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**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS**  
**AND SUBSIDIARIES**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2007 AND 2006**

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

Release Date 4/16/08



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**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
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**Report of Independent Auditors**

**Catholic Charities Archdiocese of New Orleans and Subsidiaries  
New Orleans, Louisiana**

We have audited the accompanying consolidated statement of financial position of Catholic Charities Archdiocese of New Orleans (the Agency) and Subsidiaries (nonprofit organizations) as of June 30, 2007 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Second Harvest Food Bank, a wholly owned subsidiary, which statements reflect total assets of \$12,321,965 and \$7,606,027 as of June 30, 2007 and 2006, respectively, and total revenues of \$36,931,143 and \$67,483,085, respectively were audited by other auditors whose report thereon dated November 9, 2007, expressed an unqualified opinion on those statements. The financial statements of the Agency as of and for the year ended June 30, 2006, were audited by other auditors whose report dated February 28, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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. We were not engaged to perform an audit of the Agency's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Agency at June 30, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic 2007 consolidated financial statements of Catholic Charities Archdiocese of New Orleans and Subsidiaries taken as a whole. The 2007 supplemental information contained in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*Postlethwaite & Nettville*

Metairie, Louisiana  
December 10, 2007



**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2007 and 2006

**ASSETS**

	2007	2006
Cash	\$ 5,540,192	\$ 5,678,348
Program accounts receivable	7,380,097	8,840,616
Unconditional promises to give:		
Pledges	23,771,565	6,326,093
United Way Greater New Orleans	1,003,424	530,466
Due from related party	253,669	-
Other receivables	2,195,552	1,491,746
Undistributed food on hand	1,450,527	1,115,944
Prepaid expenses and deferred charges	617,851	226,899
Investments	14,308,825	12,391,294
Property and equipment - net	16,213,469	14,110,756
 Total assets	 \$ 72,735,171	 \$ 50,712,162

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 11,738,989	\$ 5,194,719
Deferred revenue	7,135	247,455
Unemployment accrual	804,209	682,044
Accrual for uninsured claims	2,105,000	540,000
Loans payable	153,100	1,698,825
Funds held for others	838,674	179,477
 Total liabilities	 15,647,107	 8,542,520
 <b>Net assets:</b>		
Unrestricted	24,664,353	22,007,011
Temporarily restricted	29,816,637	17,910,705
Permanently restricted	2,607,074	2,251,926
 Total net assets	 57,088,064	 42,169,642
 Total liabilities and net assets	 \$ 72,735,171	 \$ 50,712,162

See notes to consolidated financial statements.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2007 and 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Totals
<b>Revenues</b>								
Public support:								
Contributions	\$ 8,448,948	\$ 39,299,636	\$ 57,938	\$ 47,806,522	\$ 6,807,481	\$ 25,867,202	\$ 25,820	\$ 32,700,503
Contributed goods and services	27,779,415	-	-	27,779,415	61,688,241	-	-	61,688,241
United Way								
Greater New Orleans:								
Allocations	1,353,146	672,708	-	2,025,854	742,933	310,000	-	1,052,933
Designations	212,107	-	-	212,107	439,035	-	-	439,035
Combined Federal Campaign	10,360	-	-	10,360	45,637	-	-	45,637
St. Charles Parish:								
Allocations	5,062	315,403	-	320,465	273,515	220,465	-	493,980
St. John Parish:								
Allocations	66,000	-	-	66,000	56,000	-	-	56,000
Special events (net of direct costs)	198,316	-	-	198,316	54,281	-	-	54,281
Total public support	38,073,354	40,287,747	57,938	78,419,039	70,107,123	26,397,667	25,820	96,530,610
Governmental financial assistance:								
Federal	35,522,386	181,896	-	35,704,282	23,211,800	108,294	-	23,320,094
Other governmental agencies	508,703	-	-	508,703	5,314,834	-	-	5,314,834
Total governmental financial assistance	36,031,089	181,896	-	36,212,985	28,526,634	108,294	-	28,634,928
Other Revenue:								
Program service fees	1,917,997	-	-	1,917,997	1,233,177	-	-	1,233,177
Rent	184,936	-	-	184,936	112,579	-	-	112,579
Miscellaneous	237,264	-	-	237,264	119,056	-	-	119,056
Property recoveries (losses and expenses, net)	980,132	-	-	980,132	(2,119,016)	-	-	(2,119,016)
Net assets released from restrictions - operations	28,968,718	(28,968,718)	-	-	16,265,455	(16,253,823)	(11,632)	-
Total other revenue	32,289,047	(28,968,718)	-	3,320,329	15,611,251	(16,253,823)	(11,632)	(654,204)
Total revenue	106,393,490	11,500,925	57,938	117,952,353	114,245,008	10,252,138	14,188	124,511,334
<b>Expenses</b>								
Program services	101,668,450	-	-	101,668,450	113,618,199	-	-	113,618,199
Management and general	2,627,197	-	-	2,627,197	2,263,970	-	-	2,263,970
Fundraising	974,615	-	-	974,615	418,455	-	-	418,455
Total expenses	105,270,262	-	-	105,270,262	116,300,624	-	-	116,300,624
Change in net assets before Investment Income	1,123,228	11,500,925	57,938	12,682,091	(2,055,616)	10,252,138	14,188	8,210,710
Investment Income	1,534,114	405,007	297,210	2,236,331	839,202	267,410	172,612	1,279,224
Change in net assets	2,657,342	11,905,932	355,148	14,918,422	(1,216,414)	10,519,548	186,800	9,489,934
Net Assets								
Beginning of year	22,007,011	17,910,705	2,251,926	42,169,642	22,024,415	8,590,167	2,065,126	32,679,708
Transfers					1,199,010	(1,199,010)	-	-
End of year	\$ 24,664,353	\$ 19,816,637	\$ 2,607,074	\$ 57,088,064	\$ 22,007,011	\$ 17,910,705	\$ 2,251,926	\$ 42,169,642

See notes to consolidated financial statements.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

For the years ended June 30, 2007 and 2006

	2007			2006				
	Program Services	Management and General	Fund-raising	2007 Totals	Program Services	Management and General	Fund-raising	2006 Totals
Salaries	\$ 24,216,794	\$ 1,280,413	\$ 383,355	\$ 25,880,562	\$ 18,774,418	\$ 1,099,827	\$ 191,015	\$ 20,065,260
Employee benefits	2,341,738	143,234	41,310	2,526,282	2,008,594	156,385	23,392	2,188,371
Payroll Taxes	1,763,470	94,053	28,714	1,886,237	1,425,461	79,632	13,056	1,518,149
Total salaries and related expenses	28,322,002	1,517,700	453,379	30,293,081	22,208,473	1,335,844	227,463	23,771,780
Professional fees and contract services	4,839,154	277,490	282,186	5,398,830	3,457,700	289,061	82,568	3,829,329
Supplies and other operating expenses	3,027,082	128,337	73,475	3,228,894	1,077,239	64,124	85,248	1,226,611
Equipment expense	746,515	97,097	27,404	871,016	776,113	104,976	1,293	882,332
Occupancy	3,205,388	197,624	55,145	3,458,157	2,658,817	116,859	6,524	2,782,200
Travel and transportation	1,277,847	10,947	5,801	1,294,595	974,135	13,106	3,161	990,402
Personnel recruitment and development	439,195	123,885	24,516	587,596	251,783	63,134	8,618	323,535
Insurance	488,391	15,548	3,719	507,658	414,030	13,262	358	427,650
Food	28,704,257	-	-	28,704,257	64,259,151	-	-	64,259,151
Contributed goods and services	1,919,503	402	-	1,919,905	1,539,980	-	-	1,539,980
Litigation	1,585,000	-	-	1,585,000	145,000	-	-	145,000
Miscellaneous	122,331	26,561	6,694	155,586	401,611	7,734	-	409,345
Specific assistance to individuals	25,752,047	195	35	25,752,277	14,413,621	-	-	14,413,621
Interest	12,774	137,876	22,732	173,382	11,001	143,407	-	154,408
Depreciation	1,226,964	93,535	19,529	1,340,028	1,029,545	112,513	3,222	1,145,280
Total expenses	\$ 101,668,450	\$ 2,627,197	\$ 974,615	\$ 105,270,262	\$ 113,618,199	\$ 2,263,970	\$ 418,455	\$ 116,300,624

See notes to consolidated financial statements.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2007 and 2006

	2007	2006
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 14,918,422	\$ 9,489,934
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Permanently restricted contributions	(57,938)	(25,820)
Depreciation	1,340,028	1,148,185
Gain on investments, net	(1,536,969)	(973,541)
Property loss - Hurricane Katrina	-	651,467
Change in assets and liabilities:		
Accounts receivable	(17,415,386)	(8,681,862)
Prepaid expenses and deferred charges	(390,952)	(88,490)
Undistributed food on hand	(334,583)	672,391
Accounts payable and accrued expenses	8,231,435	2,938,952
Deferred revenue	(240,320)	208,863
	<u>4,513,737</u>	<u>5,340,079</u>
<b>Cash Flows from Investing Activities</b>		
Property loss insurance proceeds - Hurricane Katrina	-	925,103
Purchases of investments, net	(380,562)	(273,670)
Purchases of property and equipment	(3,442,741)	(1,142,576)
	<u>(3,823,303)</u>	<u>(491,143)</u>
<b>Cash Flows from Financing Activities</b>		
Net payments under line of credit agreement	-	(147,291)
Proceeds from contributions, permanently restricted	57,938	25,820
Funds held for the accounts of others	659,197	48,151
Repayment of loans payable	(1,545,725)	(21,007)
	<u>(828,590)</u>	<u>(94,327)</u>
<b>Net increase (decrease) in cash</b>	<b>(138,156)</b>	<b>4,754,609</b>
<b>Cash</b>		
Beginning of year	5,678,348	923,739
End of year	<u>\$ 5,540,192</u>	<u>\$ 5,678,348</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest expense	<u>\$ 173,382</u>	<u>\$ 154,408</u>

See notes to consolidated financial statements.



