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Financial Report

Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices

June 30, 2008

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FINANCIAL SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Most Reverend Alfred C. Hughes, D.D.,
Archbishop of the Roman Catholic Church of
the Archdiocese of New Orleans,
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") as of June 30, 2008, and the related statements of activities and cash flows for the year 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 audit. The prior year comparative information has been derived from the 2007 financial statements, which were audited by other auditors whose report dated December 11, 2007, expressed an unqualified opinion on those financial statements before restatement.

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

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

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We also audited the adjustments described in Note 17 that were applied to restate the 2007 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

As disclosed in Note 3 to the financial statements, the Administrative Offices' operations during 2008 and 2007 were significantly impacted by the effects of Hurricane Katrina.

As discussed in Note 11 to the financial statements, in 2007 the Administrative Offices adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of SFAS No. 87, 88, 106 and 132(R)*. The cumulative effect of this change in accounting principle resulted in a decrease in other assets and a decrease in unrestricted net assets of $8,691,660 in the 2007 financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, 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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Administrative Offices taken 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 of the Administrative Offices. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 15, 2008.

Exhibit A

STATEMENTS OF FINANCIAL POSITION

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2008 and 2007

ASSETS

	2008	2007 (Restated)
Cash and cash equivalents	$ 12,862,370	$ 17,453,933
Grants receivable:		
FEMA	3,583,153	-
Other	1,206,379	-
Accounts receivable from affiliates and other	2,312,640	1,769,792
Prepaid expenses	922,488	915,428
Pledges receivable	600,000	862,500
Loans receivable from affiliates - less allowance for doubtful receivables of $13,241,446 and $21,123,337 for 2008 and 2007, respectively	64,304,759	58,812,354
Investments	226,107,367	235,357,143
Land, buildings, and equipment - less accumulated depreciation of $29,695,268 and $31,758,027 for 2008 and 2007, respectively	42,062,128	29,228,736
Other assets	3,098,744	3,210,045
Beneficial interest in charitable remainder trust	424,164	424,057
Total assets	$ 357,484,192	$ 348,033,988

LIABILITIES AND NET ASSETS

	2008	2007 (Restated)
Liabilities		
Accounts payable	$ 3,189,396	$ 1,449,159
Promises to give to affiliates - Pastoral Plan	5,444,451	-
Undistributed flood insurance proceeds due to affiliates	526,928	4,877,990
Accrued expenses and other	3,874,901	2,607,687
Accrued liability for self-insured claims	5,723,268	12,894,656
Deposits payable to affiliates	119,497,564	118,324,914
Funds held for affiliates	58,214,249	55,693,756
Bonds payable	69,293,813	70,447,340
Accrued pension liability	21,473,022	23,341,236
Total liabilities	287,237,592	289,636,738
Commitments and Contingencies (Notes 10, 16 and 18)	-	-
Net Assets		
Unrestricted	42,682,599	25,995,409
Temporarily restricted	13,545,124	18,385,989
Permanently restricted	14,018,877	14,015,852
Total net assets	70,246,600	58,397,250
Total liabilities and net assets	$ 357,484,192	$ 348,033,988

See notes to financial statements.

Exhibit B-1

STATEMENT OF ACTIVITIES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2008
(with comparative totals for 2007)

	2008				2007
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Comparative Totals
Revenues, Gains, and Other Support					
Assessments to affiliated entities for:					
Archdiocesan support	$ 8,602,058			$ 8,602,058	$ 7,841,792
Priest health insurance and retirement	1,797,735			1,797,735	1,681,515
Insurance	10,222,823			10,222,823	9,227,554
Total assessments	20,622,616			20,622,616	18,750,861
Bad debt recovery	2,298,410			2,298,410	
Contributions and grants	1,328,862	$ 511,982	$ 3,025	1,843,869	923,668
Rents and royalties	1,486,513			1,486,513	1,224,132
Investment return - designated for current operations	963,912	2,513,693		3,477,605	4,000,000
Interest income - Deposit and Loan Fund	3,440,765			3,440,765	2,846,512
Fees collected and other revenue	2,289,387			2,289,387	1,673,068
Gain on sale of assets	618,990			618,990	831,942
Changes in value of split-interest agreement		107		107	38,831
Net assets released from restrictions - satisfaction of program restrictions	586,581	(586,581)		-	-
Total revenue, gains, and other support	33,636,036	2,439,201	3,025	36,078,262	30,289,014
Expenses					
Program services:					
Christian formation	2,362,201			2,362,201	2,116,379
Clergy	6,654,197			6,654,197	3,709,971
Community services	127,287			127,287	109,168
Gifts and grants	168,571			168,571	239,212
Insurance	9,854,196			9,854,196	15,746,001
Pastoral services	800,129			800,129	974,744
Religious	93,034			93,034	81,536
Total program services expenses	20,059,615	-	-	20,059,615	22,977,011

Exhibit B-1
(Continued)

	2008				2007
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Comparative Totals
Supporting services:					
Administration	1,969,919			1,969,919	2,032,375
Financial services	6,172,697			6,172,697	6,338,973
Interest	3,214,496			3,214,496	1,003,764
Interest expense - Deposit and Loan Fund	4,151,812			4,151,812	4,121,393
Total supporting services expenses	15,508,924	-	-	15,508,924	13,496,505
Total expenses	35,568,539	-	-	35,568,539	36,473,516
Income (Loss) From Operations	(1,932,503)	2,439,201	3,025	509,723	(6,184,502)
Non-Operating Revenues (Expenses)					
Investment return reduced by the portion of cumulative net investment income designated for current operations	(1,678,230)	(4,376,484)		(6,054,714)	10,196,646
Grants and donations related to Hurricane Katrina	31,802,262	5,341,360		37,143,622	22,284,562
Bad debt recovery - Pastoral Plan	6,082,981			6,082,981	-
Net assets released from restrictions - Hurricane Katrina	8,244,942	(8,244,942)		-	-
Loss on early extinguishment of debt				-	107,860
Distributions of donations to affiliates	(28,114,757)			(28,114,757)	(12,979,524)
Hurricane Katrina related expenses	(1,873,242)			(1,873,242)	(385,898)
Total non-operating revenues - net	14,463,956	(7,280,066)	-	7,183,890	19,223,646
Revenue, Gains, and Other Support in Excess of Expenses	12,531,453	(4,840,865)	3,025	7,693,613	13,039,144
Additional Minimum Pension Liability Adjustment	4,155,737			4,155,737	(1,671,156)
Cumulative Effect of Change in Accounting Principle				-	(8,691,660)
Increase (Decrease) in Net Assets	16,687,190	(4,840,865)	3,025	11,849,350	2,676,328
Net Assets					
Beginning of year (Note 17)	25,995,409	18,385,989	14,015,852	58,397,250	55,720,922
End of year	$ 42,682,599	$ 13,545,124	$ 14,018,877	$ 70,246,600	$ 58,397,250

