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Financial Report

*Catholic Charities Archdiocese
of New Orleans*

June 30, 2004

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 2-2-05

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Catholic Charities Archdiocese of New Orleans New Orleans, Louisiana

June 30, 2004

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

Most Reverend Alfred C. Hughes, D.D., President,
Catholic Charities Archdiocese of New Orleans,
New Orleans, Louisiana.

We have audited the accompanying statement of financial position of Catholic Charities Archdiocese of New Orleans (a non-profit organization) (the "Agency") as of June 30, 2004 and the related statements of activities, functional expenses and cash flows, for the year then ended. These financial statements are the responsibility of management of the Agency. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Agency's 2003 financial statements and, in our report dated December 3, 2003, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities Archdiocese of New Orleans as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2004, on our consideration of Catholic Charities Archdiocese of New Orleans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Catholic Charities Archdiocese of New Orleans taken as a whole. The accompanying schedule of activities by program services (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Agency. 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. The supplemental information in the schedule of support, revenue, and expenses prepared for the United Way for the Greater New Orleans Area (Schedule 2) is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Agency. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
November 30, 2004.

STATEMENT OF FINANCIAL POSITION**Catholic Charities Archdiocese of New Orleans
New Orleans, Louisiana**June 30, 2004
(with comparative totals for 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 149,808	\$ 115,879
Investments	3,701,194	3,018,904
Accounts receivable:		
Program	3,010,461	2,892,481
Unconditional promises to give -		
United Way New Orleans	1,079,944	1,199,017
Pledges receivable	34,206	
Others	272	839,574
Prepaid expenses and deferred charges	202,902	19,351
Property and equipment - net	7,514,385	7,288,553
Due from affiliate	614,229	-
	<u>\$ 16,307,401</u>	<u>\$ 15,373,759</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Cash overdraft	\$ 689,930	\$ 396,821
Accounts payable and accrued expenses	1,336,663	1,361,603
Deferred revenue	33,818	348,682
Loans payable	2,010,200	1,477,612
Funds held for others	130,035	123,547
	<u>4,200,646</u>	<u>3,708,265</u>
Net assets:		
Unrestricted	6,789,326	6,729,938
Temporarily restricted	5,202,248	4,935,556
Permanently restricted	115,181	-
	<u>12,106,755</u>	<u>11,665,494</u>
Total net assets	<u>\$ 16,307,401</u>	<u>\$ 15,373,759</u>
Total liabilities and net assets	<u>\$ 16,307,401</u>	<u>\$ 15,373,759</u>

STATEMENT OF ACTIVITIES**Catholic Charities Archdiocese of New Orleans**
New Orleans, LouisianaFor the year ended June 30, 2004
(with comparative totals for 2003)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2004 Totals	2003 Totals
Revenues					
Public support:					
Contributions	\$ 672,585	\$ 120,310	\$ 107,937	\$ 900,832	\$ 1,588,187
Contributed by associated organizations	100,000			100,000	183,093
United Way					
Allocations - Greater New Orleans	6,600	1,079,944		1,086,544	1,214,017
Designations - Greater New Orleans	130,767			130,767	182,330
CFC designations	46,869			46,869	36,282
Allocations - St. Charles Parish	136,000			136,000	53,000
Allocations - St. John Parish	53,000			53,000	122,236
Special events (net of direct cost of \$42,931 and \$65,503 in 2004 and 2003, respectively)	83,370			83,370	102,999
Total public support	1,229,191	1,200,254	107,937	2,537,382	3,482,144
Fees and grants from governmental agencies:					
Federal awards	10,949,474			10,949,474	9,833,750
Other governmental agencies	7,575,042			7,575,042	6,786,951
Total fees and grants from governmental agencies	18,524,516	-	-	18,524,516	16,620,701
Other Revenue:					
Contributed goods and services	1,778,180			1,778,180	1,129,852
Program service fees	1,995,534			1,995,534	1,627,686
Investment income	229,402	323,084	7,244	559,730	38,485
Miscellaneous	90,705			90,705	156,790
Net assets released from restrictions - operations	1,256,646	(1,256,646)		-	-
Total other revenue	5,350,467	(933,562)	7,244	4,424,149	2,952,813
Total revenue	25,104,174	266,692	115,181	25,486,047	23,055,658

