Financial Report

Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices

June 30, 2019

ARCHDIOCESE OF NEW ORLEANS

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Financial Report

Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices

June 30, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices"), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities and cash flows for the years ended June 30, 2019 and 2018, the related statement of functional expenses for the year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administrative Offices as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Administrative Offices' financial statements for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2018. In our opinion, the summarized comparative information presented on the statement of functional expenses for the year ended June 30, 2018 is consistent, in all material respects, with the financial statements from which it has been derived.

Other Matter - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules (Schedules 1 through 3) are presented for purposes of additional analysis and are not a required part of the financial statements of the Administrative Offices. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 4) is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of the Administrative Offices' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Administrative Offices' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Administrative Offices' internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
November 22, 2019.

STATEMENTS OF FINANCIAL POSITION

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2019 and 2018

ASSETS

	2019	2018
Cash and cash equivalents	$ 5,245,069	$ 11,008,675
Grants receivable - FEMA	334,496	480,438
Accounts receivable from affiliates and other - less allowance for doubtful receivables of $500,000 and $0 for 2019 and 2018, respectively	10,205,646	9,176,462
Reinsurance receivable	3,432,853	-
Prepaid expenses	1,557,690	1,461,990
Loans receivable from affiliates - less allowance for doubtful receivables of $5,132,099 and $11,459,388 for 2019 and 2018, respectively	68,520,032	62,105,949
Investments	305,529,667	293,242,690
Land, buildings, and equipment - less accumulated depreciation of $43,120,203 and $41,593,074 for 2019 and 2018, respectively	71,521,278	73,453,685
Other assets	122,000	122,000
Beneficial interest in charitable remainder trust	428,722	580,247
Total assets	$ 466,897,453	$ 451,632,136

See notes to financial statements.

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities		
Accounts payable	$ 3,073,114	$ 3,092,273
Accrued expenses and other	3,252,159	3,658,079
Accrued liability for self-insured claims	11,231,455	9,515,487
Deposits payable to affiliates	153,888,042	153,572,072
Funds held for affiliates	133,388,826	121,528,467
Bonds payable, net	40,045,535	41,578,676
Accrued pension liability	43,232,295	43,330,928
Total liabilities	388,111,426	376,275,982
Commitments and Contingencies (Note 16)	-	-
Net Assets		
Without donor restrictions:		
Undesignated	50,217,384	46,328,051
Board designated	800,000	875,000
With donor restrictions	27,768,643	28,153,103
Total net assets	78,786,027	75,356,154
Total liabilities and net assets	$ 466,897,453	$ 451,632,136

Exhibit B-1

STATEMENT OF ACTIVITIES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2019
(with comparative totals for 2018)

	2019			2018
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Comparative Totals Only
Revenue, Gains, and Other Support				
Assessments to affiliated entities for:				
Archdiocesan support	$ 10,269,321	$ -	$ 10,269,321	$ 9,921,009
Priest health insurance and retirement	2,663,549	-	2,663,549	2,750,208
Insurance	34,203,196	-	34,203,196	16,680,683
Total assessments	47,136,066	-	47,136,066	29,351,900
Fee revenue	6,612,181	-	6,612,181	5,303,633
Contributions and grants	2,978,152	405,940	3,384,092	3,294,504
Rents and royalties	769,899	-	769,899	774,012
Spending distribution - investment income	3,245,368	996,475	4,241,843	4,335,690
Interest income - Deposit and Loan Fund	2,124,317	-	2,124,317	1,986,621
Insurance rebate	2,500,000	-	2,500,000	875,000
Land damage settlements	1,996,634	-	1,996,634	3,991,023
Gain on sale of assets	2,644,980	-	2,644,980	286
Changes in value of charitable remainder trust	-	448,475	448,475	92,810
Miscellaneous	642,113	-	642,113	403,494
Net assets released from restrictions - satisfaction of program restrictions	2,116,126	(2,116,126)	-	-
Total revenue, gains, and other support	72,765,836	(265,236)	72,500,600	50,408,973
Expenses				
Program services:				
Ministries	21,859,838	-	21,859,838	23,924,197
Supporting services to parishes and other related agencies	38,129,424	-	38,129,424	27,431,289
Management and general	12,618,776	-	12,618,776	12,386,503
Development and fundraising	762,522	-	762,522	845,325
Total expenses	73,370,560	-	73,370,560	64,587,314

	2019			2018
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Comparative Totals Only
Loss From Operations	(604,724)	(265,236)	(869,960)	(14,178,341)
Non-Operating Revenues (Expenses)				
Investment income - net	5,955,044	877,251	6,832,295	7,526,759
Less - spending distribution	(3,245,368)	(996,475)	(4,241,843)	(4,335,690)
Investment income - net of spending distribution	2,709,676	(119,224)	2,590,452	3,191,069
Grants and donations related to hurricanes	3,280,060	-	3,280,060	4,060,978
Distributions of grants and donations to affiliates	(3,280,060)	-	(3,280,060)	(4,060,978)
Total non-operating revenues - net	2,709,676	(119,224)	2,590,452	3,191,069
Excess (Deficiency) of Revenue, Gains, and Other Support Over Expenses	2,104,952	(384,460)	1,720,492	(10,987,272)
Additional Minimum Pension Liability Adjustment	1,709,381	-	1,709,381	2,511,016
Increase (Decrease) in Net Assets	3,814,333	(384,460)	3,429,873	(8,476,256)
Net Assets				
Beginning of year	47,203,051	28,153,103	75,356,154	83,832,410
End of year	$ 51,017,384	$ 27,768,643	$ 78,786,027	$ 75,356,154

See notes to financial statements.

STATEMENT OF ACTIVITIES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2018

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Revenue, Gains, and Other Support			
Assessments to affiliated entities for:			
Archdiocesan support	$ 9,921,009	$ -	$ 9,921,009
Priest health insurance and retirement	2,750,208	-	2,750,208
Insurance	16,680,683	-	16,680,683
Total assessments	29,351,900	-	29,351,900
Fee revenue	5,303,633	-	5,303,633
Contributions and grants	1,325,937	1,968,567	3,294,504
Rents and royalties	774,012	-	774,012
Spending distribution - investment income	3,292,000	1,043,690	4,335,690
Interest income - Deposit and Loan Fund	1,986,621	-	1,986,621
Insurance rebate	875,000	-	875,000
Land damage settlements	3,991,023	-	3,991,023
Gain on sale of assets	286	-	286
Changes in value of charitable remainder trust	-	92,810	92,810
Miscellaneous	403,494	-	403,494
Net assets released from restrictions - satisfaction of program restrictions	2,883,588	(2,883,588)	-
Total revenue, gains, and other support	50,187,494	221,479	50,408,973
Expenses			
Program services:			
Ministries	23,924,197	-	23,924,197
Supporting services to parishes and other related agencies	27,431,289	-	27,431,289
Management and general	12,386,503	-	12,386,503
Development and fundraising	845,325	-	845,325
Total expenses	64,587,314	-	64,587,314

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Income (Loss) From Operations	(14,399,820)	221,479	(14,178,341)
Non-Operating Revenues (Expenses)			
Investment income - net	5,577,318	1,949,441	7,526,759
Less - spending distribution	(3,292,000)	(1,043,690)	(4,335,690)
Investment income - net of spending distribution	2,285,318	905,751	3,191,069
Grants and donations related to hurricanes	4,060,978	-	4,060,978
Distributions of grants and donations to affiliates	(4,060,978)	-	(4,060,978)
Total non-operating revenues (expenses) - net	2,285,318	905,751	3,191,069
Excess (Deficiency) of Revenue, Gains, and Other Support Over Expenses	(12,114,502)	1,127,230	(10,987,272)
Additional Minimum Pension Liability Adjustment	2,511,016	-	2,511,016
Increase (Decrease) in Net Assets	(9,603,486)	1,127,230	(8,476,256)
Net Assets			
Beginning of year, as restated	56,806,537	27,025,873	83,832,410
End of year	$ 47,203,051	$ 28,153,103	$ 75,356,154

See notes to financial statements.