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, 2007 (Restated)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue, Gains, and Other Support				
Assessments to affiliated entities for:				
Archdiocesan support	$ 7,841,792			$ 7,841,792
Priest health insurance and retirement	1,681,515			1,681,515
Insurance	9,227,554			9,227,554
Total assessments	18,750,861			18,750,861
Contributions and grants	569,260	$ 349,618	$ 4,790	923,668
Rents and royalties	1,224,132			1,224,132
Investment return - designated for current operations	2,787,353	1,212,647		4,000,000
Interest income - Deposit and Loan Fund	2,846,512			2,846,512
Fees collected and other revenue	1,673,068			1,673,068
Gain on sale of assets	831,942			831,942
Changes in value of split-interest agreement	-	38,831		38,831
Net assets released from restrictions -				-
satisfaction of program restrictions	398,580	(398,580)		-
Total revenue, gains, and other support	29,081,708	1,202,516	4,790	30,289,014
Expenses				
Program services:				
Christian formation	2,116,379			2,116,379
Clergy	3,709,971			3,709,971
Community services	109,168			109,168
Gifts and grants	239,212			239,212
Insurance	15,746,001			15,746,001
Pastoral services	974,744			974,744
Religious	81,536			81,536
Total program services expenses	22,977,011	-	-	22,977,011

Exhibit B-2
(Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Supporting services:				
Administration	2,032,375			2,032,375
Financial services	6,338,973			6,338,973
Interest	1,003,764			1,003,764
Interest expense - Deposit and Loan Fund	4,121,393			4,121,393
Total supporting services expenses	13,496,505	-	-	13,496,505
Total expenses	36,473,516	-	-	36,473,516
(Loss) Income From Operations	(7,391,808)	1,202,516	4,790	(6,184,502)
Non-Operating Revenues (Expenses)				
Investment return reduced by the portion of cumulative net investment income designated for current operations	8,036,329	2,160,317		10,196,646
Grants and donations related to Hurricane Katrina	11,354,320	10,930,242		22,284,562
Net assets released from restrictions - Hurricane Katrina (Note 17)	9,869,671	(9,869,671)		-
Loss on early extinguishment of debt	107,860			107,860
Distributions of donations to affiliates	(12,979,524)			(12,979,524)
Hurricane Katrina related expenses	(385,898)			(385,898)
Total non-operating revenues - net	16,002,758	3,220,888	-	19,223,646
Revenue, Gains, and Other Support in Excess of Expenses	8,610,950	4,423,404	4,790	13,039,144
Additional Minimum Pension Liability Adjustment	(1,671,156)			(1,671,156)
Cumulative Effect of Change in Accounting Principle	(8,691,660)			(8,691,660)
Increase (Decrease) in Net Assets	(1,751,866)	4,423,404	4,790	2,676,328
Net Assets				
Beginning of year	27,747,275	13,962,585	14,011,062	55,720,922
End of year	$ 25,995,409	$ 18,385,989	$ 14,015,852	$ 58,397,250

See notes to financial statements.

Exhibit C

STATEMENTS OF CASH FLOWS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities		
Increase in net assets	$ 11,849,350	$ 2,676,328
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Federal grants restricted for building construction	(16,041,947)	-
Depreciation and amortization	722,172	630,630
Bond premium amortization	(53,527)	-
Asset retirement obligation accretion	48,704	-
Provision (recovery) for doubtful receivables - net	(7,881,891)	1,046,044
Net gain from sale of assets	(618,990)	(831,942)
Impairment of long-lived assets	1,873,242	-
Unrealized (gains) losses on investments	10,281,190	(7,868,700)
Loss from early extinguishment of debt	-	107,860
(Decrease) increase in accrued pension liability - net of change in intangible pension asset	(1,868,214)	1,218,377
Cumulative effect of change in accounting principle	-	8,691,660
Change in beneficial interest in charitable remainder trust	(107)	(38,831)
Contributions restricted for long-term investments	(3,025)	-
Changes in operating assets and liabilities:		
Decrease (increase) in grants, accounts and other, and pledges receivable	(1,486,727)	2,647,997
Increase in prepaid expense and other assets	(7,056)	(710,978)
Increase in accounts payable, promises to give, accrued expenses, and other	1,231,810	4,013,073
Net cash provided by (used in) operating activities	(1,955,016)	11,581,518

Exhibit C
(Continued)

	2008	2007
Cash Flows From Investing Activities		
Collections on loans to affiliates	35,463,691	32,773,316
Loans made to affiliates	(33,074,205)	(54,822,756)
Decrease (increase) in investments - net	73,841	(70,125,217)
Proceeds from sale of land, buildings, and equipment	2,087,345	2,918,706
Purchases of land, buildings, and equipment	(16,785,864)	(585,257)
Increase in investments restricted for debt service	(1,105,255)	(5,111,443)
Net cash used in investing activities	(13,340,447)	(94,952,651)
Cash Flows From Financing Activities		
Collection of federal grant funds restricted for building construction	12,458,794	-
Increase in deposits payable to affiliates - net	1,172,650	2,712,404
Proceeds from bond issuance	-	67,345,064
Bond principal payments	(1,100,000)	(235,000)
Early extinguishment of debt	-	(3,730,000)
Payment on note payable	-	(100,000)
Increase in funds held for affiliates	2,520,493	16,274,614
Decrease in undistributed flood insurance proceeds	(4,351,062)	-
Proceeds from permanently restricted contributions	3,025	4,790
Net cash provided by financing activities	10,703,900	82,271,872
Net Decrease In Cash and Cash Equivalents	(4,591,563)	(1,099,261)
Cash and Cash Equivalents		
Beginning of year	17,453,933	18,553,194
End of year	$ 12,862,370	$ 17,453,933
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 2,479,146	$ 108,450

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2008 and 2007

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 at 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 consist of 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, excluding assets held in the investment portfolio.

e. Accounts and Loans Receivable

The accounts and loans receivable consist of advances made to 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 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the Statements of Financial Position. Investments also include hedge funds structured as limited corporations or partnerships. These investments are accounted for under the equity method, which approximates fair value. 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 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 pooled investments as of the beginning of each fiscal year was used in 2008 and 2007.

Investments consist of the following:

- Board-designated investments, which are assets, set aside within various funds for specific purposes such as operations, school endowment, future development of parishes, and capital improvements over which the Board retains control and may at its own discretion subsequently use for other purposes.

- Unexpended bond funds held by trustee, which are designated for capital projects as per the bond indenture agreement.

- 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.

- Investments restricted for debt service, which are those funds set aside to pay related debt service costs.

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 market 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 fair market value. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. During 2008, the Administrative Offices wrote-off $1,873,242 relating to property that was damaged as a result of Hurricane Katrina (see Note 3).

k. Historical Treasures

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

l. Promise To Give

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 Others

The Administrative Offices acts as a custodian for funds owned by affiliated entities to provide centralized investment of pooled assets. Earnings on 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, 2008 and 2007, which are being amortized over the term of the related bond issue using a method that approximates the interest method. Accumulated amortization was $126,000 and $15,000 as of June 30, 2008 and 2007, 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) and the Pastoral Plan bad debt recovery (see Note 4) are reported as non-operating activities.

Changes in unrestricted net assets that are excluded from unrestricted revenues, gains, and other support in excess of expenses include changes in the additional minimum pension liability and the cumulative effect of changes in accounting principle.

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 revenues.