**Exhibit B
(Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2004 Totals</u>	<u>2003 Totals</u>
Expenses					
Program services	23,738,286			23,738,286	20,607,871
Management and general	1,306,500			1,306,500	1,587,554
Total expenses	<u>25,044,786</u>	-	-	<u>25,044,786</u>	<u>22,195,425</u>
Change in Net Assets	59,388	266,692	115,181	441,261	860,233
Net Assets					
Beginning of year	<u>6,729,938</u>	<u>4,935,556</u>	-	<u>11,665,494</u>	<u>10,805,261</u>
End of year	<u>\$ 6,789,326</u>	<u>\$ 5,202,248</u>	<u>\$ 115,181</u>	<u>\$ 12,106,755</u>	<u>\$ 11,665,494</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Catholic Charities Archdiocese of New Orleans**
New Orleans, LouisianaFor the year ended June 30, 2004
(with comparative totals for 2003)

	Program Services	Management and General	2004 Totals	2003 Totals
Salaries	\$ 12,153,575	\$ 722,032	\$ 12,875,607	\$ 11,676,638
Employee health and retirement benefits	1,029,193	78,400	1,107,593	856,673
Payroll taxes	963,976	60,946	1,024,922	945,297
Total salaries and related expenses	14,146,744	861,378	15,008,122	13,478,608
Professional fees and contract service payments (includes \$37,558 (2004) and \$39,110 (2003) of depreciation and and other allocated direct costs)	2,491,684	153,663	2,645,347	2,331,043
Supplies	1,555,072	21,027	1,576,099	1,691,921
Telephone	139,749	4,567	144,316	123,605
Postage and shipping	13,397	928	14,325	13,262
Occupancy	2,042,632	62,074	2,104,706	2,076,525
Travel and transportation	276,063	19,454	295,517	269,199
Conferences, conventions and meetings	61,431	16,510	77,941	51,435
Printing and publications	49,332	28,310	77,642	53,924
Specific assistance to individuals	1,524,898	1,750	1,526,648	1,241,130
Organization dues	9,479	33,916	43,395	41,735
Miscellaneous	45,819	46,839	92,658	83,980
Program distributions for supportive services	719,598		719,598	-
Interest	12,752	50,105	62,857	101,712
Depreciation	649,636	5,979	655,615	637,346
Total expenses	\$ 23,738,286	\$ 1,306,500	\$ 25,044,786	\$ 22,195,425

See notes to financial statements.

STATEMENT OF CASH FLOWS**Catholic Charities Archdiocese of New Orleans**
New Orleans, LouisianaFor the year ended June 30, 2004
(with comparative totals for 2003)

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 441,261	\$ 860,233
Adjustments to reconcile change in net assets to net cash provided operating activities:		
Depreciation	693,173	676,456
(Gain) Loss on investments, net	(446,325)	59,534
Loss on disposal of property	9,707	297
Change in assets and liabilities:		
Accounts receivable	806,189	(147,205)
Prepaid expenses and deferred charges	(183,551)	95,309
Cash overdraft	293,109	(236,891)
Accounts payable and accrued expenses	(24,940)	(188,934)
Deferred revenue	(314,864)	(124,917)
Funds held for the account of others	6,488	45,367
	<u>1,280,247</u>	<u>1,039,249</u>
Cash Flows From Investing Activities		
Proceeds from sale of assets	8,550	-
Net investment activity	(235,965)	(4,808)
Purchases of property and equipment	(937,262)	(514,149)
Increase in due from affiliate	(614,229)	-
	<u>(1,778,906)</u>	<u>(518,957)</u>
Cash Flows From Financing Activities		
Net borrowing (payments) under line of credit agreement	554,000	(486,000)
Repayment of loans payable	(21,412)	(19,679)
	<u>532,588</u>	<u>(505,679)</u>
Net Increase in Cash	33,929	14,613
Cash		
Beginning of year	115,879	101,266
End of year	<u>\$ 149,808</u>	<u>\$ 115,879</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest expense	<u>\$ 62,857</u>	<u>\$ 101,712</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Catholic Charities Archdiocese of New Orleans
New Orleans, Louisiana

June 30, 2004

Note 1 - NATURE OF ACTIVITIES

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, 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.

During the year ended June 30, 2004, several organizational changes took place involving the Agency and ownership and control of similar health and community based agencies previously sponsored by the Roman Catholic Church of the Archdiocese of New Orleans. More specifically, ownership and control of PHILMAT, Inc., Second Harvesters of Greater New Orleans, and PACE – Greater New Orleans (previously a start-up program of PHILMAT, Inc.) was being transitioned to the Agency. Accordingly, because each of these entities were in a different state of ownership and control transition at June 30, 2004, these financial statements reflect only the financial position and changes in net assets of Catholic Charities Archdiocese of New Orleans.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Agency is a nonprofit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the code.

b. Basis of Accounting

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. 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.

d. 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.

e. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Contributions (Continued)

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.

f. Promises to Give

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

All promises to give are recognized as assets.

g. Functional Expenses

The Agency allocates its expense on a functional basis among its various programs and management and general.