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2019 and 2018

	Program Expenses		Total	Management	Development	2019	2018
	Ministries	Supporting Services	Program Expenses	and General	and Fundraising	Total Expenses	Comparative Totals Only
Expenses							
Advertising and promotion	$ 89,142	$ 218,806	$ 307,948	$ 25,829	$ -	$ 333,777	$ 445,266
Bad debt	-	-	-	2,348,564	-	2,348,564	658,585
Contractual services	506,214	2,006,990	2,513,204	513,902	21,307	3,048,413	1,094,430
Depreciation	418,851	1,310,343	1,729,194	396,226	44,551	2,169,971	2,170,032
Grants and contributions	2,952,797	-	2,952,797	-	-	2,952,797	4,672,962
Insurance	-	30,560,058	30,560,058	1,608,424	-	32,168,482	23,915,375
Interest	-	-	-	3,611,773	-	3,611,773	4,153,410
Ministry services	2,017,202	-	2,017,202	31	-	2,017,233	1,812,204
Miscellaneous	212,635	14,752	227,387	93,030	-	320,417	249,232
Occupancy	333,369	143,260	476,629	144,366	68,190	689,185	740,181
Office expenses	259,812	447,142	706,954	786,883	1,588	1,495,425	1,404,260
Payroll tax and employee benefits	2,634,823	397,157	3,031,980	295,620	14,717	3,342,317	3,525,150
Priest housing and living	4,132,733	660,976	4,793,709	59,457	2,383	4,855,549	5,089,337
Repairs and maintenance	304,454	425,105	729,559	867,914	36,987	1,634,460	1,922,214
Salaries and wages	5,092,968	1,863,865	6,956,833	1,437,449	571,205	8,965,487	9,054,481
Seminarian assistance	1,891,511	-	1,891,511	-	-	1,891,511	2,090,322
Special events	217,271	8,264	225,535	43,744	213	269,492	373,882
Staff development	588,364	13,680	602,044	90,489	-	692,533	636,495
Subscriptions and dues	55,227	42,821	98,048	252,241	140	350,429	324,515
Travel, meals, and entertainment	152,465	16,205	168,670	42,834	1,241	212,745	254,981
Totals	$21,859,838	$38,129,424	$59,989,262	$12,618,776	$762,522	$73,370,560	$64,587,314

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the years ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ 3,429,873	$ (8,476,256)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,169,971	2,170,032
Amortization of bond premium and debt issuance costs	(213,141)	(114,297)
Asset retirement obligation accretion	52,424	49,928
Provision for doubtful loans receivables	1,848,564	658,585
Provision for doubtful accounts	500,000	-
Net gain from sale of assets	(2,644,980)	(286)
Donation of land	-	138,517
Unrealized gain on investments	(3,097,486)	(2,950,106)
Decrease in accrued pension liability	(98,633)	(671,861)
Change in beneficial interest in charitable remainder trust	(448,475)	(92,810)
Contributions restricted for long-term investments	(1,058)	(787)
Changes in operating assets and liabilities:		
(Increase) decrease in grants, accounts and other receivables, net	(1,383,242)	(5,237,207)
Increase in reinsurance receivable	(3,432,853)	-
Decrease (increase) in prepaid expenses	(95,700)	335,707
Increase in accounts payable, accrued expenses, and other	1,238,465	10,467,070
Net cash (used in) provided by operating activities	(2,176,271)	(3,723,771)

Exhibit D
(Continued)

	2019	2018
Cash Flows From Investing Activities		
Collection on loans to affiliates	14,067,787	14,325,091
Loans made to affiliates	(22,330,434)	(21,784,150)
Increase in investments - net	(9,189,491)	(4,024,526)
Proceeds from sale of land, buildings, and equipment	2,876,097	286
Purchases of land, buildings, and equipment	(468,681)	(726,335)
Distribution from beneficial interest in charitable remainder trust	600,000	-
Net cash used in investing activities	(14,444,722)	(12,209,634)
Cash Flows From Financing Activities		
Increase in deposits payable to affiliates - net	315,970	3,698,622
Bond principal payments	(1,320,000)	(1,255,000)
Increase in funds held for affiliates	11,860,359	17,598,501
Proceeds from contributions permanent in nature	1,058	787
Net cash provided by financing activities	10,857,387	20,042,910
Net Increase (Decrease) In Cash and Cash Equivalents	(5,763,606)	4,109,505
Cash and Cash Equivalents		
Beginning of year	11,008,675	6,899,170
End of year	$ 5,245,069	$ 11,008,675
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 2,921,195	$ 1,481,820

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2019 and 2018

Note 1 - ORGANIZATION

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

- the operation of the Deposit and Loan Fund, which provides savings and loan services to the parishes and other related organizations;
- the administration of centralized property, casualty, and health insurance programs;
- the investment of endowment funds;
- the administration and funding of health care, auto insurance, and retirement costs for priests of the Archdiocese; and
- certain administrative and operating services provided to parishes, schools, and other related organizations, such as information technology, accounting, legal, communications, building management, and other such supporting services.

The activities of church parishes, schools, cemeteries, seminaries, nursing homes, charitable institutions, and other distinct operating entities, including a captive insurance company (see Note 16), which operate within the Archdiocese ("non-combined affiliated entities") have not been included in the accompanying financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

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

b. Use of Estimates

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

c. Cash and Cash Equivalents

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

d. Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due from church parishes and diocesan-related organization for support and services provided by the Administrative Offices. An allowance for uncollectible receivables is determined based on collection history and economic factors. Accounts receivable are written off when deemed by management to be uncollectible. Bad debt expense related to accounts receivable was $500,000 for the year ended June 30, 2019. There was no bad debt expense related to accounts receivable for the year ended June 30, 2018.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Loans Receivable

Loans receivable primarily represent uncollateralized loans made to church parishes, schools, and other diocesan-related organizations as a result of a cooperative lending program established by the Administrative Offices for the mutual benefit of participants. The determination of the terms of repayment and interest charges is made by the Administrative Offices on an individual case basis. Loans are reported at amortized cost. An allowance is recorded for loans deemed to be uncollectible. Since most of the loans receivable consist of large amounts due from a limited number of related organizations, the determination of the collectability of these receivables is made by management on an individual case basis, using prior collection histories and current economic factors as judgment criteria.

f. Promises to Give

Unconditional promises to give are recognized as revenue or gains and as assets in the period in which the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue in subsequent years. Conditional promises to give are not included as support until the conditions are substantially met. Allowances for uncollectible promises to give, if any, are based on management's evaluation of the collectability of such amounts. Promises to give are written off when deemed uncollectible. As of June 30, 2019 and 2018, there were no promises to give.

g. Investments

Investments are valued at their fair values in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 17 for a discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses on investments recorded at fair value are included in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Investments (Continued)

Investments are managed to achieve the maximum long-term total return. A spending rate approach is used to allocate investment return for operating purposes each year, with the remainder of investment income reinvested and reported as non-operating income. A spending rate of approximately 5% of the market value of the Administrative Offices' pooled investments (excluding funds held for others) as of the beginning of each fiscal year was used during each of the fiscal years ended June 30, 2019 and 2018.