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 July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109* ("FIN 48"), which clarifies the accounting and disclosure for uncertain tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2007. The Administrative Offices has not yet determined the impact that the implementation of FIN 48 will have on its financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Administrative Offices has not yet determined the impact that the adoption of SFAS No. 157 will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 permits the Administrative Offices to choose, at specified election dates, to measure eligible items at fair value (the "fair value option"). The Administrative Offices would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting period. This accounting standard is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Administrative Offices has not yet determined the impact that the adoption of SFAS No. 159 will have on its financial statements.

u. Reclassifications

Certain accounts in the 2007 financial statements have been reclassified to conform to the current year presentation.

Note 3 - HURRICANE KATRINA

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%.

The June 30, 2008 and 2007 financial statements reflect certain unusual items as a result of the effects of Hurricane Katrina on the operations of the Administrative Offices. The 2007 Statement of Activities reflects $22 million of grants and donations received and hurricane-related expenses of $13 million. The 2008 Statement of Activities reflects $37 million of grants and donations received and hurricane related expenses of $30 million.

The following table presents information related to Hurricane Katrina for the years ended June 30, 2008 and 2007:

	2008	2007
Unrestricted revenues:		
Unrestricted donations related to Hurricane Katrina	$ 1,339,611	$ 9,353,531
Federal grant monies received	30,462,651	2,000,789
Net assets released from restrictions - Hurricane Katrina (Note 17)	8,244,942	9,869,671
Total unrestricted revenues related to Hurricane Katrina	40,047,204	21,223,991
Temporarily restricted revenues:		
Restricted donations related to Hurricane Katrina	5,341,360	10,930,242
Federal grant monies received	-	-
Net assets released from restrictions - Hurricane Katrina (Note 17)	(8,244,942)	(9,869,671)
Total temporarily restricted revenues related to Hurricane Katrina	(2,903,582)	1,060,571
Total revenues related to Hurricane Katrina	$ 37,143,622	$ 22,284,562

Note 3 - HURRICANE KATRINA (Continued)

	2008	2007
Distributions - non-combined affiliated entities:		
Restricted donations received and distributed to affiliates (Note 17)	$ (8,244,942)	$ (9,869,671)
Unrestricted donations received and distributed to affiliates (Note 17)	(5,529,348)	(1,126,463)
Federal grant monies distributed to affiliates	(14,340,467)	(1,983,390)
Total distributions to non-combined affiliated entities	(28,114,757)	(12,979,524)
Administrative offices:		
Impaired or destroyed property	(1,873,242)	-
Repairs, maintenance, and damage assessment costs	-	(385,898)
Total Hurricane Katrina related expenses	(1,873,242)	(385,898)
Total expenses related to Hurricane Katrina - net	$ (29,987,999)	$ (13,365,422)

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 16). Actual affiliate insurance claims and proceeds received from insurance claims related to wind, flood, and business interruption are not recorded in the operations of the Administrative Offices and are not included in the Statements of Activities herein.

Note 3 - HURRICANE KATRINA (Continued)

The Administrative Offices, together with the non-combined affiliated entities, has wind coverage through the Archdiocese with an aggregate limit of $1.5 billion. Approximately $347,000 in insurance proceeds relating to property damage for the Administrative Offices was received in the year ended June 30, 2006. No further insurance proceeds are expected to be received from the insurer.

The Administrative Offices, together with the non-combined affiliated entities, has flood coverage through the National Flood Insurance Program. As of June 30, 2008, $13 million in flood insurance proceeds had been received by the Administrative Offices on behalf of the affected parishes and schools. As of June 30, 2008 and 2007, approximately $527,000 and $4,878,000, respectively, was undistributed and recorded as a liability in the accompanying Statements of Financial Position.

The Administrative Offices, together with the non-combined affiliated entities, has business interruption coverage through the Archdiocese. During 2007, the Administrative Offices, on behalf of the non-combined affiliated entities, settled with the insurer for $7.3 million, of which $1.9 million and $3.5 million was received during fiscal years 2008 and 2007, respectively. As of June 30, 2008 and 2007, approximately $699,000 and $835,000, respectively, was undistributed and recorded as accrued expenses and other liabilities in the accompanying Statements of Financial Position. The remaining $1.9 million is to be received in January 2009. The future recoveries under this settlement will be recorded as a liability and then distributed to affiliates in the period received.

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. The Administrative Offices expects to pay these promises to give in the coming year as the parishes close.

Note 5 - PLEDGES RECEIVABLE

Pledges receivable are considered fully collectible; accordingly, no allowance for uncollectible pledges has been provided.

As of June 30, 2008 and 2007, pledges receivable consist of the following:

	2008	2007
Receivable in less than one year	$ 200,000	$ 262,500
Receivables in one to five years	400,000	600,000
Total pledges receivable	$ 600,000	$ 862,500

Note 6 - LOANS RECEIVABLE FROM AFFILIATES

A summary of loans receivable from affiliates as of June 30, 2008 and 2007, is as follows:

	2008	2007
Parishes	$ 36,501,948	$ 35,656,548
Nursing homes	24,786,949	19,822,322
Archdiocesan-sponsored high schools	7,412,184	12,499,377
Borrowings under revolving lines of credit	2,980,934	6,818,309
Real estate - Affordable Housing Ministries	2,956,927	2,432,967
Other school-related loans	197,653	456,092
Other	2,709,610	2,250,076
Total loans	77,546,205	79,935,691
Less allowance for doubtful receivables	(13,241,446)	(21,123,337)
Total loans - net	$ 64,304,759	$ 58,812,354

A summary of loans receivable from affiliates based on interest-accrued status as of June 30, 2008 and 2007, is a follows:

	2008	2007
Balances on which interest is accrued	$ 58,690,051	$ 58,979,240
Balances on which interest is not accrued	18,856,154	20,956,451
Totals	$ 77,546,205	$ 79,935,691

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, 2008 and 2007, and consist of the following:

	2008	2007
Pooled asset portfolio:		
Cash and cash equivalents	$ 6,140,872	$ 8,325,442
U.S. government obligations	14,511,599	12,479,591
Corporate bonds	14,293,953	15,549,209
Corporate stocks	24,383,689	28,573,580
Common collective trusts - equities	65,424,444	73,515,818
Hedge funds	7,976,164	6,848,333
Futures and options	108,994	315,004
Total pooled asset portfolio	132,839,715	145,606,977
Separately invested portfolio:		
Cash and cash equivalents	21,217,723	42,253,698
U.S. government obligations	30,053,527	17,699,537
Corporate bonds	29,884,897	24,043,104
Investment in Catholic Umbrella Pool	925,923	1,201,752
Other	11,185,582	4,552,075
Total separately invested portfolio	93,267,652	89,750,166
Totals	$ 226,107,367	$ 235,357,143

Note 7 - INVESTMENTS (Continued)

As of June 30, 2008 and 2007, investments are comprised of amounts owned by the Administrative Offices and funds held for others as follows:

	2008	2007
Administrative Offices:		
Restricted for debt services	$ 6,461,666	$ 5,356,411
Other	166,118,561	175,025,542
	172,580,227	180,381,953
Funds held for others	53,527,140	54,975,190
Totals	$ 226,107,367	$ 235,357,143

Net investment income for the years ended June 30, 2008 and 2007, is comprised of the following:

	2008	2007
Interest, dividends, and realized gains - net	$ 7,704,081	$ 6,327,946
Unrealized gains (losses) - net	(10,281,190)	7,868,700
Total net investment income	$ (2,577,109)	$ 14,196,646

Note 7 - INVESTMENTS (Continued)

	2008	2007
Investment return designated for current operations:		
Unrestricted	$ 963,912	$ 2,787,353
Temporarily restricted	2,513,693	1,212,647
	3,477,605	4,000,000
Investment return - non-operating:		
Unrestricted	(1,678,230)	8,036,329
Temporarily restricted	(4,376,484)	2,160,317
	(6,054,714)	10,196,646
Total net investment income	$ (2,577,109)	$ 14,196,646

Investment income is reported net of investment fees. Investment fees were approximately $463,000 and $492,000 for the years ended June 30, 2008 and 2007, respectively.