The costs of administrative support that relate to more than one program have been allocated to the separate programs based on units of service, volume of activity or other equitable basis.

h. Investments

Investments are stated at market value based on quoted market prices. Realized and unrealized gains and losses, are included in the change in net assets in the accompany statement of activities.

i. Accounts Receivable

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 not collected by the time the financial statements were issued. Accordingly, a valuation allowance was determined to be unnecessary.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Deferred Revenue

Deferred revenue related to grants and service fees consists of amounts received in advance which are for programs in the subsequent fiscal year.

k. Property and Equipment

Property and equipment are carried at purchase cost or appraised values when acquired by donation or gift, with subsequent additions at cost. Depreciation is provided using the straight-line basis over the estimated useful lives of the depreciable assets. Leasehold improvements are amortized over 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
Equipment	5
Vehicles	3

l. Statement of Cash Flows

The Agency considers its money market funds to be short-term investments. No assets are considered to be cash equivalents.

Note 3 - INVESTMENTS

Investments of the various agencies of the Archdiocese have been pooled to maximize the return on the investments. The amounts recorded in the statement of financial position represents Agency's share of the pool.

Note 3 - INVESTMENTS (Continued)

Investments are comprised of the following:

	June 30, 2004	
	Cost	Market Value
Money market funds	\$ 470,679	\$ 470,679
Investment pool - Archdiocese of New Orleans	<u>2,375,309</u>	<u>3,230,515</u>
Totals	<u>\$2,845,988</u>	<u>\$3,701,194</u>

	Cost	Market Value	Excess of Market Over Cost
Balance at June 30, 2004	<u>\$2,845,988</u>	<u>\$3,701,194</u>	\$ 855,206
Balance at June 30, 2003	<u>\$2,585,032</u>	<u>\$3,018,904</u>	<u>433,872</u>
Unrealized gain on investments			421,334
Realized gain for the year			<u>25,187</u>
			446,521
Interest and dividend income			<u>113,209</u>
Total investment income - June 30, 2004			<u>\$ 559,730</u>

	June 30, 2003	
	Cost	Market Value
Money market funds	\$ 341,550	\$ 341,550
Investment pool - Archdiocese of New Orleans	<u>2,243,482</u>	<u>2,677,354</u>
Totals	<u>\$2,585,032</u>	<u>\$3,018,904</u>

Note 3 - INVESTMENTS (Continued)

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
Balance at June 30, 2003	<u>\$2,585,032</u>	<u>\$3,018,904</u>	\$433,872
Balance at June 30, 2002	<u>\$2,557,604</u>	<u>\$3,073,630</u>	<u>516,026</u>
Unrealized loss on investments			(82,154)
Realized gain for the year			<u>22,620</u>
			(59,534)
Interest and dividend income			<u>98,019</u>
Total investment income - June 30, 2003			<u>\$ 38,485</u>

Note 4 - PROPERTY AND EQUIPMENT - NET

A summary of property and equipment at June 30, 2004 and 2003 is as follows:

	<u>2004</u>	<u>2003</u>
Building and improvements	\$12,215,969	\$11,887,402
Leasehold improvements	2,310,152	2,093,711
Equipment	3,549,727	3,223,364
Vehicles	<u>783,578</u>	<u>733,665</u>
	18,859,426	17,938,142
Less accumulated depreciation and amortization	<u>11,815,772</u>	<u>11,128,720</u>
	7,043,654	6,809,422
Land	<u>470,731</u>	<u>479,131</u>
Total property and equipment, net	<u>\$ 7,514,385</u>	<u>\$ 7,288,553</u>

Note 5 - LOANS PAYABLE

Loans payable at June 30, 2004 and 2003 are summarized as follows:

	<u>2004</u>	<u>2003</u>
Unsecured demand borrowing, pursuant to a line of credit permitting borrowings up to \$2.5 million, bearing interest at 5.1% at June 30, 2004, due upon demand, issued by the Roman Catholic Church of the Archdiocese of New Orleans.	\$1,590,000	\$1,036,000
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 net book value approximating \$259,000 and \$283,000 at June 30, 2004 and 2003, respectively.	220,680	242,092
Promissory note to Roman Catholic Church of the Archdiocese of New Orleans, non-interest bearing, no scheduled repayment.	<u>199,520</u>	<u>199,520</u>
Total loans payable	<u>\$2,010,200</u>	<u>\$1,477,612</u>

Annual principal payments on loans payable for each of the next five years and in total thereafter at June 30, 2004 are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2005	\$1,813,167
2006	23,906
2007	25,192
2008	26,555
2009	27,999
Thereafter	<u>93,381</u>
Total	<u>\$2,010,200</u>

Note 5 - LOANS PAYABLE (Continued)

Interest incurred during 2004 and 2003, all of which was charged to operations totaled \$62,857 and \$101,712, respectively.