**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**1. Organization and Significant Accounting Policies**

Catholic Charities Archdiocese of New Orleans (the "Agency"), a not-for-profit charitable organization of the Roman Catholic Church of the Archdiocese of New Orleans (the "Archdiocese"), operates health and community-based programs and provides administrative support and financial management services to separately operated charitable programs which it sponsors. The accompanying financial statements include the accounts of all charitable programs which it operates or sponsors.

The Agency has the ownership and control of PHILMAT, Inc., PACE Greater New Orleans, and Second Harvest Food Bank of Greater New Orleans and Acadiana as follows:

- PHILMAT, Inc. ("PHILMAT") was organized to provide health and community services to individuals within Louisiana. PHILMAT acts as local agent for the commodity supplemental food and warehouse program, Food for Families/Food for Seniors. Under this program, food provided by the United States Department of Agriculture (U.S.D.A.) is distributed by PHILMAT to eligible women, infants, children, and senior citizens, who are classified as low income and vulnerable to malnutrition.
- PACE Greater New Orleans ("PACE") is the corporate title for the Program for All-inclusive Care for the Elderly, a national model of healthcare for seniors. PACE was organized to provide community services such as medical treatment, social services, meals, activities, and transportation, allowing seniors to spend their final years at home rather than in a nursing home.
- Second Harvest Food Bank of Greater New Orleans and Acadiana ("Second Harvest") is a certified member of the Second Harvest national network of food banks. Its function is to help relieve the problem of hunger in Louisiana through the distribution of food and related products to qualified charitable institutions.

The financial statements of each of these subsidiaries are included in the consolidated financial statements. All significant inter-organizational accounts and transactions have been eliminated.

**Income Taxes**

The Agency and Subsidiaries are nonprofit corporations organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the code.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Basis of Accounting**

The consolidated financial statements of the Agency and Subsidiaries are prepared on the accrual basis of accounting.

**Financial Statement Presentation**

Statement of Financial Standards No. 117, "Financial Statements of Not-For-Profit Organizations", requires reporting of information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets and changes therein are classified and reported as follows:

- Unrestricted net assets - Contracts for services, contributions, and other revenues and expenditures of funds for the general operation of its programs.
- Temporarily restricted net assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes or to benefit specific accounting periods.
- Permanently restricted net assets - Contributions with donor-imposed restrictions that stipulate that resources be maintained permanently, but permits the use of all or part of the income derived.

**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 and disclosures. Actual results could differ from those estimates.

**Contributions**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The value of contributed goods and services has been recorded as support and revenue and expense in the period received, provided there is an objective basis for measurement of the value of such goods and services and they are significant and form an integral part of the efforts of the program.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Agency and Subsidiaries that is in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Functional Expenses**

The costs of providing the various programs and activities 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.

**Investments**

Investments are composed primarily of debt and equity securities and mutual funds and are carried at fair value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

**Program Accounts Receivable**

Program accounts receivable represent billings which are based primarily on cost reimbursement type contracts with various governmental agencies. Program accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considered subsequent collection results and wrote off all year-end balances that were deemed to be not collectible. Accordingly, a valuation allowance was determined to be unnecessary.

**Funds Held for Others**

The Agency and Subsidiaries receive funds that are passed through to other third-parties. These amounts are held until requested by and reimbursed to the third-party.

**Undistributed Food on Hand**

Food and grocery products donated to Second Harvest and distributed by it to its beneficiaries and the undistributed food and grocery products on hand are valued at an average wholesale value as determined by a survey conducted by America's Second Harvest. The average wholesale value used for the years ended June 30, 2007 and 2006 was \$1.69 and \$1.50 per pound, respectively. During the fiscal year ended June 30, 2006, Second Harvest received special disaster food and grocery products as a result of Hurricane Katrina and Rita. The average wholesale value for disaster products was \$1.33 per pound, as determined by America's Second Harvest.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

U.S.D.A. products are valued using commodity prices provided by the Louisiana State Department of Agriculture and Forestry. The average per pound value for U.S.D.A. Commodities for the years ended June 30, 2007 and 2006 was \$0.34 and \$0.43, respectively. As a result of Hurricane Katrina and Rita, Second Harvest received disaster U.S.D.A food products. The average per pound value for the disaster U.S.D.A food products was \$0.47.

**Property and Equipment**

Property and equipment are carried at cost or, when acquired by donation or gift, at appraised values with subsequent additions at cost. The Agency and Subsidiaries' policy is to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Depreciation is provided using the straight-line basis over the estimated useful lives of the depreciable assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements.

The estimated useful lives used in determining depreciation and amortization follow:

<u>Classification</u>	<u>Lives in Years</u>
Buildings and improvements	20 - 60
Leasehold improvements	10 - 40
Equipment	5
Vehicle	3 - 5

**Donated Facilities and Services**

Donations of facilities are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Support arising from donated services is recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

During the year ended June 30, 2007, the Agency and Subsidiaries recognized approximately \$1.9 million of donated facilities and services which are reflected in the consolidated statement of activities in the respective functional expenses categories. The Agency and Subsidiaries received other donated services in its various programs during the year ended June 30, 2007. The services provided during the year ended June 30, 2007 do not meet either criteria described above and are not reflected in the consolidated statement of activities.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, cash and cash equivalents include bank deposits. The Agency and Subsidiaries consider their money market accounts are included with investments.

**2. Promises to Give**

Contributions and private grants receivable are included in the consolidated financial statements as unconditional promises to give and revenue of the appropriate net asset category. Unconditional promises to give as of June 30, 2007 are expected to be collected in the following periods:

In less than one year	\$	22,507,602
One to five years		1,040,000
More than five years		400,000
		<u>23,947,602</u>
Less unamortized discount		176,037
Total	\$	<u>23,771,565</u>

**3. Investments**

Investments of the various agencies of the Archdiocese have been pooled to maximize the return on the investments. Investments in the common investment pool consist primarily of debt and equity securities and mutual fund investments. The amounts recorded in the consolidated statement of financial position represent the Agency and Subsidiaries' share of the pool.

The following summarizes the market value and the investment return for the years ended June 30:

	<u>2007</u>	<u>2006</u>
Balances at June 30	<u>\$ 14,308,825</u>	<u>\$ 12,391,294</u>
For the year ended June 30,		
Unrealized gain on investments	\$ 1,532,697	\$ 971,481
Realized gain for the year	4,272	2,060
	<u>1,536,969</u>	<u>973,541</u>
Interest and dividend income	699,362	305,683
	<u>\$ 2,236,331</u>	<u>\$ 1,279,224</u>

The current and long-term value of investments at June 30, 2007 is \$ 7,824,046 and \$6,484,779, respectively. The current and long-term value of investments at June 30, 2006, is \$6,695,336 and \$5,695,958, respectively.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**4. Property and Equipment**

A summary of property and equipment at June 30, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Buildings and improvements	\$ 19,372,007	\$ 18,176,277
Leasehold improvements	2,715,910	2,494,430
Equipment	6,021,221	5,449,058
Vehicles	4,015,738	3,038,066
Construction in Progress	203,409	9,297
Land	<u>1,287,969</u>	<u>1,239,969</u>
	33,616,254	30,407,097
Less accumulated depreciation and amortization	<u>17,402,785</u>	<u>16,296,341</u>
Total property and equipment, net	<u>\$ 16,213,469</u>	<u>\$ 14,110,756</u>

**5. Loans Payable**

Loans payable at June 30, 2007 and 2006 are summarized as follows:

	<u>2007</u>	<u>2006</u>
Unsecured demand borrowing, pursuant to a line of credit permitting borrowings up to \$2.5 million, bearing interest at 6.80% at June 30, 2007, issued by the Archdiocese.	\$ -	\$ 1,520,229
Mortgage notes payable in monthly installments approximating \$2,750, including interest at an annually adjustable rate (ranging from 2.909% to 7.86%); final installments due between December 2013 and July 2015; collateralized by real estate with a book value approximating in excess of the loan payable at June 30, 2007 and 2006.	<u>153,100</u>	<u>178,596</u>
Total	<u>\$ 153,100</u>	<u>\$ 1,698,825</u>

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

Annual principal payments on loans payable for each of the next five years and in total thereafter at June 30, 2007 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2008	\$ 17,814
2009	18,969
2010	20,203
2011	21,520
2012	22,927
Thereafter	51,667

Interest incurred during 2007 and 2006 all of which was charged to operations, totaled \$173,382 and \$154,408, respectively.

**6. Restrictions on Net Assets**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the Agency and Subsidiaries. These restrictions are considered to expire when expenditures for restricted purposes are made.