Note 8 - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment includes 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, 2008 and 2007, is summarized as follows:

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

	2008	2007
Administrative offices:		
Land	$ 2,629,685	$ 2,732,167
Buildings and improvements	18,905,906	19,305,638
Furniture and fixtures	1,252,999	911,920
Transportation equipment	17,129	17,129
	22,805,719	22,966,854
Less accumulated depreciation	(13,777,386)	(13,456,868)
Subtotals	9,028,333	9,509,986
Non-combined affiliated entities:		
Land	6,771,031	7,409,491
Buildings and improvements	33,994,134	22,133,151
	40,765,165	29,542,642
Less accumulated depreciation	(15,917,882)	(18,301,159)
Subtotals	24,847,283	11,241,483
Land held for future development (includes $190,625 of land, the use of which is restricted)	8,186,512	8,477,267
Totals	$ 42,062,128	$ 29,228,736

During 2008, the Administrative Offices recorded impairment losses of $1,873,242 on property used by non-combined affiliated entities that was damaged as a result of Hurricane Katrina.

As of June 30, 2008, non-combined affiliated entities' buildings and improvements cost included $16,041,947 of construction in progress on a building to be used by Archbishop Hannan High School. Use of the building began in the fall of 2008.

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

Depreciation expense for the years ended June 30, 2008 and 2007 was approximately $611,000 and $612,000, respectively, and is reported in the Statements of Activities by functional category:

	2008	2007
Program services	$ 63,408	$ 83,129
Supporting services	547,464	529,084
Totals	$ 610,872	$ 612,213

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:

	2008	2007
Contribution receivable	$ 719,351	$ 726,293
Less discount to net present value	(295,187)	(302,236)
Beneficial interest in charitable remainder trust	$ 424,164	$ 424,057

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 (See Note 16). 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. In connection with the advanced refunding of the 2001A Series Bonds, the Administrative Offices recorded a loss on early extinguishment of debt of $107,860, which is included in non-operating revenues-net in the accompanying 2007 Statement of Activities. Amounts under the 2002C Series which were refunded by the 2007 Series were converted to loans receivable from the original obligated parties (See Note 16).

The aggregate maturities of the bonds payable as of June 30, 2008, are as follows:

Years Ending June 30,	
2009	$ -
2010	1,095,000
2011	1,140,000
2012	1,200,000
2013	1,260,000
Thereafter	63,355,000
Subtotal	68,050,000
Unamortized bond premium	1,243,813
	$ 69,293,813

Note 11 - RETIREMENT PLANS

The Administrative Offices offers a 401(k) defined contribution plan (the "401(k) Plan") to their lay employees. 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. The 401(k) Plan expense also includes an additional 2% contribution by the Administrative Offices to cover plan 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 $163,000 and $152,000 for the years ended June 30, 2008 and 2007, respectively.

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.

The Administrative Offices adopted the provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of SFAS No. 87, 88, 106, and 132(R)* ("SFAS No. 158") for the year ended June 30, 2007. SFAS No. 158 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 summarizes the effect of the adjustments to record the adoption of SFAS No. 158:

	Before Adoption of SFAS No. 158	Change Due to SFAS No. 158	After Adoption of SFAS No. 158
Assets - intangible asset	$ 8,691,660	$(8,691,660)	$ -
Liabilities - accrued pension liability	$23,341,236	$ -	$ 23,341,236
Net assets - unrestricted net assets	$ (1,671,156)	$(8,691,660)	$(10,362,816)

Note 11 - RETIREMENT PLANS (Continued)

The following table as of June 30, 2008 and 2007 sets forth the Plan's change in benefit obligation, change in Plan assets, and the funded status of the Plan:

	2008	2007
Change in benefit obligation:		
Projected benefit obligation - beginning of year	$ (23,341,236)	$ (22,701,426)
Adjustments for measurement date transition (March 31 to June 30)	(298,673)	-
Projected benefit obligation - beginning of year (as adjusted)	(23,639,909)	(22,701,426)
Service cost	(272,051)	(267,231)
Interest cost	(1,458,880)	(1,455,731)
Amendments	203,609	(450,284)
Actuarial gain	1,771,550	338,745
Benefits paid	1,197,092	1,194,691
Other adjustments for measurement date transition	725,567	-
Projected benefit obligation - end of year	(21,473,022)	(23,341,236)
Change in plan assets:		
Fair value of Plan assets - beginning of year	-	-
Employer contributions made	1,197,092	1,194,691
Benefits paid	(1,197,092)	(1,194,691)
Fair value of Plan assets - end of year	-	-
Funded status - (deficit)	$ (21,473,022)	$ (23,341,236)

Note 11 - RETIREMENT PLANS (Continued)

	2008	2007
Amounts recognized in the statements of financial position consist of:		
Accrued pension liability	$ (21,473,022)	$ (23,341,236)
Unrestricted net assets		
Net (gain)/loss	$ (960,483)	$ 1,671,156
Prior service cost	1,662,476	2,122,995
Transition obligation	5,505,086	6,568,665
Totals	$ 6,207,079	$ 10,362,816

The actuarial present value of the projected benefit obligation was computed using a weighted-average discount rate of 7.131% and 6.299% as of June 30, 2008 and 2007, 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, 2008 and 2007, includes the following components:

	2008	2007
Service costs - benefits earned during the periods	$ 272,051	$ 267,231
Interest cost on projected benefit obligation	1,458,880	1,455,731
Amortization of transition obligation	850,863	850,863
Amortization of prior service cost	205,528	177,988
Subtotals	2,787,322	2,751,813
Adjustment for measurement date transition	697,293	-
Net periodic pension cost	$ 3,484,615	$ 2,751,813

The net periodic pension cost was computed using a weighted-average discount rate of 6.57% and 6.605% for the years ended June 30, 2008 and 2007, respectively.

Note 11 - RETIREMENT PLANS (Continued)

The Administrative Offices currently expects to make benefit payments and contributions to the Plan of approximately $1,439,000 in fiscal 2009.

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 $0, $183,096 and $850,863, respectively.