Investments consist of the following:

- Investments over which the Archdiocese retains control and may use at its own discretion subject to donor restrictions, if any;
- Funds held for others, which funds are owned by affiliated entities that are held in a custodial capacity and invested in a centralized investment pool of assets.

h. Land, Buildings, and Equipment

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

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

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Impairment of Long-Lived Assets

The Administrative Offices reviews its long-lived assets, consisting of buildings and equipment, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The Administrative Offices determines recoverability of the assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate or to fair value. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. During the years ended June 30, 2019 and 2018, no asset impairments were recorded.

j. Historical Treasures

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

k. Deposits Payable to Affiliates

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

l. Funds Held for Affiliates

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

m. Net Assets

Net assets, revenues, gains, and losses are classified on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Net Assets (Continued)

Net Assets with Donor Restrictions - Net assets subject to donor- or certain grantor-imposed restrictions. Some restrictions are temporary in nature, limiting use of the net assets to later periods of time or to specific purposes. Other net assets must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. The Administrative Offices reports contributions and investment gains and income with donor-imposed restrictions as increases in net assets without donor restrictions if the restrictions expire within the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restriction. Net assets with donor-imposed restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restriction in the statements of activities when the restrictions expire due to the passage of time or fulfillment of its purpose. Gifts of long-lived assets and long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as with donor restrictions or without donor restrictions depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. Long-lived assets are reported as with donor restrictions only if the Administrative Offices must maintain the assets in perpetuity or if the donor explicitly restricted the proceeds from any future disposition of the assets to reinvestment in long-lived assets.

n. Statements of Activities

Transactions deemed to be ongoing, major, or central to the operations of the Administrative Offices are reported as operating revenues and expenses. Peripheral or incidental transactions, when material, are reported as non-operating gains or losses, as are investment returns net of the predetermined spending rate.

Grants and donations received and distributed to affiliates and expenses incurred relating to Hurricane Katrina (see Note 3) are reported as non-operating activities.

Changes in net assets without donor restrictions that are excluded from excess of revenues, gains, and other support over expenses without donor restrictions include changes in the additional minimum pension liability (see Note 9).

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Revenue Recognition

Revenue is recognized when earned. Assessment revenue received from affiliated entities for Archdiocesan support, priests' health and retirement benefits, and insurance is recognized when the related services are performed or expenditures are incurred. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

p. Advertising Costs

Advertising costs are expensed as incurred and approximated $334,000 and $445,000 for the years ended June 30, 2019 and 2018, respectively.

q. Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the program and supporting services benefitted in a consistent manner.

Program services include activities that result in services being distributed to beneficiaries and affiliated organizations within the Archdiocese that assist to fulfil the purpose and mission of the church. Program services in the statement of functional expenses are divided into two categories - Ministry and Supporting Services. Ministry includes programs directly run by the Administrative Offices, such as priest services and support, youth and young adult ministry, the retreat center, vocation office, counseling services, and other ministries. Supporting Services include management and general-type services that are provided to affiliated entities within the Archdiocese to support them and enable them to effectively and efficiently perform their programs and missions.

Management and General and Development and Fundraising are supporting activities of the Administrative Offices.

Expenses are initially recorded to a specific department and natural classification. Allocations are then made to distribute department costs between the various functions on the basis of estimates of time and effort in each department. Occupancy expenses are allocated on the basis of square footage.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Income Taxes

The Archdiocese operates as a non-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code. As such, the Administrative Offices is subject to income tax only on unrelated business taxable income, resulting from certain investment holdings and from qualified transportation fringe benefits provided to employees. The Administrative Offices had approximately $8,000 of unrelated business income tax expense for the year ended June 30, 2019. It had no unrelated business income tax expense for the year ended June 30, 2018.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of June 30, 2019 and 2018, management of the Administrative Offices believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

s. Amortization of Bond Issue Costs

Bond issue costs are amortized over the term of the related bond issue using a method that approximates the interest method. Amortization of such costs are included in interest expense in the statements of activities.

t. Recently Issued Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606),* which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. This update creates a five-step model

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Recently Issued Accounting Standards (Continued)

Revenue from Contracts with Customers (Continued)

that requires entities to exercise judgement when considering the terms of a contract which includes i) identifying the contract(s) with the customer, ii) identifying the separate performance obligations in the contract, iii) determining the transaction price, iv) allocating the transaction price to separate performance obligations, and v) recognizing revenue as each performance obligation is satisfied. The ASU became effective for the Administrative Offices on July 1, 2018. Management has adopted the provisions of ASU 2014-09 and has retrospectively applied this standard to the financial statements. The adoption of this accounting standard did not have a significant impact on the financial statements.

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. It requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 eliminates the option to use the over-time approach and requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. ASU 2016-14 requires expenses to be reported by nature, in addition to by function, and the inclusion of an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions are required to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Recently Issued Accounting Standards (Continued)

Presentation of Financial Statements for Not-for-Profit Entities (Continued)

operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. Management has adopted the provisions of ASU 2016-14 as of July 1, 2018 and has retrospectively applied this standard to the financial statements. The adoption of this standard resulted in presentation changes and additional disclosures and had no impact on previously-reported net assets.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU clarifies guidance on how entities should determine whether to account for a transfer of assets as an exchange transaction or as a contribution and how to determine whether a contribution is conditional. This ASU is effective for not-for-profit entities that have issued or are conduit bond obligors for securities that are traded, listed or quoted on an exchange or an over-the-counter market, for interim and annual periods beginning after June 15, 2018 for resource recipients, and for interim and annual periods beginning after December 15, 2018 for resource providers. The Administrative Offices adopted this ASU on a modified prospective basis as of July 1, 2018. Adoption of this accounting standard did not significantly change the financial statements for the year ended June 30, 2019, in comparison with the financial statements for the prior year.

Recognition and Measurement of Financial Assets and Liabilities

In January 2016, FASB issued ASU 2016-01, *Financial Instruments - Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Liabilities.* This ASU makes changes to the presentation and disclosure requirements for certain financial assets and liabilities. This ASU is effective for fiscal years beginning after December 15, 2018 and for interim periods within fiscal years beginning after December 15, 2019. In February 2018, FASB issued ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments - Overall (Topic 825-10): Recognition and Measurement of Financial Assets and Liabilities,*

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Recently Issued Accounting Standards (Continued)

Recognition and Measurement of Financial Assets and Liabilities (Continued)

which clarifies certain aspects of the guidance issued in, and shares the effective date of, ASU 2016-01. Management is evaluating the impact of this new standard on the financial statements.