The following sets forth the composition of temporarily restricted net assets at June 30, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Restricted for hurricane relief	\$ 19,562,833	\$ 9,946,251
Restricted for relief services to children	3,567,760	3,162,755
Restricted for renovations of Shirley Landry Benson PACE Center	1,603,202	1,682,449
Other restrictions	2,888,183	1,333,267
Restricted for purchases of capital assets	1,206,537	1,255,518
United Way allocation for subsequent fiscal year	988,122	530,465
<b>Totals</b>	<b><u>\$ 29,816,637</u></b>	<b><u>\$ 17,910,705</u></b>

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

The following temporarily restricted net assets were released during the years ended June 30, 2007 and 2006, due to satisfaction of donor restrictions:

	<u>2007</u>	<u>2006</u>
Restricted for hurricane relief	\$ 27,905,901	\$ 15,544,161
Restricted for PACE - Benson PACE Center	141,514	83,176
Other restrictions	341,858	137,063
Restricted for purchases of capital assets	48,980	92,685
United Way allocation for subsequent fiscal year	530,465	396,738
	<u>\$ 28,968,718</u>	<u>\$ 16,253,823</u>
Totals		

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The composition of permanently restricted net assets at June 30, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Endowment fund - Second Harvest	\$ 1,351,313	\$ 1,216,885
Endowment fund - Catholic Charities - Gift of Life	1,255,761	1,035,041
	<u>\$ 2,607,074</u>	<u>\$ 2,251,926</u>
Totals		

During fiscal year ended June 30, 2000, the donor amended the "Agreement to Donate" to Second Harvest dated August 26, 1997, which revised the method of distributing the earnings to Second Harvest whereby five percent of the average market value of the investment for the last 12 fiscal quarters will be distributed annually to Second Harvest. All amounts in excess of the five percent distribution will be reinvested as corpus. The amended "Agreement to Donate" also required that the principal balance should never be reduced below \$1,000,000.

**7. Retirement Plans**

The Agency and Subsidiaries offer a 401(k) defined contribution plan to its employees. Employees electing to participate in the plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a 16% maximum. The plan requires the Agency and Subsidiaries to contribute 3.5% of the participants' salaries. The plan expense also includes an additional 2.0% contribution by the Agency and Subsidiaries to cover costs for life insurance and disability insurance for the employees. Any remaining funds from the 2.0% contribution may be used as a discretionary employer contribution to the plan. The plan administrator is the Archdiocese. The Agency and Subsidiaries contributed approximately \$271,000 and \$249,000, for the years ended June 30, 2007 and 2006, respectively.



**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**8. Program Services Expenses**

Details of program service expenses for the years ended June 30, 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Adult Day Health Care	\$ 821,004	\$ 693,433
Community Centers and Services	39,566,134	21,411,373
Food For Families	4,522,101	4,496,923
Head Start	3,295,456	2,410,744
Hope Haven	8,376,437	7,434,306
Non-Residential Day Programs	6,700,623	5,348,247
PACE	759,557	469,574
Padua Pediatrics and Adult	4,279,660	4,118,186
Residential Special Needs	4,364,303	3,384,083
Second Harvest	32,584,987	66,533,755
	<u>\$ 105,270,262</u>	<u>\$ 116,300,624</u>

**9. Related Party Transactions**

The Archbishop of New Orleans, head of the Archdiocese, serves as Co-Chairman of the Agency. He also serves as president of other corporations, boards of trustees, and separate organizations sponsored by or operated under the auspices of the Archdiocese.

In the normal course of operations, the Archdiocese has made and, when necessary, would consider making available to the Agency and its affiliated agencies specific assistance in the form of operating subsidies, loans, use of facilities, and administrative support. During the years ended June 30, 2007 and 2006, the Agency and Subsidiaries received no direct operating subsidies from the Archdiocese. Charges for facilities and administrative support are at rates approximating costs.

The Agency has a line of credit with the Archdiocese for \$5.0 million at 6.8% annual interest. No amounts were outstanding as of June 30, 2007.

Amounts due from the Archdiocese as of June 30, 2007 totaled \$253,669.

The Agency also has a lease with a related party for approximately \$1,300 per month, expiring in October 2009.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**10. Leases**

The Agency operates a portion of its community social service programs in leased facilities under operating leases expiring at various dates through the fiscal year 2010. The leases are subject to cancellation under certain circumstances, including substantial changes in funding in the Agency's programs. The following is a schedule by year of future minimum rental payments required under those leases and under equipment leases that have initial or remaining lease terms in excess of one year as of June 30, 2007.

<b>Year Ending June 30,</b>	<b>Amount</b>
2008	\$ 314,836
2009	92,066
2010	<u>5,200</u>
	<u>\$ 375,702</u>

The rental expense for all operating leases for the year ended June 30, 2007 and 2006 approximated \$1,480,000 and \$1,130,000, respectively.

**11. Significant Contracts and Grants**

For the years ended June 30, 2007 and 2006, \$12,470,810 and \$9,347,200, respectively, of the Agency and Subsidiaries' governmental financial assistance was from the U.S. Department of Health and Human Services and \$5,136,787 and \$7,250,187, respectively, of the Agency and Subsidiaries' governmental financial assistance was from the U.S. Department of Agriculture. Management believes that the Agency and Subsidiaries are in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

For the years ended June 30, 2007 and 2006, the Agency and Subsidiaries were awarded grants in the amount of \$36.7 million and \$20.4 million, respectively, from Catholic Charities USA for humanitarian aid related to Hurricane Katrina (note 18).

As of June 30, 2007, the Agency and Subsidiaries have approximately \$2.6 million of outstanding commitments for construction and other improvements related to their programs.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**12. Contingencies**

The Agency and Subsidiaries are exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2007.

The Agency and Subsidiaries are party to various litigations and other claims, the outcome of which cannot be presently determined. Although management intends to vigorously defend against such litigations and claims, \$2,105,000 has been accrued for all matters. Management's opinion is that the outcome of such matters would not have a significant effect on the Agency and Subsidiaries financial position.

**13. Concentrations of Credit Risk**

As of June 30, 2007, the Agency and Subsidiaries had bank accounts at one financial institution which exceeded the \$100,000 limit insured by the Federal Deposit Insurance Corporation (FDIC) by approximately \$3,800,000. As of June 30, 2007, program accounts receivable consisted primarily of amounts due from governmental sources.

**14. New Orleans Council on Aging**

During the year ended June 30, 2006, the Agency received grants from the New Orleans Council on Aging for the operations of the Audubon Senior Center of \$4,250 and Our Lady of Lourdes Community Center of \$6,247. Revenues for these grants were included in Other Governmental Revenue in the consolidated statement of activity. The expenses related to these programs are included in Community Centers and Services in program service expenses. During each year, the program expenses exceeded the grant revenue from the New Orleans Council on Aging.

**15. Philmat Commodity Food Issued**

PHILMAT receives pass-thru funding from the LDHH to administer and distribute commodity foods issued by the Food For Families/Food For Seniors program. Pass-thru funding received by PHILMAT for their administration and distribution services totaled \$3,829,049 and \$4,757,819, for the years ended June 30, 2007 and 2006, respectively. Statistical information related to commodity foods issued by the Food for Families/Food for Seniors program during the years ended June 30, 2007 and 2006 included dollars of \$15,061,686 and \$9,377,857, respectively, and pounds of 21,952,883 and 18,661,293, respectively.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**16. Second Harvest Food and Grocery Products**

Second Harvest undistributed food and grocery products at June 30 consist of the following:

	2007		2006	
	Dollars	Pounds	Dollars	Pounds
Donated and purchased products	\$1,354,599	801,538	\$ -	-
Disaster food product	19,301	14,512	1,072,958	806,735
U.S.D.A. commodities	76,627	225,518	42,986	102,950
<b>Total</b>	<b>\$1,450,527</b>	<b>1,041,568</b>	<b>\$1,115,944</b>	<b>909,685</b>

Second Harvest receipts and distribution of food and grocery products for the years ended June 30 were as follows:

	2007		2006	
	Dollars	Pounds	Dollars	Pounds
<b>Receipts:</b>				
Donated products	\$17,395,628	10,345,036	\$ 2,238,546	1,492,364
Disaster products	8,201,101	6,166,241	57,800,833	43,459,273
U.S.D.A. commodities	2,570,717	7,560,914	2,853,328	6,746,589
K.I.D.S. donations	-	-	-	-
Purchased product	101,026	71,124	117,373	-
<b>Totals</b>	<b>\$28,268,472</b>	<b>24,143,315</b>	<b>\$ 63,010,080</b>	<b>51,698,226</b>
<b>Distribution:</b>				
Donated products	\$16,041,030	9,472,374	\$ 3,826,652	2,558,207
Disaster products	9,254,757	6,958,464	56,727,876	42,652,538
U.S.D.A. commodities	2,494,083	7,335,541	3,010,572	4,907,951
U.S.D.A. Disaster	42,986	102,950	-	2,156,281
Purchased product	101,026	71,124	117,373	129,150
<b>Totals</b>	<b>\$27,933,882</b>	<b>23,940,453</b>	<b>\$ 63,682,473</b>	<b>52,404,127</b>

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES**  
**NEW ORLEANS, LOUISIANA**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**17. Board of Directors Compensation**

The members of the Agency's board of directors were not compensated during the years ended June 30, 2007 and 2006.

**18. Hurricane Katrina**

On August 29, 2005, New Orleans and the surrounding area suffered a natural disaster, Hurricane Katrina. As a result, several programs of the Agency and its subsidiaries were impacted. The hurricane also delayed the opening of the PACE program until September 1, 2007. Since the date of the hurricane, the Agency was awarded grants from Catholic Charities USA for humanitarian aid in the amount of \$57.0 million of which \$41.1 million had been distributed through June 30, 2007. Of this amount, \$22.4 million was directed to the Archdiocese, \$16.9 million was for direct emergency assistance for hurricane victims, and the remainder was for the re-establishment of Agency programs and services. In addition, the Agency has opened several new programs since the hurricane.