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, 2008, are as follows:

Years Ending June 30,	
2009	$ 1,438,804
2010	1,465,117
2011	1,462,897
2012	1,487,964
2013	1,515,811
2014 - 2018	7,789,392
	$ 15,159,985

Note 12 - NET ASSETS

Unrestricted net assets at June 30, 2008 and 2007 consisted of the following:

	2008	2007
Undesignated (Note 17)	$ 39,127,051	$ 16,995,409
Designated for various parishes	3,555,548	9,000,000
Total unrestricted net assets	$ 42,682,599	$ 25,995,409

Note 12 - NET ASSETS (Continued)

Temporarily restricted net assets as of June 30, 2008 and 2007 were available as follows:

	2008	2007
Infirm priests	$ 4,261,440	$ 4,458,623
School Endowment	4,369,959	5,606,567
Hurricane Katrina (Note 17)	1,645,143	4,548,725
Margaret Lauer	703,051	702,944
Cathedral Capital Campaign	674,444	786,359
Disaster Fund	647,348	622,943
Hector Ragas	254,995	272,687
Burses	435,540	755,362
Cummings land donation	127,125	127,125
Other - miscellaneous	426,079	504,654
Totals (Note 17)	$ 13,545,124	$ 18,385,989

Permanently restricted net assets as of June 30, 2008 and 2007, consist of endowment funds and are held as follows:

	2008	2007
School Endowment	$ 11,152,537	$ 11,152,537
Burses	1,866,340	1,863,315
St. Louis Cathedral	1,000,000	1,000,000
Totals	$ 14,018,877	$ 14,015,852

Note 13 - CONCENTRATIONS OF CREDIT RISK

As of June 30, 2008, the Administrative Offices had bank accounts at three financial institutions which exceeded the $100,000 limit insured by the Federal Deposit Insurance Corporation (FDIC) by approximately $13,016,000 in aggregate.

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.

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, 2008 and 2007 is $69,293,813 and $70,447, 340, 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 - 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, 2008 and 2007, such commitments totaled approximately $40,000,000 and $58,918,000, respectively.

Guarantees - As of June 30, 2008, the Administrative Offices has guaranteed $1.5 million of indebtedness of a non-combined affiliate.

The Administrative Offices previously guaranteed certain bonds on behalf of an entity affiliated with the Archdiocese. The original principal of the bonds was $4,000,000, and the bonds bore interest at 5.375% per year, maturing December 1, 2008. The bonds were secured by a first mortgage on the entity's land and buildings. The outstanding principal of the bonds recorded as a liability on the non-combined affiliated entity's financial statements was $1,425,000 at June 30, 2006. In March 2007, the Archdiocese issued bonds refunding the outstanding amounts, including accrued interest, on behalf of this entity. These refunded amounts are now included in loans receivable in the accompanying Statements of Financial Position.

The Administrative Offices previously guaranteed portions of a certain revenue bond issue on behalf of two non-combined entities affiliated with the Archdiocese. The original portions of the bonds guaranteed were $8,500,000 and $3,500,000, and the bonds bore interest at a variable rate and had an original maturity date of July 1, 2024. The bonds were secured by a bank front letter of credit and a secondary bank supporting letter of credit. The outstanding principal of the bonds recorded as a liability on each of the entities' financial statements were $8,195,000 and $3,255,000 as of June 30, 2006. In March 2007, the Archdiocese issued bonds refunding all outstanding amounts, including accrued interest, on behalf of these entities totaling approximately $11,267,000. These amounts are now recorded as a receivable of the Administrative Offices, and are included in loans receivable in the accompanying Statements of Financial Position.

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.

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

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 $926,000 and $1,202,000 at June 30, 2008 and 2007, 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.

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 $5,723,000 and $11,907,000 at June 30, 2008 and 2007, respectively.

Asset Retirement Obligations - In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting For Conditional Asset Retirement Obligations* ("FIN 47"), which is an interpretation of SFAS No. 143, *Accounting For Asset Retirement Obligations* ("SFAS No. 143") that was effective January 1, 2003. FIN 47 is effective for fiscal years ended after December 15, 2005. FIN 47 addresses the diverse accounting practices that were developed with respect to the timing of liability recognition for legal obligations associated with the retirement of a tangible long-lived asset when the timing of the obligation is conditional on a future event. FIN 47 clarifies that an entity is required to recognize a liability for the fair market value of a conditional asset retirement obligation when incurred

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

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 $465,000 and $485,000 as of June 30, 2008 and 2007, respectively.

Estimated asset retirement obligations of approximately $644,000 and $595,000 as of June 30, 2008 and 2007, 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.

Note 17 - PRIOR YEAR ADJUSTMENTS

For the year ended June 30, 2007, the Statement of Activities has been restated to record additional net assets released from restrictions - Hurricane Katrina totaling $3,726,591. Recording these additional net asset releases also resulted in a restatement of the Statement of Financial Position as of June 30, 2007. The effects of recording these additional net assets released from restrictions for and as of the year ended June 30, 2007, are as follows:

Note 17 - PRIOR YEAR ADJUSTMENTS (Continued)

STATEMENT OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Increase (decrease) in net assets for the year ended June 30, 2007, as previously reported	$ (5,478,457)	$ 8,149,995	$ 4,790	$ 2,676,328
Adjustment to record additional net assets released	3,726,591	(3,726,591)	-	-
Increase (decrease) in net assets for the year ended June 30, 2007, as restated	$ (1,751,866)	$ 4,423,404	$ 4,790	$ 2,676,328

STATEMENT OF FINANCIAL POSITION

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net assets as of June 30, 2007, as previously reported	$ 22,268,818	$ 22,112,580	$ 14,015,852	$ 58,397,250
Adjustment to record additional net assets released	3,726,591	(3,726,591)	-	-
Net assets as of June 30, 2007, as restated	$ 25,995,409	$ 18,385,989	$ 14,015,852	$ 58,397,250

Note 18 - SUBSEQUENT EVENTS

Recent economic uncertainty and market events have led to significant volatility, primarily declines, in currency, commodity, credit, and equity markets. These recent events underscore the level of investment risk associated with the current economic environment, and accordingly the level of risk of the investments of the Administrative Offices. The effect of these matters on the investments of the Administrative Offices has not been determined as of December 15, 2008, and, in any event, changes daily.

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, 2008
(with comparative totals for 2007)

	School Endowment	Infirm Priests	Burses	Disaster Fund	Cummings Land Donation	Cathedral Capital Campaign	Hector Ragas	Margaret Lauer	Hurricane Katrina	Others	2008 Totals	2007 Totals
Balances, beginning of year	$ 5,606,567	$ 4,458,623	$ 755,362	$ 622,943	$ 127,125	$ 786,359	$ 272,687	$ 702,944	$ 4,548,725	$ 504,654	$ 18,385,989	$ 13,962,585
Additions:												
Investment earnings:												
Realized gains	397,096	141,365	110,327			35,456	7,973			12,178	704,395	794,820
Unrealized gains	(1,633,704)	(432,447)	(296,914)			(147,371)	(25,665)			(31,085)	(2,567,186)	2,578,144
Changes in value of split-interest agreements								107			107	38,831
Contributions and grants		277,559		179,405					5,341,360	55,018	5,853,342	11,279,860
Total additions	(1,236,608)	(13,523)	(186,587)	179,405	-	(111,915)	(17,692)	107	5,341,360	36,111	3,990,658	14,691,655
Deductions:												
Net assets released from restrictions - satisfaction of program restrictions:												
Hurricane Katrina									8,244,942		8,244,942	9,869,671
Other		183,660	133,235	155,000						114,686	586,581	398,580
Total deductions	-	183,660	133,235	155,000	-	-	-	-	8,244,942	114,686	8,831,523	10,268,251
Net change	(1,236,608)	(197,183)	(319,822)	24,405	-	(111,915)	(17,692)	107	(2,903,582)	(78,575)	(4,840,865)	4,423,404
Balances, end of year	$ 4,369,959	$ 4,261,440	$ 435,540	$ 647,348	$ 127,125	$ 674,444	$ 254,995	$ 703,051	$ 1,645,143	$ 426,079	$ 13,545,124	$ 18,385,989