Statement of Cash Flows

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force),* and in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing certain diversity in reporting practices. ASU 2016-18 requires that a statement of cash flows include restricted cash and cash equivalents with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts. These ASUs are effective for fiscal years beginning after December 15, 2018 and for interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. Management is evaluating the impact of this new standard on the financial statements.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* This ASU changes the statement of activities presentation of the components of net periodic benefit cost of an entity's sponsored defined benefit pension and other post-retirement plans. The ASU is effective for fiscal years beginning after December 15, 2018 and for interim periods in fiscal years beginning after December 15, 2019, with early adoption permitted. Management is evaluating the impact of this new standard on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in existing lease accounting guidance. As a result, the effect of the leases in the statement of activities and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Management is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

u. Summarized Comparative Information

As permitted by transition guidance for ASU 2016-14, the statement of functional expenses includes prior year summarized comparative information by natural expense classification, but not by function. Such information does not include sufficient detail to otherwise constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Administrative Offices' financial statements for the year ended June 30, 2018, from which the summarized information was derived.

v. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

w. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2019, the date the financial statements were issued.

Note 3 - HURRICANE KATRINA AND RECOVERY

The June 30, 2019 and 2018 financial statements reflect certain unusual items resulting from the effects of Hurricane Katrina on the operations of the Administrative Offices and certain non-combined affiliated entities. The 2019 and 2018 statements of activities reflect approximately $3.3 million and $4.1 million, respectively, of federal grant monies received and approximately $3.3 million and $4.1 million, respectively, of recovery-related expenses.

Cumulatively, through June 30, 2019, the Administrative Offices has received approximately $286 million of federal grant monies related to Hurricane Katrina. Of this total, approximately $48 million was spent on non-combined affiliated entity capital projects which were recorded as part of land, buildings, and equipment. The remaining $238 million was distributed to other non-combined affiliated entities and was recorded on the books of those entities. As of June 30, 2019, net assets without donor restrictions includes expenditures of federal grant monies of approximately $40.8 million related to capital costs, net of accumulated depreciation. Remaining federal grant monies to be received as of June 30, 2019, total approximately $18 million, none of which have been accrued.

The following table presents information related to Hurricane Katrina recovery for the years ended June 30, 2019 and 2018:

	2019	2018
Unrestricted revenues:		
Federal grant monies received	$ 3,280,060	$ 4,060,978
Distributions - non-combined affiliated entities:		
Federal grant monies distributed to affiliates	$(3,280,060)	$(4,060,978)

Note 4 - LOANS RECEIVABLE FROM AFFILIATES

A summary of loans receivable from affiliates as of June 30, 2019 and 2018, is as follows:

	2019	2018
Parishes	$43,473,696	$39,319,583
FEMA projects	4,767,068	5,703,505
Agencies	12,637,095	8,746,396
Archdiocesan-sponsored schools	12,085,313	14,054,026
Other	688,959	5,741,827
Total loans	73,652,131	73,565,337
Less allowance for doubtful receivables	(5,132,099)	(11,459,388)
Total loans - net	$68,520,032	$62,105,949

The following summarizes activity in the allowance for doubtful receivables during the years ended June 30, 2019 and 2018.

	2019	2018
Beginning balance	$11,459,388	$10,800,803
Bad debt expense	1,848,564	658,585
Loans forgiven, previously reserved	(8,175,853)	-
Ending balance	$ 5,132,099	$11,459,388

As of June 30, 2019 and 2018, the allowance for doubtful receivables relates primarily to loans receivable from parishes.

A summary of loans receivable from affiliates based on interest-accrued status as of June 30, 2019 and 2018, is as follows:

	2019	2018
Balances on which interest is accrued	$66,455,654	$48,741,984
Balances on which interest is not accrued	7,196,477	24,823,353
Totals	$73,652,131	$73,565,337

Note 5 - INVESTMENTS

The Administrative Offices' investments are held in pooled assets and separately invested portfolios. Pooled assets represent funds that are invested in a commingled portfolio of investments, as opposed to the separately invested assets, which have segregated investments. Investments are recorded at fair value as of June 30, 2019 and 2018, and consist of the following:

	2019	2018
Pooled asset portfolio:		
Cash and cash equivalents	$ 10,078,926	$ 15,607,864
U.S. government and agency obligations	21,043,394	15,060,432
Government agency mortgage obligations	500,762	-
Corporate and foreign obligations	20,279,855	14,495,603
Collateralized mortgage obligations	430,820	267,047
Asset-backed securities	4,653,458	5,108,319
Corporate stocks	124,707,087	119,618,926
Mutual funds	8,269,191	7,634,807
Exchange traded funds	406,688	352,886
Limited partnerships	9,971,673	10,786,065
Hedge feeder fund	4,750,062	4,598,521
Fund of funds	4,091,721	4,371,236
Segregated portfolio companies	11,564,196	11,591,337
Total pooled asset portfolio	220,747,833	209,493,043
Separately invested portfolio:		
Cash and cash equivalents	16,963,703	8,264,772
Brokered certificates of deposit	499,440	494,050
Government and agency obligations	19,663,979	18,742,772
Corporate obligations	30,506,396	33,713,531
Investment in Catholic Umbrella Pool	515,700	631,522
Municipal obligations	16,632,616	21,895,489
Collateralized mortgage obligations	-	7,511
Total separately invested portfolio	84,781,834	83,749,647
Totals	$305,529,667	$293,242,690

Note 5 - INVESTMENTS (Continued)

As of June 30, 2019 and 2018, investments are comprised of amounts owned by the Administrative Offices and funds held for others, as follows:

Administrative Offices	$ 174,974,607	$ 174,954,005
Funds held for others	130,555,060	118,288,685
Totals	$ 305,529,667	$ 293,242,690

Net investment income, excluding income on funds held for others, for the years ended June 30, 2019 and 2018, is comprised of the following:

	2019	2018
Interest, dividends, and realized gains - net	$3,734,809	$ 4,576,653
Unrealized gains - net	3,097,486	2,950,106
Total net investment income	$6,832,295	$ 7,526,759

Investment income is reported net of investment fees. Investment fees were approximately $1,070,000 and $1,131,000 for the years ended June 30, 2019 and 2018, respectively.

Note 6 - LAND, BUILDINGS, AND EQUIPMENT

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

Note 6 - LAND, BUILDINGS, AND EQUIPMENT (Continued)

The composition of land, buildings, and equipment and accumulated depreciation as of June 30, 2019 and 2018, is summarized as follows:

	2019	2018
Administrative offices:		
Land	$ 4,446,444	$ 4,552,866
Buildings and improvements	34,503,519	34,901,115
Furniture and fixtures	1,583,718	1,583,718
Transportation equipment	196,154	196,154
Construction in progress	274,119	-
	41,003,954	41,233,853
Less accumulated depreciation	(19,494,829)	(19,146,304)
Subtotals	21,509,125	22,087,549
Non-combined affiliated entities:		
Land	6,111,605	6,137,912
Buildings and improvements	64,295,575	64,444,647
	70,407,180	70,582,559
Less accumulated depreciation	(23,625,374)	(22,446,770)
Subtotals	46,781,806	48,135,789
Land held for future development (includes $190,625 of land, the use of which is restricted)	3,230,347	3,230,347
Totals	$ 71,521,278	$ 73,453,685

Depreciation expense for the years ended June 30, 2019 and 2018 was $2,169,971 and $2,170,032, respectively, of which $1,306,223 and $1,307,502, respectively, is related to non-combined affiliated entities. Depreciation expense is reported in the statements of activities by functional category as follows:

	2019	2018
Program services	$ 1,729,194	$ 1,715,116
Supporting services	440,777	454,916
Totals	$ 2,169,971	$ 2,170,032

Note 7 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

During the fiscal year ended June 30, 2001, the Administrative Offices received possession of a 20% interest in the assets of the Margaret Ellen Lauer Estate (the "Estate"). However, certain assets from the Estate were placed in a charitable remainder trust. There are no donor restrictions on the use of this donation. However, because the Estate assets will not be distributed to the principal beneficiaries until its obligations to the income beneficiaries' obligations are satisfied, those assets are restricted due to time. The Administrative Offices' interest in this charitable remainder trust is, as follows:

	2019	2018
Contribution receivable	$684,472	$1,266,607
Less discount to net present value	(255,750)	(686,360)
Beneficial interest in charitable remainder trust	$428,722	$ 580,247

During the year ended June 30, 2019, the beneficiaries of the trust agreed to revise the Estate since there were sufficient assets remaining in the Estate to fulfill its obligations to the two remaining beneficiaries. As such, the Administrative Offices received a distribution during the year of $600,000.