Note 6 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the Agency. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Permanently restricted net assets consist of endowment fund investments to be held in perpetuity. The income from endowment investments is expendable for specific program services.

The following sets forth the composition of temporarily restricted net assets at June 30, 2004 and 2003.

	2004	2003
United Way allocation for subsequent fiscal year	\$ 1,079,944	\$1,199,017
Restricted for relief services to children	2,754,447	2,435,879
Restricted for purchases of capital assets	471,210	416,768
Other restrictions	896,647	883,892
Totals	\$5,202,248	\$4,935,556

The permanently restricted net assets at June 30, 2004 are \$115,181.

Note 7 - RETIREMENT PLAN

The Agency has a profit sharing retirement plan with a 401(k) plan administered by the Archdiocese of New Orleans. Eligible employees may elect to make contributions of 3% to 16% of their gross monthly salary. The Agency is required to make contributions equal to the employee contributions not to exceed 3.5% of their gross monthly salary. Contribution expense for the years ended June 30, 2004 and 2003, approximated \$114,000 and \$111,000, respectively.

Note 8 - PROGRAM SERVICE EXPENSES

Details of program service expenses for the years ended June 30, 2004 and 2003 were as follows:

	<u>2004</u>	<u>2003</u>
Senior Programs	\$ 628,257	\$ 476,791
Clinical Counseling	914,911	758,798
Adoption and Maternity	459,641	308,702
Homeless Programs	1,264,245	1,251,866
Adult Day Health Care	974,987	929,135
Child Day Care	4,290,569	3,149,401
Information and Referral	120,657	147,883
Job Search	356,780	414,742
Domestic Violence	819,706	751,077
Aids Services	321,487	396,713
Adult Residential Care	2,860,867	2,600,844
Mental Health	181,201	-
Child Residential Care	10,077,806	9,365,748
Immigrant/Refugee Services	801,197	699,831
Family Preservation	121,635	118,029
Deaf Action Center	507,802	485,682
Community Centers	<u>343,038</u>	<u>340,183</u>
Totals	<u>\$25,044,786</u>	<u>\$22,195,425</u>

Note 9 - RELATED PARTY TRANSACTIONS

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

In the normal course of operations, the Archdiocese of New Orleans 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, 2004 and June 30, 2003, the Agency received no direct operating subsidies from the Archdiocese of New Orleans. Charges for facilities and administrative support are at rates approximating costs.

Note 9 - RELATED PARTY TRANSACTIONS (Continued)

During 2000, the Archdiocese of New Orleans issued a \$2.5 million line of credit to the Agency. At June 30, 2004, the outstanding balance was \$1,590,000 under this line of credit agreement. See Note 5 for further information related to loans payable.

During the year ended June 30, 2004, the Agency advanced funds to PHILMAT, Inc. on terms similar to amounts borrowed by the Agency from the Archdiocese of New Orleans. As of June 30, 2004, unpaid advances due from PHILMAT, Inc. totaled \$614,229.

During the year ended June 30, 2004, the Agency provided federal awards totaling \$719,598 to PHILMAT, Inc. as a subrecipient.

Note 10 - OPERATING LEASE OBLIGATIONS

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 2009. 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 years of future minimum rental payments required under those leases and equipment leases that have initial or remaining lease terms in excess of one year as of June 30, 2004.

<u>Year Ending June 30,</u>	<u>Amount</u>
2005	\$106,079
2006	66,848
2007	18,297
2008	16,247
2009	<u>8,368</u>
Total	<u>\$215,839</u>

The rental expense for all operating leases for the year ended June 30, 2004 and 2003 approximated \$714,290 and \$690,000, respectively.

Note 11 - SIGNIFICANT CONTRACTS AND GRANTS

For the year ended June 30, 2004, approximately \$8,638,166 of contract revenue was from the U.S. Department of Health and Human Services and \$2,207,806 of grant revenue was received from the Louisiana Office of Youth Development. The State provides annual contracts to the Agency, which grants the State the right to audit program accounts and activities. Management believes that the Agency is 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.

Note 12 - RISK MANAGEMENT

The Agency is 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, 2004.