Schedule 2

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, 2008
(with comparative totals for 2007)

	School Endowment	Burses Fund	St. Louis Cathedral	2008 Totals	2007 Totals
Balances, beginning of year	$ 11,152,537	$ 1,863,315	$ 1,000,000	$ 14,015,852	$ 14,011,062
Additions - contributions		3,025		3,025	4,790
Balances, end of year	$ 11,152,537	$ 1,866,340	$ 1,000,000	$ 14,018,877	$ 14,015,852

Schedule 3

SCHEDULE OF EXPENSES - PROGRAM SERVICES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2008 and 2007

	2008	2007
Christian Formation:		
Campus ministry	$ 138,042	$ 125,702
Office of Catholic Schools	1,012,563	886,020
Catholic Youth Organization	429,463	448,078
Director's office	121,969	122,613
Religious education office	622,476	475,170
Eucharistic adoration office	37,688	58,796
Totals	$ 2,362,201	$ 2,116,379
Clergy:		
Clergy programs	$ 6,207,158	$ 3,302,026
Permanent diaconate	137,130	114,306
Priest personnel office	226,105	210,519
Vocation office	83,804	83,120
Totals	$ 6,654,197	$ 3,709,971
Community Services:		
Director's office	$ 87,201	$ 83,344
Seaman's Center	40,086	25,824
Totals	$ 127,287	$ 109,168
Gifts and Grants:		
Donations	$ 168,571	$ 239,212
Pastoral Services:		
Ave Maria Retreat Center	$ (76,634)	$ 56,202
Black Catholics Office	158,167	102,411
Chaplains	145,649	104,688
Director's office	109,429	81,184
Family Life Apostolate	164,568	166,780
Hispanic Apostolate	155,245	324,789
Office of Worship	118,705	113,690
Spirituality Center	25,000	25,000
Totals	$ 800,129	$ 974,744
Religious:		
Director's office	$ 93,034	$ 81,536

Schedule 4

SCHEDULE OF EXPENSES - SUPPORTING SERVICES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2008 and 2007

	2008	2007
Administration:		
Antoine Blanc Memorial	$ -	$ 12
Archbishop - household	99,978	99,508
Archbishop - office	149,690	142,129
Archives	289,211	252,263
Communications and public relations	260,290	170,724
Former archbishops	113,820	108,593
National and regional fees	261,734	284,641
Tribunal - first instance	262,110	461,938
Tribunal - second instance	93,386	104,133
Vicar General	128,419	90,586
St. Louis Cathedral support	6,199	29,342
Victims Assistance Office	81,557	81,269
Development activities	223,525	207,237
Totals	$ 1,969,919	$ 2,032,375
Financial Services:		
Accounting office	$ 280,969	$ 255,307
Bad debt expense	499,500	1,046,044
Building office	335,968	316,626
Depreciation	353,205	546,635
Closed parish facilities	241,904	56,580
Howard Avenue building services	882,180	895,799
Human resources and employee benefits	159,622	151,758
Internal audit department	41,142	76,477
Internet services	2,063,400	1,730,814
Office of Chief Administrative Officer	419,562	472,857
Office of Chief Financial Officer	208,634	154,695
Property and general costs	340,651	162,994
Walmsley Avenue building services	345,960	472,387
Totals	$ 6,172,697	$ 6,338,973

SCHEDULE OF INVESTMENT BALANCES BY CLASSIFICATION

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2008

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Total
Operating Fund:					
Burse Fund	$ 2,299,422	$ 648	$	$	$ 2,300,070
General Account	52,775,068	85,319,116	925,923	6,461,666	145,481,773
Parish Development Fund	2,556,569	51			2,556,620
School Endowment Fund	15,654,128				15,654,128
Elmer G. Ponton Trust	262,006	6			262,012
Priests' Pension Fund	3,437,370	4,067			3,441,437
St. Louis King of France Cathedral Endowment	1,440,272				1,440,272
Elizabeth G. Lockett Legacy	1,068,878	10,947			1,079,825
Hector Ragas Fund	217,237	4			217,241
Monsignor Reynolds Aged and Infirm Priests Endowment	146,848	1			146,849
Total operating fund	79,857,798	85,334,840	925,923	6,461,666	172,580,227
Funds Held For Others:					
Adult Day Health Care Endowment	12,730				12,730
Agnes Byrnes Roniger/St. Rita Church Capital Endowment	80,035	2			80,037
Agnes Byrnes Roniger /St. Rita School Endowment Fund	41,324				41,324
The Almar Foundation Endowment	27,031				27,031
St. Andrew the Apostle School Endowment Fund	1,143,043				1,143,043
Archbishop Chapelle High School Endowment Fund	602,979	4			602,983
Catholic Charities Archdiocese of New Orleans	3,845,812				3,845,812
B. Frank Eshleman Seminarian Fund	161,529	1			161,530
Bahan Trust	387,890				387,890
Barbara Lynn Riehl Endowment	260,630				260,630
Beverly B. Durand Memorial Endowment	46,901	1			46,902
Blackie (Loyd) Barras/Our Lady of Perpetual Help School Endowment	131,004				131,004
Boggs/Cathedral	29,398				29,398
Boys Hope Girls Hope Endowment Fund	547,933				547,933
Brandt J. Dufrene Family Fund Endowment Fund	22,677				22,677
C.J. & Jane Dunaway Endowment	5,998				5,998
Carboni Family Fund	367,142				367,142
Care Center Endowment	12,730				12,730
Catholic Charities Endowment	27,522				27,522
Catholic Community on Scouting	31,259				31,259
Catholic Foundation Board of Directors Endowment Fund	439,754	3			439,757
Catholic Foundation Gift Annuity Pool	3,048,330	327,789			3,376,119
Catholic Foundation	1,029,101	5			1,029,106
Chateau De Notre Dame	370,844				370,844
Chateau De Notre Dame Endowment Fund	10,186	1			10,187
Children's Fund Endowment	12,730				12,730
Christ The King Church Endowment	9,487				9,487
Christopher Homes	60,450				60,450