Present value is calculated using a discount rate of 5% and the applicable mortality table pertinent to the remaining trust beneficiaries.

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

Note 8 - BONDS PAYABLE

In April 2017, the Archdiocese completed a refinancing for the purpose of advance refunding of Louisiana Public Facilities Authority (LPFA) 2007 Series Bonds. The 2007 Series Bonds had been issued to advance refund LPFA 2001A and LPFA 2002C Series Bonds, which had provided financing for certain capital projects of the Archdiocese and non-combined affiliated entities. The LPFA issued the $41.9 million par value 2017 Series Refunding Revenue Bonds, at a premium of $3.1 million. The proceeds were then loaned to the Archdiocese for the refunding of all outstanding principal and accrued interest on the 2007 Series Bonds. The 2017 bonds were issued at fixed rates of 2% ($1,350,000), 2.25% ($1,385,000), and 5% ($39,160,000). The bonds are obligations of the LPFA and are payable solely out of amounts received from the Archdiocese pursuant to the terms and provisions of the indenture and loan agreements. The obligation to make repayments under the loan agreement constitutes a general, unsecured obligation of the Archdiocese.

Note 8 - BONDS PAYABLE (Continued)

The bonds require the Administrative Offices to maintain certain covenants under the terms of the loan agreement. For fiscal year 2019, the Administrative Offices met the debt service coverage ratio required by the bond agreement. The debt service coverage ratio was not met in 2018. An event of default would occur if the debt service coverage ratio is not met for two consecutive fiscal years. The Administrative offices is not aware of any other violation of the covenants.

The aggregate maturities of the bonds payable as of June 30, 2019, are as follows:

Years Ending June 30,	
2020	$ -
2021	1,385,000
2022	1,415,000
2023	1,485,000
2024	1,560,000
2025 - 2037	32,125,000
Subtotal	37,970,000
Unamortized bond premium	2,720,584
Unamortized costs of issuance	(645,049)
	$40,045,535

Note 9 - RETIREMENT PLANS

The Administrative Offices offers a 401(k) defined contribution plan (the "401(k) Plan") to its employees and employees of affiliates. Employees electing to participate in the 401(k) Plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a maximum of 75%. The 401(k) Plan requires the Administrative Offices to contribute 3.5% of the participants' salaries. Retirement plan expenses also include an additional 2% contribution by the Administrative Offices to cover costs for life insurance, disability insurance, and administration of benefits for all employees. Any remaining funds from the 2% contribution may be used as a discretionary employer contribution to the 401(k) Plan. The 401(k) Plan administrator is the Archdiocese. The Administrative Offices contributed approximately $447,000 and $443,000 for the years ended June 30, 2019 and 2018, respectively.

Note 9 - RETIREMENT PLANS (Continued)

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

FASB ASC 715-20 requires a not-for-profit entity to recognize the overfunded or underfunded status of defined benefit pension, and postretirement plans, as an asset or liability in its statements of financial position, and to recognize changes in that funded status in the year in which the changes occur through net assets.

The following table as of June 30, 2019 and 2018 sets forth the Plan's change in benefit obligation, change in Plan assets, and the funded status of the Plan:

	2019	2018
Change in benefit obligation:		
Projected benefit obligation - beginning of year	$(43,330,928)	$(44,002,789)
Service cost	(818,546)	(905,223)
Interest cost	(1,815,236)	(1,698,257)
Plan amendments	1,213,129	(421,873)
Actuarial gain	138,320	2,416,873
Benefits paid	1,380,966	1,280,341
Projected benefit obligation - end of year	(43,232,295)	(43,330,928)
Change in plan assets:		
Fair value of plan assets - beginning of year	-	-
Employer contributions made	1,380,966	1,280,341
Benefits paid	(1,380,966)	(1,280,341)
Fair value of plan assets - end of year	-	-
Funded status - (deficit)	$(43,232,295)	$(43,330,928)

Note 9 - RETIREMENT PLANS (Continued)

	2019	2018
Amounts recognized in the statements of financial position consist of:		
Accrued pension liability	$ (43,232,295)	$ (43,330,928)
Net assets without donor restrictions		
Net loss - cumulative impact of additional minimum pension liability	$ 8,763,453	$ 9,202,705
Prior service cost (credit)	(369,175)	900,954
Totals	$ 8,394,278	$ 10,103,659

The actuarial present value of the projected benefit obligation was computed using a weighted-average discount rate of 3.790% and 4.280% as of June 30, 2019 and 2018, respectively. Because benefit payments are based on years of service rather than compensation levels, there is no difference between the accumulated and projected benefit obligation.

For the years ended June 30, 2019 and 2018, net periodic benefit cost, included in priest housing and living expense in the statement of functional expenses, includes the following components:

	2019	2018
Service costs - benefits earned during the periods	$ 818,546	$ 905,223
Interest cost on projected benefit obligation	1,815,236	1,698,257
Amortization of net loss	300,932	485,087
Amortization of prior service cost (credit)	57,000	30,929
Net periodic benefit cost	$2,991,714	$3,119,496

The net periodic benefit cost was computed using a weighted-average discount rate of 4.280% and 3.930% for the years ended June 30, 2019 and 2018, respectively.

The additional minimum pension liability adjustment, presented in the statements of activities, resulted in a gains of $1,709,381 and $2,511,016 for the years ended June 30, 2019 and 2018, respectively. The gains in 2019 and 2018 were primarily due to actuarial gains attributable changes in census data and the discount rate.

Note 9 - RETIREMENT PLANS (Continued)

The Administrative Offices currently expects to make contributions to the Plan of approximately $1,480,000 in fiscal year 2020.

The estimated net loss and prior service cost (credit) that will be amortized from accumulated net assets without donor restrictions into net periodic benefit cost over the next fiscal year are estimated to be $291,018 and ($26,441), respectively.

Future benefit payments expected to be paid in each of the next five fiscal years, and in the aggregate for the following five years as of June 30, 2019, are as follows:

Years Ending June 30,	
2020	$ 1,479,615
2021	1,653,879
2022	1,737,000
2023	1,828,050
2024	1,930,194
2025 - 2029	10,808,244
	$ 19,436,982

Note 10 - NET ASSETS

Net assets without donor restrictions as of June 30, 2019 and 2018 were $51,017,384 and $47,203,051, respectively. Included in net assets without donor restrictions as of June 30, 2019 and 2018 is $800,000 which is board-designated for an insurance deductible related to coverage for named storms. Net assets without donor restrictions as of June 30, 2018 also includes $75,000 which is board-designated for risk mitigation projects to help reduce workers' compensation claims.

