Orleans,  
New Orleans, Louisiana.

**Compliance**

We have audited the compliance of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Administrative Offices' major federal program for the year ended June 30, 2010. The Administrative Offices' major federal program is 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 the Administrative Offices' management. Our responsibility is to express an opinion on the Administrative Offices' 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 occurred. An audit includes examining, on a test basis, evidence about the Administrative Offices' 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 Administrative Offices' compliance with those requirements.

In our opinion, the Administrative Offices complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-1.

### **Internal Control Over Compliance**

Management of the Administrative Offices is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Administrative Offices' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Administrative Offices' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

*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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 10-1 to be a material weakness.

The Administrative Offices' response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Administrative Offices' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Most Reverend Gregory M. Aymond, Archbishop of the Roman Catholic Church of the Archdiocese of New Orleans, management, federal awarding agencies, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
November 17, 2010.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARD**

**Roman Catholic Church of the Archdiocese of New Orleans  
Administrative Offices**

For the year ended June 30, 2010

| <u>Federal Grantor / Program Title</u>   | <u>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------|---------------------------------|
| <b>Department of Homeland Security:<br/>Passed Through the Louisiana Governor's Office<br/>of Homeland Security and Emergency Preparedness<br/>Disaster Grants - Public Assistance (Presidentially<br/>Declared Disasters)</b> | 97.036                 | <u>\$ 9,849,964</u>             |
| <b>Total expenditures of federal award</b>   |                        | <u><u>\$ 9,849,964</u></u>      |

See notes to schedule of expenditures of federal award.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

### **Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices**

For the year ended June 30, 2010

#### **Note 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Award includes the federal grant activity of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Administrative Offices' has met the qualifications for the respective grants. 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, the amount presented in the schedule may differ from the amount presented in, or used in the preparation of, the financial statements.

Funds received from this grant by the Administrative Offices were distributed to various affiliated entities. For financial reporting purposes, these entities are not consolidated with the Administrative Offices' financial statement.

#### **Note 2 - FINDINGS OF NONCOMPLIANCE**

A finding of noncompliance is disclosed in the accompanying Schedule of Findings and Questioned Costs as finding 10-1.



**Section I - Summary of Auditor's Results (Continued)**

c) Identification of Major Program:

| <u>CFDA Number</u>  | <u>Name of Federal Program</u>   |
|---|--|
| 97.036  | U.S. Department of Homeland Security -<br>Disaster Grants - Public Assistance<br>(Presidentially Declared Disasters) |
| Dollar threshold used to distinguish<br>between Type A and Type B programs: | <u>\$300,000</u>   |
| Auditee qualified as a low-risk auditee?                                    | <input type="checkbox"/> yes <input checked="" type="checkbox"/> no  |

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements**

**Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2010 related to internal control over financial reporting.

**Compliance and Other Matters**

**10-01 Contract Procurement**

**Criteria** - All contract procurement should generally be conducted in a manner providing full and open competition in compliance with federal, state, and local procurement requirements.

**Condition** - The Administrative Offices has not complied with this requirement.

**Context** - As was noted in the Office of Inspector General, U. S. Department of Homeland Security, Audit Report Number 00-10-05, dated February 5, 2010, the Administrative Offices did not comply with the federal contracting requirements for "full and open competition" by publicly advertising invitations for bids and requests for proposals on contracts, but rather invited only preselected contractors to bid on construction projects.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements (Continued)**

**Compliance and Other Matters (Continued)**

**10-01 Contract Procurement (Continued)**

**Cause** - Officials of the Administrative Offices were operating under the understanding, based on verbal approval from FEMA's Public Assistance Coordinator, that continuing to follow their established, pre-Katrina procurement practice of soliciting bids from its list of pre-approved contractors was acceptable for expenditures of FEMA funding. Additionally, the Louisiana Governor's Office of Homeland Security and Emergency Preparedness was aware that the Administrative Offices was not openly competing contracts. Because they knew that the awarding agencies were aware of their procurement policies and because funding continued to be approved and received, the Administrative Offices was unaware, until receipt of the above-mentioned report from the Office of Inspector General that they were not in compliance with all applicable procurement requirements.

**Effect** - Because the Administrative Offices did not conduct "full and open" competitions as required by federal regulation, there is little assurance as to whether contract costs are reasonable. In the abovementioned audit report, the Office of Inspector General advised that continued non-compliance with federal regulations will jeopardize future funding.

**Recommendation** - The Administrative Offices has advised us that new procurement procedures have been implemented to ensure that all contracts are awarded based on full and open competition. The Administrative Offices should consistently comply with its revised procedures so that there will be assurance that all contract costs are reasonable.

**Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical.** - None.

**Section III - Internal Control and Compliance Material to Federal Awards**

**Internal Control / Compliance**

Compliance finding 10-1 is also considered a finding related to both federal award compliance and federal award internal control over compliance.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

### **Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices**

For the year ended June 30, 2010

#### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

##### **Internal Control Over Financial Reporting**

###### **09-01 Grant Expense Account Reconciliation**

**Recommendation** - Always consider available, independent account support when reviewing general ledger balances for completeness and accuracy.

**Management's Corrective Action** - Resolved. The Accounting office reconciles independent grant activity reports to the general ledger and to applicable sub-ledgers.

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

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2009.

#### **Section II - Internal Control And Compliance Material to Federal Awards**

No findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2009.

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2009.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**ON CURRENT YEAR FINDINGS**

**Roman Catholic Church of the Archdiocese of New Orleans**  
**Administrative Offices**

For the year ended June 30, 2010

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters**  
**Material to the Basic Financial Statements**

**Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2010 related to internal control over financial reporting.

**Compliance and Other Matters**

**10-01 Contract Procurement**

**Recommendation** - The Administrative Offices has advised us that new procurement procedures have been implemented to ensure that all contracts are awarded based on full and open competition. The Administrative Offices should consistently comply with its revised procedures so that there will be assurance that all contract costs are reasonable.

**Management's Corrective Action** - As of date of notification, the Administrative Offices has publicly bid all work as required by federal contracting regulations.

**Section II - Internal Control And Compliance Material to Federal Awards**

**Internal Control / Compliance**

Compliance finding 10-1 is also considered a finding related to both federal award compliance and federal award internal control over compliance.

**Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2010.