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Total
Funds Held For Others: (Continued)					
Clara Endowment	14,125				14,125
Clearing Account	29,753	3			29,756
Cole Michael Geigerman Special Needs Trust	1,855				1,855
Community Centers Endowment	12,730				12,730
Community of Deacon's Endowment Fund	13,190				13,190
Connie and Frank Walk Endowment Fund	98,535				98,535
Covenant House New Orleans Endowment Fund	29,684				29,684
Domestic Violence Services Endowment	12,730				12,730
E.J. and Marjory B. Ourso Family Fund for Second Harvesters Food Bank	1,458,632	1			1,458,633
Family Counseling Endowment	12,730				12,730
Father Harold Cohen Memorial Endowment	42,917				42,917
Archbishop Francis B. Schulte	69,698	1			69,699
Archbishop Philip M. Hannan Witness Endowment Fund	12,830				12,830
Helen Knesel Endowment/St. Catherine of Siena School	15,765				15,765
The Hillary Lanaux Greve Memorial Scholarship Fund	28,615				28,615
Holmes Family Endowment	207,477	1			207,478
Holy Family Endowment	28,717				28,717
Holy Name of Mary Church Endowment Foundation	136,089	1			136,090
Hooper Endowment	900,666				900,666
Hope Haven Endowment	14,801				14,801
Immaculate Conception Scholarship	157,918	1			157,919
Immaculate Conception (Marrero) Church Endowment	9,657	1			9,658
Immigration and Refugee Endowment	12,730				12,730
James Andrew Lockett Fund	639,683	14,396			654,079
Saint Katharine Drexel Monument Endowment Fund	28,609				28,609
Larry Garvey Family Fund	4,741,117	3			4,741,120
Literacy Endowment	12,730				12,730
McPeake/Madonna Manor/Hope Haven	6,642				6,642
Mary June Ragas/St. Mary Magdalen School Endowment	171,815	1			171,816
Metairie Manor Endowment Fund B	24,665				24,665
Metairie Manor Endowment Fund	186,849	6			186,855
T. Milton Hynes & Norma M. Hynes Endowment	67,483				67,483
Monsignor Wynhoven Endowment Fund B	30,833				30,833
Monsignor Wynhoven Apartments, Inc.	25,732				25,732
Most Holy Trinity Church Endowment	48,546				48,546
Monsignor Reynolds Endowed Professorship		5			5
Notre Dame Seminary	5,426,697	145,002			5,571,699
Our Lady of Divine Providence Parish Endowment Fund	159,046				159,046
Our Lady of Grace Church Endowment	8,832				8,832
Our Lady of Prompt Succor School, Chalmette	30,904	1			30,905
Our Lady of Prompt Succor Church (Chalmette) Endowment	9,580				9,580
Our Lady of The Rosary Church Endowment	9,350	3			9,353
Our Lady of Wisdom Custodian Fund	507,047				507,047
Ozanam Inn Endowment	21,768				21,768
Padua Pediatrics Endowment	12,730				12,730
The Pat and Bobby McIntyre Family Fund	12,627				12,627

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Total
Funds Held For Others: (Continued)					
Paula Zabrecky Scholarship Endowment Fund / St. Edward The Confessor School	56,501	2			56,503
Pennies for Bread Endowment Fund	14,440				14,440
Archbishop Philip M. Hannan Educational Fund	230,740	50,005			280,745
Philmat Inc., Endowment Fund	4,907,222				4,907,222
Philmat Operating Account	535,710				535,710
Propagation of the Faith	1,110,947				1,110,947
Quirk/Magnificat Ministry	40,715	836			41,551
Ralph J. & Faye M. Alvarez Scholarship Endowment Fund - St. Benilde School	25,662				25,662
Resurrection of Our Lord Church Endowment Fund	238,214	198			238,412
Resurrection of Our Lord School Endowment Fund	238,214	198			238,412
Rev. Bernard O'Brien SFC Endowment Fund	107,050				107,050
Reverend Msgr. Andrew C. Taormina Endowment Account	3,119	2			3,121
Reverend Piovan Endowment Account	13,062				13,062
Rev. William J. McGough Endowment	930				930
Rick and Maxine Resweber Family Fund	1,811	2			1,813
Robin R. & Pamela F. Mingo Family Fund	1,075,404				1,075,404
Archbishop Rummel High School Endowment Fund	347,569				347,569
San Pedro Pescador Catholic Church Endowment	1,804				1,804
Second Harvesters Food Bank	1,022,315				1,022,315
Second Harvesters Food Bank, Food for Families, Food for Seniors	12,733				12,733
Serra Club of New Orleans (Connie & Frank Walk Endowment)	9,519	9			9,528
Sister Anthony Barczykowski, D.C. Endowment Fund	5,248				5,248
Sister Germaine O. P. Early Childhood Development Center Fund	36,028	3			36,031
Sister Lillian McCormack Endowment Fund/ St. Michael School	164,609	1			164,610
St. Agnes Church Parish Endowment	181,251				181,251
St. Francis Xavier Hickey	44,760				44,760
St. Henry Church Parish Endowment	46,806				46,806
St. John The Baptist Church Endowment	38,523	1			38,524
St. Peter School - Reserve Endowment	6,235				6,235
St. Alphonsus Fund	26,351				26,351
St. Ann Church & National Shrine Parish Endowment Fund	28,212				28,212
St. Ann & National Shrine School Endowment Fund	1,203,369	1			1,203,370
St. Anthony School (Gretna) Endowment Fund	102,040				102,040
St. Augustine High School Endowment Fund	9,534	9			9,543
St. Bernard Catholic Church Endowment	2,286	1			2,287
Sr. Imelda Moriarity/St. Catherine of Siena School	141,518	1			141,519
St. Christopher the Martyr Church	23,600				23,600
St. Charles Borromeo School Endowment	14,298				14,298
St. Clement of Rome Church Fund	44,150				44,150
St. Clement of Rome School Fund	22,409				22,409
St. Dominic Church Endowment	383,459	1			383,460
St. Dominic School Endowment	54,760				54,760

	Investment Pool	Non-pooled Investments	Equity In CUP	Restricted For Debt Service	Total
Funds Held For Others: (Continued)					
St. Francis of Assisi Church Endowment Foundation	195,629				195,629
St. Joan of Arc Msgr. Robert Vincent Endowment	82,091	189			82,280
St. Joseph Church Patrimony Endowment	163,182	6,001			169,183
St. Leo The Great Church Endowment	18,234				18,234
St. Louis Cathedral Endowment Fund	108,274				108,274
St. Louis King of France Parish Endowment	659,244				659,244
St. Luke The Evangelist Parish Endowment	150,146				150,146
St. Margaret Mary Parish Endowment	22,809				22,809
St. Margaret Mary School Scholarship Fund	18,583				18,583
St. Margaret Mary School Endowment	43,392				43,392
St. Mary Magdalen Church Endowment	5,509	1			5,510
St. Michael Endowment	1,085,404				1,085,404
St. Peter (Covington) School Endowment Fund	3,440	6			3,446
St. Pius X Church Endowment Fund	4,875				4,875
St. Pius X Pillars of Pius Endowment Fund	98,655				98,655
St. Scholastica Academy Alumnae Scholarship Fund	17,787				17,787
St. Scholastica Academy Endowment Fund	233,549				233,549
St. Stephen School	294,657	7			294,664
St. Theresa of the Child Jesus	500,918				500,918
St. Anthony of Padua Church (New Orleans) Parish Endowment Fund	9,207				9,207
Bishop Stanley J. Ott Notre Dame Seminary Memorial Endowment	167,106	1			167,107
Steiner Aged/Infirm	172,925	5			172,930
Stewart/Social Apostolate	43,622				43,622
The Thomas H. Stahel, S.J. Good Shepherd Memorial Endowment Fund	335,763				335,763
T. Hartley Kingsmill Family Endowment	8,990	1			8,991
The Calamari Family Endowment Fund	970	4			974
The Gift of Life Endowment	1,101,444	500			1,101,944
Tujague/Social Apostolate	120,055				120,055
William Richard & Helen Hock St. Joseph Parish Endowment	120,137	1			120,138
Wiseman Endowment Fund	38,544	3			38,547
Wynhoven Health Care Center	5,836,638				5,836,638
Xavier University Preparatory School Endowment	475,433	2			475,435
Total funds held for others	52,981,917	545,223	-	-	53,527,140
Total investments	$ 132,839,715	$ 85,880,063	$ 925,923	$ 6,461,666	$ 226,107,367