Note 10 - NET ASSETS (Continued)

Net assets with donor restrictions consist of the following as of June 30, 2019 and 2018:

	2019	2018
Restricted to expenditure for a specified purpose:		
School endowment	$ 2,555,355	$ 2,689,878
Infirm priests	7,612,220	7,384,727
Cathedral Capital Campaign	1,338,590	1,259,493
Burses	552,707	579,702
Disaster fund	451,124	442,115
Hector Ragas	225,223	376,080
Cummings land donation	127,125	127,125
Other	332,213	569,430
Totals with purpose restrictions	13,194,557	13,428,550
Restricted to expenditure after the passage of time:		
Margaret Lauer	428,722	580,247
Restricted in perpetuity:		
School endowment	11,152,537	11,152,537
Burses	1,992,827	1,991,769
St. Louis Cathedral	1,000,000	1,000,000
Totals restricted in perpetuity	14,145,364	14,144,306
Totals with restrictions	$27,768,643	$28,153,103

Note 10 - NET ASSETS (Continued)

The following net assets with donor restrictions which are temporary in nature were released June 30, 2019 and 2018, due to satisfaction of purpose restrictions:

	2019	2018
Released due to the satisfaction of purpose restrictions:		
School endowment	$ 670,005	$ 686,180
Infirm priests	190,651	197,248
Burses	122,760	127,337
Disaster fund	126,015	1,753,265
Hector Ragas	159,350	-
Other - miscellaneous	247,345	119,558
	1,516,126	2,883,588
Released due to the satisfaction of time restrictions:		
Margaret Lauer	600,000	-
Total net assets released	$2,116,126	$2,883,588

Note 11 - CONCENTRATIONS OF CREDIT RISK

The Administrative Offices maintains a substantial amount of cash in certain banks, which at times may exceed federally insured deposit limits. The Administrative Offices has not experienced any loss in such accounts, and management believes that the Administrative Offices is not exposed to any significant credit risk related to the cash in banks. As of June 30, 2019, the Administrative Offices had approximately $1,120,000 of uninsured bank deposits.

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

Note 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets:	
Cash and cash equivalents	$ 5,245,069
Grants receivable - FEMA	334,496
Accounts receivable from affiliates and other, net	10,205,646
Reinsurance receivable	3,432,853
Loans receivable from affiliates - less allowance	68,520,032
Investments	305,529,667
Funds held for affiliates	(133,388,826)
Deposits payable to affiliates	(153,888,042)
Beneficial interest in charitable remainder trust	428,722
Total financial assets as of June 30, 2019 - Administrative Offices	106,419,617
Less amounts unavailable for general expenditures or specific purposes within one year, due to:	
Restrictions by donors for future periods	(428,722)
Restricted by donors in perpetuity	(14,145,364)
Loans receivable from affiliates - less allowance - noncurrent portion	(63,295,558)
Illiquid investments - Administrative Offices	(4,074,209)
Total available within one year for general expenditures and specific purposes	24,475,764
Less amounts unavailable for general expenditures within one year, due to:	
Restrictions by donors for a specified purpose	(13,194,557)
Board designations	(800,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 10,481,207

The Administrative Offices' endowment funds consist of donor-restricted endowments, which are not available for general expenditure. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. As described in Note 15, the Administrative Offices appropriates an amount for distribution each year based on a spending policy. The amount appropriated to be used in the next year from these donor-restricted endowments is $1,110,497.

Note 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Administrative Offices monitors its liquidity so that it is able to meets its operating needs and other contractual commitments as they come due. As part of the Administrative Offices' liquidity management plan, cash in excess of daily requirements is invested.

Note 13 - RELATED-PARTY TRANSACTIONS

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

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

Other related party transactions include premium payments to and funds received from a captive insurance company (Note 16).

Note 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Investments - The carrying amounts of the marketable investment securities reported on the statements of financial position are predominately based on quoted market prices and other observable inputs. See Note 17 for a discussion of fair value measurements.

Bonds Payable - The carrying value of long-term debt as of June 30, 2019 and 2018, is $40,045,535 and $41,578,676, respectively, which approximates fair value.

Note 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

Note 15 - ENDOWMENT

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

Interpretation of Relevant Law. The Administrative Offices has interpreted the Louisiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Administrative Offices retains in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds not retained in perpetuity are subject to appropriation for expenditure by the Administrative Offices in a manner consistent with the standard of care prescribed by UPMIFA.

In accordance with UPMIFA, the Administrative Offices considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Administrative Offices and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Administrative Offices; and
- The investment policies of the Administrative Offices.

Note 15 - ENDOWMENT (Continued)

Endowment fund net asset composition by type of fund as of June 30, 2019 and 2018, are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
June 30, 2019			
Donor-restricted Endowments:			
School endowment funds	$ -	$13,707,892	$13,707,892
Other	-	4,884,124	4,884,124
Totals	$ -	$18,592,016	$18,592,016
June 30, 2018			
Donor-restricted Endowments:			
School endowment funds	$ -	$13,842,415	$13,842,415
Other	-	4,830,964	4,830,964
Totals	$ -	$18,673,379	$18,673,379

Changes in endowment fund net assets for the years ended June 30, 2019 and 2018 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Balance, July 1, 2017	$ -	$17,916,101	$17,916,101
Contributions	-	787	787
Investment earnings:			
Realized gains	-	569,199	569,199
Unrealized gains	-	1,000,809	1,000,809
Net asset releases	-	(813,517)	(813,517)
Balance, June 30, 2018	-	18,673,379	18,673,379
Contributions	-	1,058	1,058
Investment earnings:			
Realized gains	-	516,167	516,167
Unrealized gains	-	194,177	194,177
Net asset releases	-	(792,765)	(792,765)
Balance, June 30, 2019	$ -	$18,592,016	$18,592,016

Note 15 - ENDOWMENT (Continued)

Funds with Deficiencies - From time to time, the fair value of assets associated with certain individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Administrative Offices to retain as a fund of perpetual duration (underwater endowments). The Administrative Offices has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2019 and 2018, no deficiencies existed.

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

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

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

Note 16 - COMMITMENTS AND CONTINGENCIES

Commitments - In February 2009, the Administrative Offices subscribed to a $7,000,000 investment in Siguler Guff Distressed Opportunity Fund III, L.P. As of June 30, 2019, $6,790,000 of this investment was funded. In October 2010, the Administrative Offices subscribed to a $4,000,000 investment in Siguler Guff Distressed Opportunity Fund IV, L.P. As of June 30, 2019, $3,660,000 of this investment was funded. In October 2014, the Administrative Offices subscribed to a $5,000,000 investment in Siguler Guff Distressed Real Estate Opportunity Fund II, L.P. As of June 30, 2019, $4,240,000 of this investment was funded. In March 2015, the Administrative Offices subscribed to a $7,000,000 investment in Venture Investment Associates Energy III, L.P. As of June 30, 2019, $4,445,000 of this investment was funded. In March 2016, the Administrative Offices subscribed to a $5,500,000 investment in Harvest MLP Income Fund. As of June 30, 2019, $4,000,000 of this investment was funded.