Note 13 - CONTINGENCIES

The Agency is a party to various litigations and other claims, the outcome of which cannot be presently determined. Management's opinion is that the outcome of such matters would not have a significant effect on the Agency's financial position.

Note 14 - NEW ORLEANS COUNCIL ON AGING

The Agency receives a grant from New Orleans Council on Aging for the operations of the Audubon Senior Center. Revenues for this grant were included in contributions and totaled \$11,688 and \$11,875 for the years ended June 30, 2004 and 2003, respectively. The expenses related to this program are included in Senior Programs in program service expenses. During each year, the program expenses exceeded the grant revenue from New Orleans Council on Aging.

Note 15 - BOARD OF DIRECTORS COMPENSATION

The Agency's board of directors were not compensated for their work on the board during the years ended June 30, 2004 and 2003. All board positions are strictly on a volunteer basis.

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE OF ACTIVITIES BY PROGRAM SERVICES
Catholic Charities Archdiocese of New Orleans
 New Orleans, Louisiana

For the year ended June 30, 2004
 (with comparative totals for 2003)

	Senior Programs	Clinical Counseling	Adoption and Maternity	Homeless Programs	Adult Day Health Care	Child Day Care	Information and Referral	Job Search	Domestic Violence	Aids Services	Adult Residential Care	Mental Health	Child Residential Care	Immigrant/Refugee Services	Family Preservation	Deaf Action Center	Community Centers	2004 Totals	2003 Totals
Revenues																			
Public support:																			
Contributions	\$ 15,375	\$ 29,174	\$ 66,677	\$ 10,961	\$ 11,741	\$ -	\$ -	\$ 11,927	\$ 81,872	\$ 19,109	\$ 97,194	\$ 15,852	\$ 163,726	\$ 107,949	\$ 21,072	\$ 7,278	\$ 24,605	\$ 672,585	\$ 628,954
Contributed by associated organizations	-	-	-	-	-	-	-	-	74,871	13,202	-	-	-	-	-	-	-	100,000	183,093
United Way:																			
Allocations - Greater N.O. Area	-	1,341	-	771	581	1,632	-	179	141	236	-	-	-	-	-	605	1,114	6,600	15,000
Designations - Greater New Orleans	-	-	-	22,108	-	27,024	16,503	58,436	-	-	-	-	-	-	-	6,696	-	130,767	182,330
CFC Designations	-	-	3,430	18,302	11,577	13,560	-	-	-	-	-	-	-	-	-	-	-	46,869	36,282
Allocations - St. Charles Parish	-	136,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	136,000	122,236
Allocations - St. John Parish	-	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,000	53,000
Special events	3,637	(275)	14,373	-	27,488	-	-	-	(8)	-	-	-	33,528	-	-	3,117	1,510	83,370	102,999
Total public support	19,012	219,240	84,480	52,142	51,387	42,216	16,503	70,542	156,876	32,547	97,194	15,852	197,254	107,949	21,072	17,696	27,229	1,229,191	1,323,894
Fees and grants from governmental agencies																			
Federal awards	377,721	-	101,398	872,103	61,276	3,189,380	65,492	226,074	260,121	201,772	24,921	148,926	4,883,864	528,135	-	-	8,291	10,949,474	9,833,750
Other governmental agencies	-	43,618	11,915	29,702	278,319	-	-	-	298,289	26,890	2,351,033	-	4,295,395	35,943	100,200	103,738	-	7,575,042	6,786,951
Total fees and grants from governmental agencies	377,721	43,618	113,313	901,805	339,595	3,189,380	65,492	226,074	558,410	228,662	2,375,954	148,926	9,179,259	564,078	100,200	103,738	8,291	18,524,516	16,620,701
Other revenue:																			
Contributed goods and services	35,553	341,447	-	74,145	32,671	717,057	-	-	17,670	4,765	35,150	-	742,684	45,584	-	-	77,666	1,778,180	1,129,852
Program service fees	158,834	62,686	181,224	80,913	504,691	10,392	-	-	6,572	-	311,005	14,692	57,437	65,031	-	258,531	-	1,995,534	1,627,686
Investment income (loss)	20,105	-	20,349	-	-	-	-	-	-	-	-	-	106,431	15,297	-	15,297	4,534	229,402	40,034
Miscellaneous	(9,316)	120	13,519	17,464	7,389	1,708	-	25,926	-	1,635	4,709	-	15,020	12,226	-	205	100	90,705	156,790
Net assets released from restrictions - operations	-	243,618	7,294	140,156	103,629	296,459	-	32,570	25,525	42,933	-	-	50,317	-	-	109,832	202,313	1,256,646	2,003,641