The most significant physical damage to property and equipment owned by the Agency and Subsidiaries was the loss of certain delivery equipment and one food warehouse used by the Food for Families/Food for Seniors program. The Agency and Subsidiaries participate in an insurance program sponsored by the Archdiocese of New Orleans. Most of the damage to structures owned by the Agency was due to wind damage and these losses are expected to be fully covered by insurance. Since the Archdiocese of New Orleans was underinsured for flood coverage, losses to the Agency by flood were uninsured. The Agency continues to pursue all insurance and FEMA claims for damaged property and clean up costs. It is expected that grants and donations will cover uninsured losses to property. As of June 30, 2007 and 2006, \$632,660 and \$607,894 of insurance receivables have been recorded. Losses recorded in 2006 totaled \$2.1 million.

Hurricane Katrina also impacted the Agency's staffing and salary rates. New programs opened post-Katrina increased salary costs by approximately \$4 million from fiscal 2006 to 2007. In addition, overall employee salaries and/or pay rates post-Katrina were higher, in some situations increasing pay rates by approximately twenty-five percent. These costs are reflected in the Consolidated Statement of Activities.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**

	June 30, 2007				June 30, 2006					
	Catholic Charities	PHILMAY	PACE	Second Harvest	Totals	Catholic Charities	PHILMAY	PACE	Second Harvest	Totals
<b>ASSETS</b>										
Cash	\$ 1,196,718	\$ 800	\$ -	\$ 4,342,674	\$ 5,540,192	\$ 5,571,049	\$ 1,636	\$ -	\$ 105,663	\$ 5,678,348
Program accounts receivable	6,931,662	390,765	4,966	32,704	7,380,097	7,421,411	1,322,017	-	97,188	8,840,616
Unconditional promises to give:										
Pledges	22,547,602	-	1,223,963	-	23,771,565	4,751,943	1,241	1,568,684	4,225	6,326,093
United Way Greater New Orleans	831,424	-	-	172,000	1,003,424	460,466	-	-	70,000	530,466
Other receivables	197,489	607,371	-	1,390,692	2,195,552	836,463	628,547	8,316	18,420	1,491,746
Prepaid expenses and deferred charges	490,999	4,167	67,108	35,377	617,851	153,326	11,186	57,091	5,296	226,899
Investments	11,613,882	-	-	2,694,945	14,308,825	10,035,584	-	-	2,355,710	12,391,294
Property and equipment - net	8,811,967	1,955,605	3,291,744	2,154,153	16,213,469	7,560,629	1,481,926	3,390,063	1,678,138	14,110,756
Due from related party	253,669	-	-	-	253,669	-	-	-	-	-
Undistributed food on hand	-	-	-	1,450,527	1,450,527	-	-	-	1,115,944	1,115,944
Due (to) from affiliate	39,242	(1,223,068)	1,175,131	8,695	1,490,527	800,332	(2,591,819)	-	2,155,443	-
<b>Total assets</b>	<b>\$ 52,914,654</b>	<b>\$ 1,735,640</b>	<b>\$ 5,762,912</b>	<b>\$ 12,321,965</b>	<b>\$ 72,735,171</b>	<b>\$ 37,591,203</b>	<b>\$ 854,734</b>	<b>\$ 4,660,198</b>	<b>\$ 7,606,027</b>	<b>\$ 50,712,162</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>Liabilities:</b>										
Accounts payable and accrued expenses	\$ 11,230,627	\$ 231,355	\$ 58,343	\$ 214,664	\$ 11,738,989	\$ 4,577,835	\$ 410,211	\$ 13,471	\$ 193,202	\$ 5,194,719
Deferred revenue	7,135	-	-	-	7,135	74,078	-	-	173,377	247,455
Unemployment accrual	656,655	127,474	2,936	17,144	804,209	561,838	106,677	365	13,164	682,044
Accrual for uninsured claims	2,105,000	-	-	-	2,105,000	320,000	20,000	-	-	540,000
Loans payable	153,100	-	-	-	153,100	1,698,825	-	-	-	1,698,825
Funds held for others	804,662	34,012	-	-	838,674	160,117	19,360	-	-	179,477
<b>Total liabilities</b>	<b>14,957,179</b>	<b>396,841</b>	<b>61,279</b>	<b>231,808</b>	<b>15,647,107</b>	<b>7,592,693</b>	<b>556,248</b>	<b>13,836</b>	<b>379,743</b>	<b>8,542,520</b>
<b>Net assets:</b>										
Unrestricted	13,305,685	548,863	2,955,002	7,854,803	24,664,353	13,567,563	87,851	2,917,981	5,433,616	22,007,011
Temporarily restricted	23,396,029	789,936	2,746,631	2,884,941	29,816,637	15,393,906	210,635	1,728,381	575,783	17,910,705
Permanently restricted	1,255,761	-	-	1,351,313	2,607,074	1,035,041	-	-	1,216,885	2,251,926
<b>Total net assets</b>	<b>37,957,475</b>	<b>1,338,799</b>	<b>5,701,633</b>	<b>12,090,157</b>	<b>57,088,064</b>	<b>29,998,510</b>	<b>298,486</b>	<b>4,646,362</b>	<b>7,226,284</b>	<b>42,169,642</b>
<b>Total liabilities and net assets</b>	<b>\$ 52,914,654</b>	<b>\$ 1,735,640</b>	<b>\$ 5,762,912</b>	<b>\$ 12,321,965</b>	<b>\$ 72,735,171</b>	<b>\$ 37,591,203</b>	<b>\$ 854,734</b>	<b>\$ 4,660,198</b>	<b>\$ 7,606,027</b>	<b>\$ 50,712,162</b>

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

For the year ended June 30, 2007

	Catholic Charities			PHILMAT			PACE			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues</b>										
Public support:										
Contributions	\$ 1,622,779	\$ 34,690,686	\$ 57,938	\$ 36,371,403	\$ 71,929	\$ 1,029,807	\$ 1,101,736	\$ 208,713	\$ 1,302,266	\$ 1,310,979
Contributions - undesignated	1,568,654	-	-	1,568,654	241,045	-	241,045	-	-	-
Contributed goods and services	1,883,453	-	-	1,883,453	-	-	-	-	-	-
United Way	-	-	-	-	-	-	-	-	-	-
Greater New Orleans:										
Allocations	1,145,080	600,708	-	1,745,788	-	-	-	-	-	-
Designations	154,374	-	-	154,374	23,722	-	23,722	-	-	-
Combined Federal Campaign	-	-	-	-	-	-	-	-	-	-
St. Charles Parish:										
Allocations	-	220,463	-	220,463	-	-	-	-	-	-
St. John Parish:										
Allocations	56,000	-	-	56,000	10,000	-	10,000	-	-	-
Special events (net of direct costs)	151,769	-	-	151,769	-	-	-	-	-	-
Total public support	6,582,079	35,511,659	57,938	42,151,676	345,696	1,029,807	1,376,503	208,713	1,302,266	1,310,979
Governmental financial assistance:										
Federal	26,994,117	138,761	-	27,132,878	5,057,134	43,135	5,100,269	-	-	-
Other governmental agencies	508,703	-	-	508,703	-	-	-	-	-	-
Total governmental financial assistance	27,502,820	138,761	-	27,641,581	5,057,134	43,135	5,100,269	-	-	-
Other Revenues:										
Program service fees	1,805,408	-	-	1,805,408	54,765	-	54,765	7,590	-	7,590
Rent	51,497	-	-	51,497	20,315	-	20,315	86,099	-	86,099
Miscellaneous	194,303	-	-	194,303	35,743	-	35,743	150	-	150
Gain (loss) on disposition of property	(21,126)	-	-	(21,126)	3,247	-	3,247	-	-	-
Property losses and expenses, net of insurance recoveries	592,088	-	-	592,088	201,913	-	201,913	204,010	-	204,010
Net assets released from restrictions - operations	27,791,969	(27,791,969)	-	-	751,176	(751,176)	-	290,016	(290,016)	-
Total other revenues	30,418,139	(27,791,969)	-	2,626,170	1,057,159	(751,176)	315,983	587,865	(290,016)	297,849
Total revenues	64,503,038	7,858,651	57,938	72,419,627	6,470,989	321,766	6,792,755	796,578	1,012,250	1,808,828
<b>Expenses</b>										
Program services	63,511,831	-	-	63,511,831	5,805,003	-	5,805,003	721,817	-	721,817
Management and general	1,927,094	-	-	1,927,094	288,760	-	288,760	37,740	-	37,740
Fundraising	340,680	-	-	340,680	52,330	-	52,330	-	-	-
Total expenses	65,779,605	-	-	65,779,605	6,146,113	-	6,146,113	759,557	-	759,557
Change in net assets before investment income	(1,276,567)	7,858,651	57,938	6,640,022	324,876	321,766	646,642	37,021	1,012,250	1,049,271
Investment income	1,014,689	405,007	162,782	1,582,478	136,136	-	136,136	-	-	-
Change in net assets	(261,878)	8,263,658	220,720	8,222,500	461,012	321,766	782,778	37,021	1,012,250	1,049,271
Net assets										
Beginning of year	13,567,563	15,395,906	1,035,041	29,998,510	87,881	210,635	298,486	2,917,981	1,728,381	4,646,362
Transfers	-	(263,535)	-	(263,535)	-	257,535	257,535	-	6,000	6,000
End of year	\$ 13,305,685	\$ 23,396,029	\$ 1,255,761	\$ 37,957,475	\$ 548,863	\$ 788,936	\$ 1,338,999	\$ 2,955,002	\$ 2,746,631	\$ 5,701,633

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING STATEMENT OF ACTIVITIES, CONTINUED**