Guarantees - On September 4, 2014, the Administrative Offices agreed to provide up to $14,000,000 of subordinated debt and/or equity and guarantee the financing of a housing ministry project up to $43,000,000. After completion of the project and achievement of certain financial ratios, the guarantee will be reduced to 35% of the guaranteed obligation and ultimately, the guarantee will terminate upon achievement of more stringent financial ratios. During the year ended June 30, 2017, most of the subordinated debt was refinanced with a $12,000,000 loan from Hancock Whitney Bank, which is guaranteed by the Administrative Offices. As of June 30, 2019 and 2018, the project debt balances were $47,952,424 and $50,009,055, respectively. As of June 30, 2019 and 2018, the total balances on the subordinated debt were $9,983,896 and $6,118,776, respectively. The Administrative Offices is expected to continue to extend funds pursuant to this agreement during the next year or two in order to help cover senior debt services and operating cash flow needs until the housing ministry is able to generate cash flows sufficient to cover its obligations.

Self-Insurance Programs - The Archdiocese, through the operations of the Administrative Offices, serves as a conduit in providing insurance coverage to its affiliates. Prior to July 1, 2011, the Administrative Offices assessed premiums to the various affiliated entities based on relevant factors for each type of coverage and retained all of the related risk of self-insurance liability. The accrued liability for self-insured claims on the accompanying statements of financial position represents the estimated reserves for all of the covered entities for claims occurring prior to July 1, 2011.

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

On June 28, 2011, Archdiocese of New Orleans Indemnity, Inc. (ANOI), a captive insurance company was created to help lower the insurance costs associated with managing the risks of the parishes and various non-combined affiliated entities. ANOI is a wholly-owned subsidiary of 7887 Walmsley, Inc., which is a wholly-owned subsidiary of the Archdiocese.

For claims occurring subsequent to June 30, 2011, ANOI provides deductible reimbursement, property, automobile liability and physical damage, workers' compensation, breach of personal conduct, and general liability coverages to the Archdiocese. Property, automobile liability and physical damage, and general liability coverages are provided on an occurrence basis and breach of personal conduct on a claims-made basis with limits of $300,000 per occurrence and a combined $3,500,000 annual aggregate (limits of $250,000 per occurrence and a combined $3,000,000 annual aggregate prior to July 1, 2013). Workers' compensation coverage is provided on an occurrence basis with limits of $800,000 per accident and no annual aggregate.

Effective July 1, 2018, the Archdiocese began partially self-insuring for employee health care coverage. All parishes, schools, and non-combined affiliated entities participate in the health insurance program, which includes enrollment of approximately 4,100 employees. The Archdiocese is self-insured for claims up to $10,000. The captive insurance company, ANOI, provides medical stop-loss coverage for claims between $10,000 and $300,000 and aggregate stop-loss coverage for total claims in excess of 110% of expected claims. Additionally, the Archdiocese has purchased excess medical/pharmacy stop loss coverage for claims over $300,000 from a third-party insurer.

The Archdiocese is a subscribing member in the Catholic Umbrella Pool (CUP). The CUP provides the Archdiocese with reinsurance for general property and auto liability claims in excess of its primary layer of insurance coverage of $3,000,000 through June 30, 2013, and $3,500,000 thereafter, with excess coverage limits of $25,000,000 in the aggregate. The Archdiocese has an equity investment in the CUP of approximately $515,700 and $632,000 as of June 30, 2019 and 2018, respectively.

For claims prior to July 1, 2011, the Archdiocese is self-insured, as follows:

General, Property, and Auto Liability - The Archdiocese is self-insured for $200,000 per occurrence up to an annual aggregate limit of $1,500,000 through June 30, 2003, and $1,750,000 thereafter.

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

Workers' Compensation - The Archdiocese is self-insured for workers' compensation claims for the first \$225,000 per occurrence for claims occurring prior to July 1, 2002, for the first \$750,000 per occurrence for claims occurring between July 1, 2002 and June 30, 2009, and for workers' compensation claims for the first \$800,000 per occurrence for claims occurring subsequent to June 30, 2009.

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

The Archdiocese has reflected its estimate of the ultimate liability for all known and incurred, but not reported claims in the accompanying financial statements. The estimated reserves for all claims (including medical) are undiscounted and are approximately \$11,231,000 and \$9,515,000 as of June 30, 2019 and 2018, respectively.

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

As of June 30, 2006, the Administrative Offices recognized obligations associated with the future retirement of long-lived assets. Asbestos abatement costs were added to the carrying value of the Administrative Offices' building cost. The recorded net book value of the abatement costs totaled approximately \$243,000 and \$263,000 as of June 30, 2019 and 2018, respectively.

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

Estimated asset retirement obligations of approximately $1,101,000 and $1,048,000 as of June 30, 2019 and 2018, respectively, were recorded as part of accrued expenses and other liabilities.

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

Note 17 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Administrative Offices has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used as of June 30, 2019 and 2018.

Government obligations and corporate stocks - Valued at the closing price reported on the active market on which the individual securities are traded. These are included in level 1 of the fair value hierarchy.

Money market funds, mutual funds, and exchange traded funds - Valued at quoted market prices, which represent the net asset value per unit. These are included in level 1 of the fair value hierarchy.

Government agency obligations, municipal obligations, corporate obligations, collateralized mortgage obligations, asset-backed securities, and brokered certificates of deposit - Valued by independent pricing vendors used by the custodians of the investments. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the models used by the pricing vendors are derived from market-observable sources, including benchmark yields, reported trades, broker/dealer quotes, and other market-related data. Since many of these fixed income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information, including benchmark curves, benchmarking of like securities, and matrix pricing. These investments are included in level 2 of the fair value hierarchy.

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

Beneficial Interest in Charitable Remainder Trust - The Administrative Offices values its investment in this trust based on present value calculations (Note 7) applied to the fair value of trust assets. This investment is classified within level 2 of the fair value hierarchy.

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

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

Accrued Pension Liability - The Administrative Offices uses actuarial services to calculate the present value of the projected benefit obligation (Note 9).

Segregated portfolio companies, hedge feeder funds, fund of funds, and limited partnerships - Valued using the net asset values reported by the investees as a practical expedient. The net asset values are determined based on the fair values of the underlying investments of the funds, companies, or partnerships. In accordance with ASU 2015-07, these assets are excluded from categorization in the fair value hierarchy.

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

The statements of financial position as of June 30, 2019 and 2018, include the following assets which are measured at fair value on a non-recurring basis: donated historical treasures included in other assets totaling $122,000 (level 3) and donated land in an undetermined amount (level 3), which are valued at estimated or appraised fair value as of the time of the donations.