Total other revenue	205,176	647,871	222,386	312,678	650,380	1,025,616	-	58,496	49,767	49,333	350,864	14,692	971,889	122,841	-	383,865	284,613	5,350,467	4,958,003
Total revenues	601,909	910,729	420,179	1,266,625	1,041,362	4,257,212	81,995	355,112	765,053	310,542	2,824,012	179,470	10,348,402	794,868	121,272	505,299	320,133	25,104,174	22,902,598
Expenses																			
Salaries	158,086	563,143	171,549	549,986	437,106	2,187,293	22,635	170,623	393,483	73,795	1,455,872	112,780	5,111,688	341,805	70,939	202,723	130,069	12,153,575	10,873,467
Employee health and retirement benefits	14,459	53,948	17,693	41,490	37,895	136,685	3,591	24,650	30,906	8,747	126,673	3,465	447,193	28,759	8,405	25,497	19,137	1,029,193	788,257
Payroll taxes	13,638	46,402	13,096	48,906	38,321	150,390	2,077	14,659	34,761	7,144	125,280	8,752	400,593	26,905	5,074	17,046	10,932	963,976	865,350
Total salaries and related expenses	186,183	663,493	202,338	640,382	513,322	2,474,368	28,303	209,932	459,150	89,686	1,707,825	124,997	5,959,474	397,469	84,418	245,266	160,138	14,146,744	12,527,074
Professional fees and contract service payments (includes \$37,558 (2004) and \$39,110 (2003) of depreciation and other allocated direct costs)	288,463	42,661	55,332	78,772	84,071	173,245	10,680	27,414	64,629	24,715	181,860	10,847	1,147,676	94,721	6,454	158,279	41,865	2,491,684	2,124,102
Supplies	5,149	10,232	18,870	109,362	153,759	275,425	1,900	11,776	46,544	4,988	144,665	7,160	661,815	29,976	3,569	13,377	56,505	1,555,072	1,655,078
Telephone	4,789	10,085	19,920	9,379	8,455	9,449	-	2,856	6,382	2,097	17,112	1,930	34,831	4,360	1,453	5,165	1,486	139,749	119,897
Postage and shipping	161	1,186	1,266	4	756	263	-	229	610	-	646	4	5,500	2,177	-	373	222	13,397	12,550
Occupancy	17,318	104,384	105,373	123,636	83,358	195,799	8,140	69,660	103,213	27,938	229,723	53	814,454	78,148	9,228	36,771	33,436	2,042,632	1,902,325
Travel and transportation	5,311	6,624	5,929	4,114	17,263	11,861	-	2,153	3,248	14,623	69,203	4,650	83,937	21,123	2,788	12,155	11,081	276,063	237,158
Conferences, conventions and meetings	5,439	2,729	1,693	705	1,312	5,499	-	2,357	2,159	155	3,122	588	30,574	3,884	663	536	16	61,431	41,160
Printing and publications	1,459	1,622	5,021	985	903	2,192	-	265	3,721	39	1,840	383	23,368	4,692	266	2,576	266	49,307	39,007
Specific assistance to individuals	74,139	3,824	7,191	182,807	6,011	209,901	63,099	15,391	20,913	119,517	271,117	14,721	420,024	110,794	99	1,286	4,064	1,524,898	1,240,808
Organization dues	-	780	420	-	150	739	-	-	2,255	-	2,413	-	2,413	1,303	300	1,119	-	9,479	9,324
Management and general	36,341	64,985	33,501	74,370	79,170	136,683	8,535	12,988	52,937	23,622	170,418	15,852	489,366	51,167	12,442	27,878	16,245	1,306,500	1,587,554
Miscellaneous	2,275	723	1,200	236	605	21,815	-	90	64	-	1,048	16	16,076	446	-	517	708	45,819	52,874
Program distributions for supportive services	-	-	-	-	-	719,598	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	1,230	1,583	1,587	39,493	23,852	53,732	-	1,669	53,881	14,107	12,752	-	388,298	937	221	2,504	17,006	719,598	14,822
Total expenses	628,257	914,911	459,641	1,264,245	974,987	4,290,569	120,657	356,780	819,706	321,487	2,860,867	181,201	10,077,806	801,197	121,635	507,802	343,038	25,044,786	22,195,425
Changes in net assets	\$ (26,348)	\$ (4,182)	\$ (39,462)	\$ 2,380	\$ 66,375	\$ (33,357)	\$ (38,662)	\$ (1,668)	\$ (54,653)	\$ (10,945)	\$ (36,855)	\$ (1,731)	\$ 270,596	\$ (6,329)	\$ (363)	\$ (2,503)	\$ (22,905)	\$ 59,388	\$ 707,173

***Single Audit Under OMB Circular A-133
Supplementary Financial Report***

***Catholic Charities Archdiocese
of New Orleans***

June 30, 2004

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Bourgeois Bennett

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

Most Reverend Alfred C. Hughes, D.D., President,
Catholic Charities Archdiocese of New Orleans,
New Orleans, Louisiana.