For the year ended June 30, 2007

	Second Harvest			Totals			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>							
Public support:							
Contributions	\$ 4,733,828	\$ 2,276,877	\$ -	\$ 7,012,705	\$ 6,639,249	\$ 57,938	\$ 45,996,823
Contributions - undesignated	-	-	-	-	1,809,699	-	1,809,699
Contributed goods and services	25,895,962	-	-	25,895,962	27,779,415	-	27,779,415
United Way	-	-	-	-	-	-	-
Greater New Orleans:							
Allocations	208,096	72,000	-	280,096	1,353,146	-	2,025,854
Designations	34,011	-	-	34,011	212,107	-	212,107
Combined Federal Campaign	10,360	-	-	10,360	19,360	-	10,360
St. Charles Parish:							
Allocations	5,062	94,938	-	100,000	5,062	-	320,465
St. John Parish:							
Allocations	-	-	-	-	66,000	-	66,000
Special events (net of direct costs)	46,547	-	-	46,547	198,316	-	198,316
Total public support	30,935,866	2,443,815	-	33,379,681	38,073,354	57,938	78,419,039
Governmental financial assistance:							
Federal	3,471,135	-	-	3,471,135	35,522,386	-	35,704,282
Other governmental agencies	3,471,135	-	-	3,471,135	508,703	-	508,703
Total governmental financial assistance	6,942,270	-	-	6,942,270	36,031,089	-	36,212,985
Other Revenue:							
Program service fees	50,234	-	-	50,234	1,917,997	-	1,917,997
Rent	23,025	-	-	23,025	184,936	-	184,936
Miscellaneous	7,068	-	-	7,068	237,264	-	237,264
Gain (loss) on disposition of property	-	-	-	-	(17,879)	-	(17,879)
Property losses and expenses, net of insurance recoveries	-	-	-	-	998,011	-	998,011
Net assets released from restrictions - operations	135,557	(135,557)	-	-	28,968,718	-	-
Total other revenue	215,884	(135,557)	-	80,327	32,289,047	-	3,320,329
Total revenues	34,622,885	2,308,258	-	36,931,143	106,393,490	57,938	117,952,553
<b>Expenses</b>							
Program services	31,629,799	-	-	31,629,799	101,668,450	-	101,668,450
Management and general	379,603	-	-	379,603	2,627,197	-	2,627,197
Fundraising	581,585	-	-	581,585	974,615	-	974,615
Total expenses	32,590,987	-	-	32,590,987	105,270,262	-	105,270,262
Change in net assets before investment income	2,037,898	2,308,258	-	4,346,156	1,123,228	57,938	12,682,091
Investment income	383,289	-	134,428	517,717	1,534,114	297,210	2,236,331
Change in net assets	2,421,187	2,308,258	134,428	4,863,873	2,657,342	355,148	14,918,422
Net assets							
Beginning of year	5,433,516	575,783	1,216,885	7,226,284	22,007,011	2,251,926	42,169,642
Transfers	-	-	-	-	-	-	-
End of year	\$ 7,854,803	\$ 2,884,041	\$ 1,351,313	\$ 12,090,197	\$ 24,664,353	\$ 2,607,074	\$ 57,088,064

See accompanying independent auditors' report.



**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

For the year ended June 30, 2006

	Catholic Charities		PHILMAT		PACE	
	Unrestricted	Temporarily Permanently	Unrestricted	Temporarily	Unrestricted	Temporarily
<b>Revenues</b>						
Public support:						
Contributions	\$ 2,353,962	\$ 25,820	\$ 27,379,900	\$ 80,431	\$ 897,515	\$ 50,000
Contributed goods and services	599,355	-	599,355	126,092	126,092	-
United Way	1,294,576	-	1,294,376	13,662	13,662	-
Greater New Orleans:						
Allocations	623,635	240,000	863,635	-	-	-
Designations	311,143	-	311,143	32,824	32,824	-
Combined Federal Campaign	26,466	-	26,466	4,905	4,905	-
St. Charles Parish:						
Allocations	273,515	-	493,980	-	-	-
St. John Parish:						
Allocations	36,000	-	56,000	-	-	-
Special events (net of direct costs)	39,153	-	39,153	432	432	-
Total public support	5,577,805	25,820	31,054,208	258,346	1,075,330	50,000
Governmental financial assistance:						
Federal	15,724,621	67,052	15,791,673	4,241,989	14,033	41,242
Other governmental agencies	5,337,387	-	5,337,387	(63,387)	41,034	41,034
Total governmental financial assistance	21,062,008	67,052	21,129,060	4,178,602	55,067	82,276
Other Revenues:						
Program service fees	1,041,262	-	1,041,262	39,518	59,218	-
Rent	90,437	-	90,437	3,722	3,722	-
Miscellaneous	109,193	-	109,193	1,096	1,096	-
Property losses and expenses, net of insurance	(566,873)	-	(566,873)	(1,505,186)	(1,505,186)	762
Net assets released from restrictions - operations	15,346,334	(11,632)	15,334,702	615,066	87,244	(67,244)
Total other revenue	16,020,353	(11,632)	16,008,721	(845,764)	88,106	(67,244)
Total revenues	42,660,166	10,192,933	52,853,100	3,950,984	3,192,938	3,998
<b>Expenses</b>						
Program services	41,948,654	-	41,948,654	5,223,926	438,884	438,884
Management and general	1,607,462	-	1,607,462	313,306	30,690	30,690
Fundraising	172,058	-	172,058	31,889	-	-
Total expenses	43,728,174	-	43,728,174	5,569,121	469,574	469,574
Change in net assets before investment income	(1,068,008)	14,188	9,139,113	(1,978,137)	(1,776,139)	3,998
Investment income	519,256	267,410	888,986	83,309	83,309	-
Change in net assets	(548,752)	10,460,343	10,028,109	(1,894,828)	(1,692,830)	3,998
Net assets:						
Beginning of year	14,440,746	4,797,401	20,156,670	1,796,410	1,686,401	3,061,555
Transfers	(324,431)	138,162	(186,269)	186,269	1,337,172	(1,337,172)
End of year	\$ 13,567,563	\$ 13,995,906	\$ 29,998,510	\$ 87,851	\$ 2,917,981	\$ 1,724,383

See accompanying independent auditors' report.

(continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING STATEMENT OF ACTIVITIES, CONTINUED**

For the year ended June 30, 2006

	Second Harvest		Total		Total	
	Unrestricted	Temporarily	Temporarily	Permanently	Temporarily	Permanently
<b>Revenues</b>						
Public support:						
Contributions	\$ 3,317,167	\$ -	\$ 3,317,167	\$ -	\$ 3,317,167	\$ -
Contributed goods and services	189,565	-	189,565	-	189,565	-
United Way	60,380,003	-	60,380,003	-	60,380,003	-
Greater New Orleans:						
Allocations	119,298	70,000	189,298	-	189,298	70,000
Designations	95,068	-	95,068	-	95,068	-
Combined Federal Campaign	14,266	-	14,266	-	14,266	-
St. Charles Parish:						
Allocations	-	-	-	-	-	-
St. John Perish:						
Allocations	-	-	-	-	-	-
Special events (net of direct costs)	-	-	-	-	-	-
Total public support	14,696	-	14,696	-	14,696	-
Governmental financial assistance:	64,030,063	70,000	64,100,063	-	64,100,063	70,000
Federal	3,231,157	-	3,231,157	-	3,231,157	-
Other governmental agencies	-	-	-	-	-	-
Total governmental financial assistance	3,231,157	-	3,231,157	-	3,231,157	-
Other Revenues:						
Program service fees	152,397	-	152,397	-	152,397	-
Rent	18,420	-	18,420	-	18,420	-
Miscellaneous	8,767	-	8,767	-	8,767	-
Property losses and expenses, net of insurance	(47,719)	-	(47,719)	-	(47,719)	-
Net assets released from restrictions - operations	216,791	(216,791)	-	-	216,791	(216,791)
Total other revenues	348,656	(146,791)	131,865	-	131,865	(146,791)
<b>Total revenues</b>	<b>67,629,876</b>	<b>(146,791)</b>	<b>67,483,085</b>	<b>-</b>	<b>67,483,085</b>	<b>(146,791)</b>
<b>Expenses</b>						
Program services	66,006,735	-	66,006,735	-	66,006,735	-
Management and general	312,512	-	312,512	-	312,512	-
Fundraising	214,508	-	214,508	-	214,508	-
Total expenses	66,533,755	-	66,533,755	-	66,533,755	-
Change in net assets before investment income	1,096,121	(146,791)	949,330	-	949,330	(146,791)
Investment income	236,637	-	306,919	70,282	306,919	70,282
Change in net assets	1,332,758	(146,791)	1,256,249	70,282	1,256,249	70,282
<b>Net assets</b>						
Beginning of year	4,100,868	722,574	5,970,035	1,146,603	8,590,167	2,065,126
Transfers	-	-	-	-	(1,199,010)	-
End of year	\$ 5,433,616	\$ 722,574	\$ 7,226,249	\$ 1,216,833	\$ 7,910,705	\$ 2,265,126

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2007  
(with comparative totals for 2006)