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 Alfred C. Hughes, D.D.,
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, 2008, and have issued our report thereon dated December 15, 2008. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Administrative Offices' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Administrative Offices' financial statements that is more than inconsequential will not be prevented or detected by the Administrative Offices' internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs (08-01, 08-02, and 08-03) to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses as defined above. However, we believe that the significant deficiencies described above (08-01, 08-02, and 08-03) are material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Administrative Offices' responses to the findings indentified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the administrative Offices' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Most Reverend Alfred C. Hughes, D.D., 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 Statue 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,
December 15, 2008.

Bourgeois Bennett

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Most Reverend Alfred C. Hughes, D.D.,
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 U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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.

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In our opinion, the Administrative Offices complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of the Most Reverend Alfred C. Hughes, D.D., 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 Statue 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,
December 15, 2008.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2008

Federal Grantor / Program Title	CFDA Number	Federal Expenditures
Department of Homeland Security:		
Passed Through the Louisiana Governor's Office of Homeland Security and Emergency Preparedness		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	$ 30,462,651
Total expenditures of federal award		$ 30,462,651

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, 2008

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

No federal award findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2008.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2008

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified opinion

Internal control over financial reporting:

• Material weakness(es) identified?	X yes	__ no
• Significant deficiency(ies) identified that are not considered to be material weakness?	__ yes	X no

Noncompliance material to financial statements noted?	__ yes	X no

b) Federal Awards

Internal control over major program:

• Material weakness(es) identified?	__ yes	X no
• Significant deficiency(ies) identified that are not considered to be material weakness?	__ yes	X no

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

• Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	__ yes	X no

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

c) Identification of Major Program:

CFDA Number	Name of Federal Program
97.036	U.S. Department of Homeland Security - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: $913,880

Auditee qualified as a low-risk auditee? __ yes X no

Section II - Financial Statement Findings

Internal Control Over Financial Reporting

08-01 Adjustments to Grant Revenue and Related Expenditures

Criteria - Generally accepted accounting principles require a proper matching of grant revenue and grant expenditures within a given accounting period.

Condition - Adjustments were required to record grant receivables for certain amounts which were expended before year end and reimbursed after year end. Additionally, adjustments were required to record payables for certain reimbursable expenditures to comply with the accrual basis of accounting.

Context - Systematic.

Cause - The Administrative Offices' internal accounting policy for recording grant revenue and expenditures is inconsistent with generally accepted accounting principles.

Effect - The use of the current accounting policy regarding grant revenue recognition can result in a material financial statement misstatement if grant expenditures and grant revenue receivable for the reimbursement of those expenditures are recorded in different accounting periods.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

08-01 Adjustments to Grant Revenue and Related Expenditures (Continued)

Recommendation - The Administrative Offices should revise its accounting policy regarding grant revenue recognition and expenditure recordation to conform to generally accepted accounting principles.

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

08-02 Adjustments Caused by Inadequate Interdepartmental Communication

Criteria - Complete and accurate accounting requires input from all departments within an organization.

Condition - Adjustments were required to record certain grant income receivable by the Office of Catholic Schools and to record a payable for expenditures made under the grant.

Context - Systematic.

Cause - The accounting department was not advised by the Office of Catholic Schools of expenditures made under a grant which were payable at year end, nor were they advised of the related grant income receivable.

Effect - Inadequate communication with the accounting department by other departments within the organization can result in material financial statement misstatements.

Recommendation - Department heads within the organization should be advised of the importance of communicating on a timely basis with the accounting department regarding events or occurrences which may have an effect on the accounting records. Also, procedures should be implemented to ensure that all departments submit vendor invoices and related grant documentation to the accounting department on a timely basis for entry into the accounting records.

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

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

08-03 Adjustment for Unusual Occurrence

Criteria - Accounting records may require adjustments for unusual occurrences.

Condition - An adjustment was required to write off a building damaged by Hurricane Katrina which had been razed during the year.

Context - Isolated.

Cause - The adjustment was omitted due to oversight.

Effect - Property accounts were overstated by the net book value of the razed building.

Recommendation - Particular attention should be directed toward unusual occurrences during the year so that they receive the proper accounting treatment.

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

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2008.

Section III - Federal Award Findings and Questioned Costs

Internal Control / Compliance

No findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2008.

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, 2008

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

Internal Control Over Financial Reporting

07-01 Insufficient Financial Statement Review By Management

Recommendation - The prior auditor recommended that the preparation of the financial statements should include a primary review by at least one member of management at a level above the preparer.

Management's Corrective Action - Financial statements are reviewed by members of management at levels above the preparer as well as members of the audit subcommittee and finance council.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2007.

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, 2007.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2007.

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, 2008

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

Internal Control Over Financial Reporting

08-01 Adjustments to Grant Revenue and Related Expenditures

Recommendation - The Administrative Offices should revise its accounting policy regarding grant revenue recognition and expenditure recordation to conform to generally accepted accounting principles.

Management's Corrective Action - The Administrative Offices will revise its accounting policy and record anticipated Federal grant reimbursements, which have been submitted, as income in the year the expenditures are incurred.

08-02 Adjustments Caused by Inadequate Interdepartmental Communication

Recommendation - Department heads within the organization should be advised of the importance of communicating on a timely basis with the accounting department regarding events or occurrences which may have an effect on the accounting records. Also, procedures should be implemented to ensure that all departments submit vendor invoices and related grant documentation to the accounting department on a timely basis for entry into the accounting records.

Management's Corrective Action - Department heads will send the Accounting Office copies of all grants they apply for as well as an anticipated timeline for receipt of the grant. The accounting office will maintain a log of outstanding grant requests. Department heads will advise the Accounting Office of a grant's status if it has not been received by fiscal year-end and or if the value of the grant changes.

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

Internal Control Over Financial Reporting (Continued)

08-03 Adjustment for Unusual Occurrence

Recommendation - Particular attention should be directed toward unusual occurrences during the year so that they receive the proper accounting treatment.

Management's Corrective Action - Department heads will report unusual occurrences to the Accounting Office when they occur or become known. The Accounting office will log unusual matters and discuss with Management as part of the review of financial statements.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2008.

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, 2008.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2008.