We have audited the financial statements of Catholic Charities Archdiocese of New Orleans (a non-profit organization) (the "Agency"), as of and for the year ended June 30, 2004, and have issued our report thereon dated November 30, 2004. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
November 30, 2004.



Bourgeois Bennett

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

Most Reverend Alfred C. Hughes, D.D., President,
Catholic Charities Archdiocese of New Orleans,
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, 2004. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to 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, 2004.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Financial Assistance

We have audited the basic financial statements of Catholic Charities Archdiocese of New Orleans as of and for the year ended June 30, 2004, and have issued our report thereon dated November 30, 2004. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 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 and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
November 30, 2004.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

For the year ended June 30, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Revenue on Accrual Basis
U. S. Department of Health and Human Services		
<u>Pass-through programs from:</u>		
<u>Louisiana Department of Social Services</u>		
Office of Community Services		
Refugee social services	93.566	\$ 65,842
Refugee targeted assistance	93.566	121,566
Social services block grant - Child residential care	93.667	4,694,737
Independent living	93.674	22,650
Youth in transition mentoring program (TANF)	93.674	23,195
		<hr/>
Total Office of Community Services		4,927,990
<u>Pass-through TCA (Administered by TCA)</u>		
<u>Louisiana Department of Social Services</u>		
Office of Family Support		
Maternity and adoptions	93.558	101,398
Job Search (TANF)	93.558	77,510
Job Search (TANF)	93.558	148,564
Information and referral	93.558	26,086
		<hr/>
Total Office of Family Support		353,558
<u>Louisiana Department of Health and Hospitals</u>		
Office of Public Health		
Refugee health screening	93.576	94,158
		<hr/>
<u>Total Community Action, Inc.</u>		
Head Start Program	93.600	2,787,727
		<hr/>

(Continued)

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue on Accrual Basis</u>
U. S. Department of Health and Human Services (Continued)		
<u>Pass-through programs from: (Continued)</u>		
<u>Corporation for National Services</u>		
Foster Grandparents	94.011	<u>377,721</u>
<u>USCCB</u>		
Match Grant Program	93.567	<u>83,557</u>
<u>Office of Refugee Resettlement</u>		
Lutheran Immigration and Refugee Services Immigrant/refugee services	93.604	<u>13,455</u>
Total U. S. Department of Health and Human Services		<u>5,850,439</u>
U. S. Department of Agriculture		
<u>Pass-through programs from:</u>		
<u>Louisiana Department of Education</u>		
Child and Adult Care Food Program		
Child day care	10.558	390,894
Adult day health care	10.558	57,940
Emergency shelter	10.558	29,009
Domestic violence	10.558	<u>5,966</u>
Total Child and Adult Care Food Program		<u>483,809</u>
Child and Adult Care Food Program - Commodities		
Child day care	10.558	10,759
Adult day health care	10.558	3,337
Emergency shelter	10.558	1,514
Domestic violence	10.558	<u>339</u>
Total Child and Adult Care Food Program - Commodities		<u>15,949</u>

(Continued)

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue on Accrual Basis</u>
U. S. Department of Agriculture (Continued)		
<u>Pass-through programs from: (Continued)</u>		
<u>Division of Nutrition Assistance</u>		
School food service section		
Child residential care	10.553	<u>143,282</u>
Total U. S. Department of Agriculture		<u>643,040</u>
U.S. Department of Housing and Urban Development		
Supportive housing	14.235	<u>261,132</u>
<u>Pass-through programs from:</u>		
<u>Unity for the Homeless, Inc.</u>		
Emergency shelter care	14.235	220,061
Adult shelter care	14.235	24,921
Mental health	14.235	<u>148,926</u>
Total Unity for the Homeless, Inc.		<u>393,908</u>
<u>Jefferson Parish Department of Community Development</u>		
Community development block grant		
Emergency shelter care	14.218	100,000
Emergency shelter grant		
Emergency shelter care	14.231	<u>172,000</u>
Total Jefferson Parish Department of Community Development		<u>272,000</u>
<u>City of New Orleans</u>		
Mayor's Division of Housing and Neighborhood Development		
Youth enhancement services	14.218	8,291
Emergency shelter care	14.231	95,064
AIDS services	14.241	<u>201,772</u>
Total City of New Orleans		<u>305,127</u>
Total U.S. Department of Housing and Urban Development		<u>1,232,167</u>