	Catholic Charities			PHILMAT			PACE				
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Total
Salaries	\$ 20,948,528	\$ 930,577	\$ 164,511	\$ 22,043,616	\$ 2,148,714	\$ 139,440	\$ 24,279	\$ 2,313,433	\$ 268,587	\$ 18,228	\$ 286,815
Employee benefits	1,980,758	98,640	17,438	2,096,836	252,621	14,780	2,680	270,081	18,229	1,952	20,161
Payroll Taxes	1,530,486	67,963	12,015	1,610,464	156,698	10,184	1,846	168,728	16,192	1,331	17,523
<b>Total salaries and related expenses</b>	<b>24,459,772</b>	<b>1,097,180</b>	<b>193,964</b>	<b>25,750,916</b>	<b>2,558,033</b>	<b>164,404</b>	<b>29,805</b>	<b>2,752,242</b>	<b>303,008</b>	<b>21,491</b>	<b>324,499</b>
Professional fees and contract services	4,034,766	202,568	35,811	4,273,145	380,876	30,353	5,503	415,732	93,779	3,968	97,747
Supplies and other operating expenses	1,560,097	84,582	14,953	1,659,632	376,216	12,674	2,298	391,188	13,668	1,657	15,325
Equipment expense	626,806	79,890	14,123	720,819	46,415	11,971	2,170	60,556	23,507	1,565	25,072
Occupancy	2,077,367	156,046	27,587	2,261,000	770,019	23,382	4,239	797,640	87,046	3,057	90,103
Travel and transportation	436,291	3,933	695	440,919	434,936	389	107	435,632	2,361	77	2,438
Personnel recruitment and development	336,269	80,287	14,193	430,749	15,164	12,090	2,181	29,375	48,295	1,573	49,868
Insurance	271,230	12,208	2,158	285,596	179,079	1,829	332	181,240	10,352	239	10,591
Food	668,917	-	-	668,917	96,159	-	-	96,159	5,299	-	5,299
Contributed goods and services	1,620,270	-	-	1,620,270	-	-	-	-	-	402	402
Litigation	1,585,000	-	-	1,585,000	-	-	-	-	-	-	-
Miscellaneous	82,902	20,780	3,674	107,356	38,095	3,115	563	41,773	-	-	-
Specific assistance to individuals	25,096,439	170	30	25,096,639	655,608	25	5	655,638	-	-	-
Interest	12,774	111,457	19,704	143,935	-	16,701	3,028	19,729	-	2,183	2,183
Depreciation	642,931	77,993	13,788	734,712	254,403	11,687	2,119	268,209	134,502	1,428	136,030
<b>Total expenses</b>	<b>\$ 63,511,831</b>	<b>\$ 1,927,094</b>	<b>\$ 340,680</b>	<b>\$ 65,779,605</b>	<b>\$ 5,805,003</b>	<b>\$ 288,760</b>	<b>\$ 52,350</b>	<b>\$ 6,146,113</b>	<b>\$ 721,817</b>	<b>\$ 37,740</b>	<b>\$ 759,557</b>

See accompanying independent auditors' report.

(continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED**

For the year ended June 30, 2007  
(with comparative totals for 2006)

	Second Harvest			2007 Consolidated Totals			2006 Consolidated Totals	
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General		Fund-raising
Salaries	\$ 850,965	\$ 192,168	\$ 193,565	\$ 1,236,698	\$ 24,216,794	\$ 1,280,413	\$ 383,355	\$ 25,880,562
Employee benefits	90,130	27,882	21,192	139,204	2,341,738	143,234	41,310	2,526,282
Payroll Taxes	60,094	14,573	14,853	89,522	1,763,470	94,053	28,714	1,886,237
<b>Total salaries and related expenses</b>	<b>1,001,189</b>	<b>234,625</b>	<b>229,610</b>	<b>1,465,424</b>	<b>28,322,002</b>	<b>1,517,700</b>	<b>453,379</b>	<b>30,293,081</b>
Professional fees and contract services	329,733	40,601	240,872	611,206	4,839,154	277,490	282,186	5,398,830
Supplies and other operating expenses	1,077,101	29,424	56,224	1,162,749	3,027,082	128,337	73,475	3,228,894
Equipment expense	49,787	3,671	11,111	64,569	746,515	97,097	27,404	871,016
Occupancy	270,956	15,139	23,319	309,414	3,205,988	197,624	55,145	3,448,157
Travel and transportation	404,259	6,348	4,999	415,606	1,277,847	10,947	5,801	1,294,595
Personnel recruitment and development	39,467	29,995	8,142	77,604	439,195	123,885	24,516	587,996
Insurance	27,730	1,272	1,229	30,231	488,391	15,348	3,719	507,658
Food	27,933,882	-	-	27,933,882	28,704,257	-	-	28,704,257
Contributed goods and services	299,233	-	-	299,233	1,919,503	402	-	1,919,905
Litigation	-	-	-	-	1,585,000	-	-	1,585,000
Miscellaneous	1,334	2,666	2,457	6,457	122,331	26,561	6,694	155,586
Specific assistance to individuals	-	-	-	-	25,752,047	195	35	25,752,277
Interest	-	7,535	-	7,535	12,774	137,876	22,732	173,382
Depreciation	195,128	2,327	3,622	201,077	1,226,964	93,335	19,529	1,340,028
<b>Total expenses</b>	<b>\$ 3,162,979</b>	<b>\$ 373,603</b>	<b>\$ 581,585</b>	<b>\$ 3,284,987</b>	<b>\$ 101,668,450</b>	<b>\$ 2,627,197</b>	<b>\$ 974,615</b>	<b>\$ 105,270,262</b>
								<b>\$ 116,300,624</b>

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND BISHOPS DIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING SCHEDULE OF ACTIVITIES BY PROGRAM SERVICES**

For the year ended June 30, 2007

	Catholic Charities Archdiocese of New Orleans						PHILMAY Community Center and Services		2007 Consolidated Totals
	Home Haven	Head Start	Adult Day Health Care	Profronics and Adult	Community Center and Services	Residential Special Needs	Non- Residential Day Programs	Totals	
<b>Revenues</b>									
Public support									
Contributions	\$ 56,511	\$ 44,917	\$ 1,135	\$ 131,107	\$ 1,083,094	\$ 93,996	\$ 262,019	\$ 1,623,779	\$ 4,775,828
Contributions - undesignated	416,310	115,831	31,839	17,237	22,092	208,456	684,889	1,568,654	1,809,699
Contributed goods and services	380,341	617,514	47,100	914	9,600	364,661	263,323	1,883,453	21,778,415
Unlited Way:									
Greater New Orleans:									
Allocations	47,839	175,080	91,686	1,686	260,000	364,661	233,728	1,443,030	208,096
Deductions		11,399	3,133		2,174	20,315	67,398	1,143,194	34,011
Combined Federal Campaign				1,686					10,360
St. Charles Parish:									
Allocations									5,062
Deductions									
St. John Parish:									
Allocations									65,000
Deductions									194,316
Special areas (out of direct costs)	47,962	1,066					16,000	10,000	46,547
Total public support	1,116,983	865,727	174,873	130,954	1,326,980	1,032,289	1,692,293	6,382,079	30,933,666
Governmental financial assistance:									
Federal:									
Other governmental agencies	4,329,563	3,577,442	287,102	4,068,914	10,311,494	2,763,361	2,461,711	26,994,117	3,471,135
Total governmental financial assistance	4,329,563	3,577,442	287,102	4,068,914	10,311,494	2,763,361	2,461,711	26,994,117	3,471,135
Other Revenues:									
Program service fees	756		351,151	156,828	13,003	179,181	1,104,489	1,995,408	54,765
Rent	41,922			15,503				35,497	20,315
Miscellaneous	32,596	4,343	31,093	1,778	96,563	11,680	26,251	194,303	86,099
Gifts (less) on disposal of property	(6,935)	1,546		(9,103)		(4,614)		(21,126)	3,247
Property losses and expenses, net of insurance recoveries	483,045	34,631		46,294	5,168	13,996	6,934	592,028	163,205
Net assets released from restrictions	160,000			24,820,931	139,840	1,563,820	1,563,820	27,790,969	298,176
Total other revenues	269,436	40,540	373,244	38,649	24,985,644	340,688	2,701,451	30,611,139	317,862
Total revenues	6,657,982	3,883,709	842,213	4,472,617	37,634,683	4,632,021	6,888,423	64,389,938	796,578
<b>Expenses</b>									
Salaries	3,274,217	1,516,710	399,378	2,267,796	9,336,234	1,777,325	2,466,848	20,946,528	2,148,714
Employer benefits	348,859	171,615	35,541	246,683	712,683	185,717	276,656	1,980,738	18,229
Payroll taxes	240,274	110,449	23,936	165,356	639,238	129,397	173,816	1,234,486	25,621
Total salaries and related expenses	3,863,350	1,798,774	459,255	2,685,835	10,738,155	2,092,839	2,918,320	24,459,752	2,192,556
Professional fees and contract services programs	139,130	76,859	46,984	185,676	1,065,725	481,345	1,819,107	4,654,766	303,006
Supplies and other operating expenses	183,981	167,382	17,980	431,632	486,465	98,910	173,757	1,360,087	91,779
Equipment expense	70,208	12,183	4,632	47,736	373,353	77,259	43,433	626,806	13,668
Occupancy	329,269	18,681	1,916	49,407	451,004	191,290	302,531	2,077,367	46,413
Travel and transportation	31,490	3,309	15,388	62,411	251,162	23,899	45,118	484,291	71,132
Personnel recruitment and development	86,971	18,681	1,916	16,772	66,150	48,278	97,201	334,269	17,046
Insurance	226,870	115,227	10,723	46,543	69,547	18,825	271,230	1,144,268	48,295
Food	380,341	617,514	47,100	914	11,661	120,877	242,063	1,669,370	34,011
Indirect allocated costs	319,797	142,530	40,822	228,681	764,583	110,886	249,773	1,837,094	1,563
Litigation	1,583,060							1,583,060	281,790
Miscellaneous	3,097	2,175	11,303	4,749	34,690	13,635	7,915	82,902	6,437
Specific assistance to individuals	38,624	2,694	1,962	52,269	23,591,629	874,594	571,384	23,996,439	23,722
Fund-raising allocated	105,617	25,156	6,913	3,744	4,798	45,272	149,178	340,680	51,271
Interest	27							12,774	
Depreciation	317,077	48,802	37,420	85,434	95,848	82,817	37,333	646,831	7,353
Total expenses	8,376,457	3,293,436	821,004	4,229,680	37,942,122	4,384,363	6,700,623	63,779,605	739,537
Change in net assets before investment	(1,918,455)	288,233	13,215	192,967	(308,054)	287,218	187,799	(1,276,387)	37,021
Investment income	378,089	64,317	19,573	11,438	15,977	121,944	403,171	1,014,689	2,037,898
Government income									383,289
Change in net assets	\$ (1,440,466)	\$ 352,790	\$ 32,788	\$ 204,395	\$ (282,077)	\$ 319,662	\$ 590,970	\$ (261,698)	\$ 3,601,197