(Continued)

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue on Accrual Basis</u>
U. S. Department of Labor		
<u>Pass-through program from:</u>		
<u>City of New Orleans</u>		
Tulane Xavier National Center for the Urban Community Job Search	17.253	<u>21,817</u>
Total U. S. Department of Labor		<u>21,817</u>
U. S. Department of Justice		
<u>Pass-through programs from:</u>		
<u>New Orleans Legal Assistance Corporation</u>		
Domestic violence	16.524	<u>47,983</u>
<u>Louisiana Commission Law Enforcement and Administration of Criminal Justice</u>		
City of New Orleans		
Office of Criminal Justice Coordination		
Immigrant/refugee services	16.575	43,248
Domestic violence	16.575	<u>155,476</u>
Total Louisiana Commission Law Enforcement and Administration of Criminal Justice		<u>198,724</u>
<u>USCCB</u>		
Cuban and Haitian Program	16.201	<u>225</u>
Total U. S. Department of Justice		<u>246,932</u>
U.S. Department of State		
<u>Pass-through program from:</u>		
<u>USCCB</u>		
Catholic Conference of Bishops		
Reception and placement-administrative	19.ukn	22,441
Reception and placement-direct	19.ukn	24,080
POWR	19.ukn	<u>7,500</u>
Total U.S. Department of State		<u>54,021</u>

(Continued)

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue on Accrual Basis</u>
U.S. Department of Homeland Security		
<u>Pass-through program from:</u>		
<u>United Way Emergency food/shelter program</u>		
Emergency Assistance	83.523	39,406
Emergency shelter care	83.523	29,969
Domestic violence	83.523	<u>13,710</u>
Total U.S. Department of Homeland Security		<u>83,085</u>
U.S. Department of Education		
<u>Pass-through program from:</u>		
<u>State of Louisiana Department of Education</u>		
Safe & Drug Free Services	84.184	<u>30,246</u>
Total federal financial assistance		<u>\$ 10,949,474</u>

See accompanying notes to schedule of federal financial assistance.

**NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE**

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

For the year ended June 30, 2004

Note 1 - BASIS OF PRESENTATION

The accompanying Schedule of Federal Financial Assistance has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Agency has met the cost reimbursement or funding qualifications for the respective grants.

Catholic Charities Archdiocese of New Orleans receives a substantial portion of its funding in the form of governmental financial assistance that is passed through the State of Louisiana. The State is required to report separately the amount of federal and state dollars it passes to Catholic Charities Archdiocese of New Orleans. However, the State is not able to disaggregate this information. Thus, Catholic Charities Archdiocese of New Orleans is unable to separately identify governmental expenditures by whether they are funded with federal or state dollars. Due to this lack of information, a determination of which specific revenue dollar funds are being expended (i.e., government funds, United Way funds, contributions, etc.) cannot be made. Due to these circumstances, a supplementary schedule of expenditures of federal awards cannot be compiled. As a result, a schedule of federal financial assistance (revenue-focused) is prepared every year.

This inability to identify aggregate federal grant expenditures does not limit Catholic Charities Archdiocese of New Orleans's ability to identify and isolate expenditures by funding entity or contract.

Note 2 - FINDINGS OF NONCOMPLIANCE

There were no federal award findings or questioned costs noted during the audit of the financial statements for the year ended June 30, 2004.

Note 3 - SUBRECIPIENT

Of the federal financial assistance presented in the schedule, Catholic Charities Archdiocese of New Orleans provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Child Day Care	93.600	\$587,533
Child Day Care	10.558	<u>132,065</u>
Total		<u>\$719,598</u>

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

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.667	Social Services Block Grant
93.600	Child Day Care

Dollar threshold used to distinguish
between Type A and Type B programs: \$328,484

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

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2004.

Section III - Federal Award Findings and Questioned Costs

No federal award findings or questioned costs were noted during the audit of the financial statements for the year ended June 30, 2004.

REPORTS BY MANAGEMENT

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

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

For the year ended June 30, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2003.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2003.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2003.

Section II - Internal Control and Compliance Material To Federal Awards

No findings or questioned costs were noted during the audit of the financial statements for the year ended June 30, 2003.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2003.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Catholic Charities Archdiocese of New Orleans
New Orleans, Louisiana

For the year ended June 30, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2004.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2004.

Section II - Internal Control and Compliance Material To Federal Awards

No findings or questioned costs were noted during the audit of the financial statements for the year ended June 30, 2004.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2004.