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES  
NEW ORLEANS, LOUISIANA**

**CONSOLIDATING SCHEDULE OF ACTIVITIES BY PROGRAM SERVICES, CONTINUED**

For the year ended June 30, 2007  
(with comparative totals for 2006)

	Consolidated Totals by Program							2007	2006
	Head Start	Second Harvest	Food for Families	Adult Day Health Care	PACE	Public Protection and Adult Services	Community Centers and Services		
<b>Revenues</b>									
Public support:									
Contributions	\$ 56,511	\$ 44,917	\$ 677	\$ 1,133	\$ 208,713	\$ 131,107	\$ 1,104,246	\$ 262,019	\$ 6,639,249
Contributions - designated	486,310	115,831	236,078	31,839	17,237	37,039	208,456	684,839	1,409,699
Contributed goods and services	380,341	617,514	25,895,962	47,100	-	914	364,661	263,323	27,779,415
United Way:									
Greater New Orleans:									
Allocations	-	175,000	208,096	91,666	-	-	364,661	253,723	1,335,146
Disignations	47,459	11,399	34,011	3,133	-	1,696	26,515	67,598	212,107
Combined Federal Campaign	-	-	10,360	-	-	-	-	-	16,360
St. Charles Parish:									
Allocations	-	-	5,062	-	-	-	-	-	5,062
Allocations	-	-	46,547	-	-	-	-	-	66,000
Special events (not of direct costs)	47,982	1,056	30,953,186	259,981	208,713	150,834	1,413,683	1,692,283	193,316
Total public support	1,216,983	965,722	30,953,186	259,981	208,713	150,834	1,413,683	1,692,283	28,073,354
Governmental financial assistance:									
Federal:									
Other governmental agencies	4,529,583	2,577,442	3,471,135	4,673,071	287,102	4,063,014	10,693,487	2,461,711	35,322,386
Total governmental financial assistance	4,529,583	2,577,442	3,471,135	4,673,071	287,102	4,063,014	10,693,487	2,461,711	35,322,386
Other Revenues:									
Program services fees	756	-	50,234	331,151	7,890	136,628	67,768	179,181	1,917,997
Rent	41,992	-	21,023	86,099	-	30,315	30,315	-	184,996
Miscellaneous	32,396	4,246	7,048	21,093	1,776	133,616	26,331	-	237,114
Gain or loss on disposal of property	(8,951)	1,546	-	3,247	150	(9,101)	(4,614)	-	(17,789)
Property losses and expenses, net of insurance recoveries	483,945	34,631	-	163,205	-	44,394	13,996	-	998,011
Net assets released from restrictions	160,000	40,340	133,557	290,016	290,016	26,823,127	1,563,820	28,968,711	28,968,711
Total other revenues	709,436	177,241	315,184	372,244	517,463	26,883,102	2,301,494	3,201,494	32,980,647
Total revenues	6,617,983	3,983,769	34,622,882	5,112,809	786,573	4,672,811	35,992,257	4,322,001	106,334,690
<b>Expenses</b>									
Scholarships	3,234,217	1,516,710	1,236,698	359,378	268,397	2,467,796	9,565,062	1,727,523	24,462,327
Employee benefits	348,859	171,615	139,264	224,347	33,541	249,632	740,963	183,717	2,008,594
Payroll taxes	240,274	110,449	89,322	131,623	23,856	169,336	716,313	123,397	1,793,816
Total salaries and related expenses	3,823,350	1,798,774	1,465,284	608,875	303,004	2,687,824	11,420,337	2,034,637	28,786,237
Professional fees and contract service payments	18,991	76,989	611,268	46,984	95,779	431,632	503,681	129,107	3,120,627
Supplies and other operating expenses	70,268	12,183	64,569	17,980	13,668	43,726	377,268	77,259	3,053,463
Equipment	529,269	248,543	309,414	691,887	89,497	87,046	526,136	191,290	761,297
Depreciation	32,490	3,829	413,606	15,388	2,341	62,411	292,430	45,118	3,243,946
Travel and transportation	86,971	18,681	77,694	10,743	48,293	16,772	70,371	48,278	1,289,194
Personnel recruitment and development	104,578	13,968	30,231	144,261	10,332	40,546	104,358	11,947	974,135
Insurance	236,870	116,227	77,933,182	60,578	3,299	192,200	46,573	18,825	477,332
Food	590,341	612,314	299,233	47,100	914	11,661	66,721	242,063	800,292
Contributed goods and services	319,797	142,350	89,328	256,137	37,740	221,681	797,208	349,773	28,704,357
Indirect allocated costs	1,362,000	-	-	-	-	-	-	-	1,362,000
Litigation	3,697	2,173	6,497	12,943	18,303	4,749	59,183	7,913	177,434
Miscellaneous	34,624	2,694	688	1,962	-	55,269	24,306,522	674,504	23,792,047
Specific assistance to individuals	105,617	23,136	-	51,371	-	3,744	5,877	45,372	393,030
Fund-raising allocated	37	-	7,515	-	-	11,731	-	-	20,309
Depreciation	317,977	46,802	201,077	247,693	33,420	83,484	32,556	83,817	2,029,343
Total expenses	1,376,637	3,263,458	33,984,917	4,521,101	621,004	4,739,257	39,566,134	4,364,503	105,270,282
Change in net assets before investment income	(1,916,455)	208,233	2,071,898	394,699	13,213	37,021	(971,877)	267,718	1,123,221
Investment income	278,659	383,249	133,369	15,278	11,438	18,744	18,744	499,171	1,541,114
Change in net assets	(1,637,796)	591,482	1,938,529	410,017	24,589	55,765	(953,133)	766,889	2,664,335
See accompanying independent auditors' report.									

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS**

**Single Audit Report**

**June 30, 2007**



**Postlethwaite & Netterville**

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**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS  
New Orleans, Louisiana**

**Single Audit Reports**

**June 30, 2007**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,  
Catholic Charities Archdiocese of New Orleans and Subsidiaries, New Orleans, Louisiana:

We have audited the basic financial statements of Catholic Charities Archdiocese of New Orleans (the Agency), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 10, 2007. 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 Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,  
Catholic Charities Archdiocese of New Orleans and Subsidiaries, New Orleans, Louisiana:

Compliance

We have audited the compliance of Catholic Charities Archdiocese of New Orleans (the Agency) 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 each of its major federal programs for the year ended June 30, 2007. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 07-1.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with the 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 Agency's internal control over compliance.

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

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

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

The Agency's response to the findings identified in our prior year audit is described in the accompanying schedule of prior audit findings. We did not audit The Agency's response and, accordingly, we express no opinion on it.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, and major funds of the Agency, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 10, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB 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.

This report is intended solely for the information of the Agency, the Agency's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana  
December 10, 2007



**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS  
NEW ORLEANS, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Pass-through programs from:			
State of Louisiana Department of Education			
Department of Education			
Division of Nutrition Assistance			
School Breakfast Program			
Child Residential Care	10.553	-	\$ 194,101
Child and Adult Care Food Program			
Child Day care	10.558	-	206,239
Adult Day Health care	10.558	-	33,298
Emergency Shelter	10.558	-	22,079
Domestic Violence	10.558	-	6,000
Total - Child and Adult Care Food Program			<u>267,616</u>
Total - Louisiana Department of Education			<u>461,717</u>
Department of Health and Hospitals			
Office of Public Health			
Commodity Supplemental Food Program	10.565	42-0861/616114	<u>4,675,070</u>
Total - State of Louisiana			<u>5,136,787</u>
Total - U.S. Department of Agriculture			<u>5,136,787</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Program:			
Supporting Housing Program			
Transitional Housing	14.235	LA488-50-3020	<u>331,069</u>
Total - direct program			<u>331,069</u>
Pass-through programs from:			
City of New Orleans			
Community Block Development Grants			
Youth	14.218	50-096(92)/PC750 24817	<u>99,077</u>
Emergency Shelter Grants Program			
Emergency Shelter Care	14.231	SESG 018	<u>56,393</u>
Total - Emergency Shelter Grants Program			<u>56,393</u>
Housing Opportunities for Persons with AIDS			
AIDS Services	14.241	DC750-000000	<u>129,866</u>
Total - City of New Orleans			<u>285,336</u>
			(Continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS  
NEW ORLEANS, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Parish of Jefferson</b>			
Department of Community Development Programs			
Community Development Block Grants			
Emergency Shelter Care	14.218	not known	\$ 100,000
Emergency Shelter Grants Program			
Emergency Shelter Care	14.231	not known	<u>202,330</u>
Total - Parish of Jefferson			<u>302,330</u>
<b>UNITY for the Homeless, Inc.</b>			
Supportive Housing Program			
Mental Health	14.235	not known	383,413
Transitional Housing	14.235	LA48-B-50-3019	266,733
Emergency Shelter Care	14.235	LA48-B-50-3032	60,304
Community Centers	14.235	LA48-B-50-3011	220,137
Adult Residential care	14.235	LA48-B-50-3010	<u>24,921</u>
Total Supportive Housing Program			<u>955,508</u>
Total UNITY for the Homeless, Inc.			<u>955,508</u>
Total pass-through programs			<u>1,543,174</u>
Total - U.S. Department of Housing and Urban Development			<u>1,874,243</u>
<b>U.S. Department of Justice</b>			
Pass-through programs from:			
Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Crime Victim Assistance			
Domestic Violence	16.575	not known	162,319
Violence Against Women Formula Grants			
Domestic Violence	16.588	not known	36,220
Pass-through program from:			
City of New Orleans - Office of Criminal Justice			
Domestic Violence	16.575	not known	<u>228,078</u>
Total - Louisiana Commission on Law Enforcement and Administration of Criminal Justice			<u>426,617</u>
City of New Orleans - Office of Criminal Justice			
Orders			
Domestic Violence	16.590	not known	67,121
Supervised Visitation	16.527	not known	<u>6,849</u>
Total - City of New Orleans - Office of Criminal Justice			73,970
Total - U.S. Department of Justice			<u>500,587</u>
<b>U.S. Department of Labor</b>			
Direct program:			
WIA Pilots, Demonstrations, and Research Projects			
Jefferson Workforce	17.261	-	<u>44,118</u>

(Continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS  
NEW ORLEANS, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Pass-through program from:			
Goodwill Industries of Southeast Louisiana, Inc. dba JOB1 Career Solutions			
WIA Adult Program	17.258	06-05 NEG	\$ 123,965
WIA Youth Activities	17.259	02-WIA	<u>10,793</u>
Total - Goodwill Industries of Southeast Louisiana, Inc. dba JOB1 Career Solutions			<u>134,658</u>
Total - U.S. Department of Labor			<u>178,776</u>
U.S. Department of State			
Pass-through program from:			
United States Conference of Catholic Bishops			
Reception and Placement - direct	19.ukn	not known	<u>4,405</u>
Total - U.S. Department of State			<u>4,405</u>
U.S. Department of Education			
Pass-through programs from:			
State of Louisiana			
Department of Social Services			
Louisiana Commission for the Deaf			
Rehabilitation Services - Vocational Rehabilitation Grants Deaf action Center	84.126	not known	<u>86,294</u>
Total - U.S. Department of Education			<u>86,294</u>
Delta Regional Authority			
Direct program:			
Direct Regional Authority Grant	90.200	-	<u>40,610</u>
Total - Direct Regional Authority			<u>40,610</u>
U.S. Department of Health and Human Services			
Direct program:			
Health Resources and Services Administration			
Healthy Community Access Program	93.252	-	<u>1,072,466</u>
Pass-through programs from:			
State of Louisiana			
Department of Social Services			
Christian Health Ministries			
Temporary Assistance for Needy Families (TANF)	93.558	G-0602LAATANF	<u>2,393,162</u>
Office of Community Services			
Refugee and Entrant Assistance - State Administered Programs			
Refugee Social Services	93.566	not known	42,250
Refugee Targeted Assistance	93.566	not known	14,214
Refugee Social Services (PPP)	93.566	not known	<u>14,277</u>
Total - Refugee and Entrant Assistance			<u>70,741</u>

(Continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS  
NEW ORLEANS, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2007

<b>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>Social Services Block Grant</b>			
Child Residential Care	93.667	not known	\$ 4,372,590
Therapeutic Foster Care	93.667	not known	489,388
Katrina Aid Today	93.667	625530	297,275
Therapeutic Family Services	93.667		47,427
LA Family Recovery Corps	93.667		628,989
Family Preservation	93.667		62,371
<b>Total - Social Services Block Grant</b>		606911 607033	<u>5,898,040</u>
<b>Chaffee Foster Care Independence Program</b>			
Independent Living - match	93.674		301,775
Independent Living - BTVP	93.674		76,837
<b>Total - Chaffee Foster Care Independence Program</b>			<u>378,612</u>
<b>Total - Louisiana Department of Social Services</b>			<u>8,740,555</u>
<b>Office of the Governor/Office of Women's Policy</b>			
Temporary Assistance for Needy Families (TANF)	93.558	644664	52,304
Women's Shelters	93.671	C05-9-014	199,378
<b>Total - Office of the Governor/Office of Women's Policy</b>			<u>251,682</u>
<b>Department of Health and Hospitals</b>			
<b>Office of Public Health</b>			
Refugee and Entrant Assistance - Discretionary Grants			
Immigration/refugee services	93.576	908X0179/02	44,528
<b>Total - State of Louisiana</b>			<u>9,036,765</u>
<b>Total Community Action, Inc.</b>			
Head Start			
Child Day Care	93.600	06CHD473	2,271,223
<b>Total - Total Community Action, Inc.</b>			<u>2,271,223</u>
<b>Metropolitan Human Services District</b>			
Crescent House Voyage	93.667	06CH0474	90,255
<b>United States Conference of Catholic Bishops</b>			
Refugee and Entrant Assistance - Voluntary Agency Programs			
Match Grant Program	93.567	not known	100
<b>Total pass-through programs</b>			<u>11,398,343</u>
<b>Total - U.S. Department of Health and Human Services</b>			<u>12,470,809</u>
<b>Corporation for National and Community Service</b>			
<b>Direct program:</b>			
Foster Grandparents Program			
Foster Grandparents	94.011	045FWLA001	336,854

(Continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS  
NEW ORLEANS, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2007

<b>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Pass-through programs from:			
Louisiana Serve Commission			
Americorps	94.006	06-AC068537	\$ 140,841
Total - Corporation for National and Community Service			<u>477,695</u>
<b>U.S. Department of Homeland Security</b>			
Pass-through programs from:			
United Way of Greater New Orleans			
Emergency Food and Shelter National Board Program			
Emergency Shelter Care	97.024	not known	116,656
EFSP	97.024	not known	<u>157,789</u>
Total - Emergency Food and Shelter National Board Program			<u>274,445</u>
Total - United Way of Greater New Orleans			<u>274,445</u>
<b>State of Louisiana</b>			
Department of Health and Hospitals			
Office of Mental Health			
Crisis Counseling			
LA Spirit	97.032	642571-047080	3,735,682
Options for Independence			
LA Spirit	97.032	642563-047082	<u>880,397</u>
Total - Louisiana Department of Health and Hospitals			<u>4,616,079</u>
Louisiana Office of Homeland Security and Emergency Preparedness			
Disaster Grants - Public Assistance			
Hurricane Katrina Public Assistance Grant	97.036	not known	<u>86,418</u>
Total - State of Louisiana			<u>4,702,497</u>
<b>United Methodist Committee on Relief</b>			
Hurricane Katrina Case Management System			
Katrina Aid Today	97.084	EMW-2006GR-0056	<u>2,187,577</u>
Total - U.S. Department of Homeland Security			<u>7,164,519</u>
<b>Total Expenditures of Federal Awards included in this report</b>			<u>\$ 27,934,725</u>

See accompanying notes to schedule of expenditures of federal awards.



**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS**  
**New Orleans, Louisiana**

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

**June 30, 2007**

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of Catholic Charities Archdiocese of New Orleans, PHILMAT, Inc., and PACE Greater New Orleans. The Agency's reporting entity is defined in note 1 to the financial statements for the year ended June 30, 2007. All federal awards received from federal agencies are included on the schedule.

**(2) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1 to the Agency's financial statements for the year ended June 30, 2007.

We did not audit the financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana, a subsidiary of the Agency. Those financial statements were audited by other auditors who have issued a separate report on internal controls over financial reporting and on compliance and other matters. Our report does not include that entity.

**(3) Relationship to Financial Statements**

Federal awards are included in the basic financial statements of the Agency as follows:

Schedule of Federal Awards	\$ 27,934,725
State funds	508,703
Office of Health and Hospitals - Medicaid	4,298,422
Second Harvest	<u>3,471,135</u>
Total governmental financial assistance	\$ <u>36,212,985</u>

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS**  
**New Orleans, Louisiana**

**Schedule of Findings and Questioned Costs**

**Year ended June 30, 2007**

**(1) Summary of Auditors' Results**

- (a) The type of report issued on the basic financial statements: unqualified opinion
- (b) Significant deficiencies in internal control were disclosed by the audit of the basic financial statements: no; Material weaknesses: no
- (c) Noncompliance which is material to the basic financial statements: no
- (d) Significant deficiencies in internal control over major programs: no; Material weaknesses: no
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: yes
- (g) Major programs:

United States Department of Agriculture – Commodity Supplemental Food Program	10.565
United States Department of Health and Human Services – Head Start	93.600
Corporation for National and Community Service Direct program: Foster Grandparents Program	94.011
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$838,042
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

**(2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: None**

**(3) Findings and Questioned Costs relating to Federal Awards: Listed as follows.**

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS  
New Orleans, Louisiana**

**Schedule of Findings and Questioned Costs, Continued**

**Year ended June 30, 2007**

**Finding 07-1**

**CFDA # 14.235**

**Grant UNITY for the Homeless, Inc.**

**Supportive Housing Program --**

**Community Centers**

*Condition:* The Agency identified inappropriate transactions related this program. The amounts were reported to the granting agency.

*Criteria:* As required by OMB Compliance Supplement, amounts distributed are to be issued to eligible participants.

*Effect:* The Agency may not have issued awards to eligible participants.

*Cause:* Circumvention of the Agency's procedures appeared to have occurred.

*Recommendation:* The Agency should review its compliance procedures to determine adequacy for the prevention and or timely detection of non-compliances.

*Agency Response:* The Agency communicated its concerns to the grantors and the matter is under investigation. We are constantly reviewing and updating our processes. We have added additional controls to our current procedures to prevent and detect instances of non-compliance in the future.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS**  
**New Orleans, Louisiana**

**Summary Schedule of Prior Audit Findings**

**There were no unresolved prior audit findings.**