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and 2018 are comprised of and determined, as follows:

June 30, 2019 Description	Fair Value Measurement Based On: Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Assets and Liabilities Measured At Fair Value
Portfolio A				
Cash and money market funds	$ 10,078,926			$ 10,078,926
Government obligations	21,043,394			21,043,394
Government agency mortgage obligations		$ 500,762		500,762
Corporate obligations (a)				
Aaa		824,536		824,536
Aa1		206,400		206,400
Aa2		1,065,953		1,065,953
Aa3		948,034		948,034
A1		3,617,513		3,617,513
A2		4,262,585		4,262,585
A3		2,866,192		2,866,192
Baa1		1,979,364		1,979,364
Baa2		931,816		931,816
Baa3		2,429,711		2,429,711
Ba1		400,175		400,175
NA		747,576		747,576
Collateralized mortgage obligations		430,820		430,820
Asset-backed securities (a)				
Aaa		1,795,246		1,795,246
Aa1		417,979		417,979
Aa2		85,137		85,137
Aa3		333,600		333,600
NA		2,021,496		2,021,496
Corporate stock				
Basic industries	9,233,638			9,233,638
Capital goods	9,610,674			9,610,674
Consumer durables	2,239,765			2,239,765
Consumer non-durables	7,940,908			7,940,908
Consumer services	18,779,005			18,779,005
Energy	5,657,554			5,657,554
Finance	21,444,023			21,444,023
Health care	12,525,590			12,525,590
Public utilities	5,555,286			5,555,286
Technology	24,199,363			24,199,363
Transportation	3,055,594			3,055,594
Other	4,465,687			4,465,687
Mutual funds				
Real estate	8,269,191			8,269,191
Exchange traded funds				
World bond	406,688			406,688
Total Portfolio A	164,505,286	25,864,895	-	190,370,181

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2019 Description	Fair Value Measurement Based On: Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Assets and Liabilities Measured At Fair Value
Portfolio B				
Cash and money market funds	16,962,380			16,962,380
Government obligations	3,573,760			3,573,760
Government agency obligations		16,090,219		16,090,219
Brokered certificates of deposit		499,440		499,440
Corporate obligations (a)				
Aaa		3,362,456		3,362,456
Aa1		2,020,380		2,020,380
Aa2		3,106,100		3,106,100
Aa3		1,527,385		1,527,385
A1		9,147,702		9,147,702
A2		9,832,663		9,832,663
A3		1,016,150		1,016,150
NA		493,560		493,560
Aaa		757,614		757,614
Aa1		4,252,705		4,252,705
Aa2		5,019,809		5,019,809
Aa3		2,751,522		2,751,522
A1		1,030,780		1,030,780
A2		782,235		782,235
A3		-		-
NA		2,037,951		2,037,951
Total Portfolio B	20,536,140	63,728,671	-	84,264,811
Bond-related portfolio				
Money market fund	1,323	-	-	1,323
Investment in Catholic Umbrella Pool		515,700		515,700
Total assets in the fair value hierarchy	$ 185,042,749	$ 90,109,266	$ -	275,152,015

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2019 Description	Fair Value Measurement Based On: Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Assets and Liabilities Measured At Fair Value
Portfolio A assets measured at NAV				
Limited partnerships				
Siguler Guff Distressed Opportunity Fund III, LP				1,095,905
Siguler Guff Distressed Opportunity Fund IV, LP				1,622,359
Siguler Guff Distressed Real Estate Opportunity Fund II, LP				3,414,737
Venture Investment Associates Energy III, L.P.				3,838,672
Funds of funds				
Harvest MLP Income Fund, L.L.C.				4,091,721
Hedge feeder fund				
Rimrock High Income PLUS (Cayman) Fund, Ltd.				4,750,062
Segregated portfolio companies				
ABS Offshore SPC Global Segregated Portfolio Class B				11,564,196
Investments measured at net asset value				30,377,652
Total investments				$ 305,529,667

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

Description	Level 1	Level 2	Level 3	Total
Beneficial Interest in Charitable Remainder Trust	$ -	$ 428,722	$ -	$ 428,722
Liabilities, at Fair Value				
Asset Retirement Obligation - included in accrued expenses and other			$ 1,100,906	$ 1,100,906
Accrued Pension Liability		$ 43,232,295		43,232,295
Total liabilities	$ -	$ 43,232,295	$ 1,100,906	$ 44,333,201

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2018 Description	Fair Value Measurement Based On: Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Assets and Liabilities Measured At Fair Value
Portfolio A				
Cash and money market funds	$ 15,607,864			$ 15,607,864
Government obligations	15,060,432			15,060,432
Corporate obligations (a)				
Aaa		$ 612,095		612,095
Aa1		53,869		53,869
Aa2		322,450		322,450
Aa3		785,767		785,767
A1		2,199,047		2,199,047
A2		2,249,612		2,249,612
A3		2,562,859		2,562,859
Baa1		2,273,446		2,273,446
Baa2		783,795		783,795
Baa3		1,518,285		1,518,285
Ba1		763,515		763,515
NA		370,863		370,863
Collateralized mortgage obligations (a)		267,047		267,047
Asset-backed securities (a)				
Aaa		2,245,908		2,245,908
Aa2		80,491		80,491
Aa3		202,488		202,488
A1		160,861		160,861
A2		213,961		213,961
Baa3		195,152		195,152
NA		2,009,458		2,009,458
Corporate stock				
Basic industries	9,834,637			9,834,637
Capital goods	9,049,287			9,049,287
Consumer durables	2,373,793			2,373,793
Consumer non-durables	8,011,268			8,011,268
Consumer services	16,763,309			16,763,309
Energy	7,040,244			7,040,244
Finance	20,098,169			20,098,169
Health care	13,269,879			13,269,879
Public utilities	4,417,354			4,417,354
Technology	21,621,861			21,621,861
Transportation	3,244,106			3,244,106
Other	3,895,019			3,895,019
Mutual funds				
Real estate	7,634,807			7,634,807
Exchange traded funds				
World bond	352,886			352,886
Total Portfolio A	158,274,915	19,870,969	-	178,145,884

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2018 Description	Fair Value Measurement Based On: Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Assets and Liabilities Measured At Fair Value
Portfolio B				
Cash and money market funds	7,269,990			7,269,990
Government obligations	1,972,970			1,972,970
Government agency obligations		16,769,802		16,769,802
Brokered certificates of deposit		494,050		494,050
Collateralized mortgage obligations		7,511		7,511
Corporate obligations (a)				
Aaa		2,242,065		2,242,065
Aa1		1,981,490		1,981,490
Aa2		2,481,272		2,481,272
Aa3		523,395		523,395
A1		13,492,608		13,492,608
A2		9,823,568		9,823,568
A3		2,692,643		2,692,643
NA		476,490		476,490
Municipal obligations (a)				
Aaa		1,707,615		1,707,615
Aa1		4,701,964		4,701,964
Aa2		6,206,001		6,206,001
Aa3		2,794,035		2,794,035
A1		1,014,975		1,014,975
A2		1,812,607		1,812,607
A3		516,341		516,341
NA		3,141,951		3,141,951
Total Portfolio B	9,242,960	72,880,383	-	82,123,343
Bond-related portfolio				
Money market fund	994,782	-	-	994,782
Investment in Catholic Umbrella Pool		631,522		631,522
Total assets in the fair value hierarchy	$ 168,512,657	$ 93,382,874	$ -	261,895,531

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

June 30, 2018 Description	Fair Value Measurement Based On: Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Assets and Liabilities Measured At Fair Value
Portfolio A assets measured at NAV				
Limited partnerships				
Siguler Guff Distressed Opportunity Fund III, LP				1,322,043
Siguler Guff Distressed Opportunity Fund IV, LP				1,803,848
Siguler Guff Distressed Real Estate Opportunity Fund II, LP				3,889,958
Venture Investment Associates Energy III, L.P.				3,770,216
Portfolio A assets measured at NAV (Continued)				
Fund of funds				
Harvest MLP Income Fund, L.L.C.				4,371,236
Hedge feeder fund				
Rimrock High Income PLUS (Cayman) Fund, Ltd.				4,598,521
Segregated portfolio companies				
ABS Offshore SPC Global Segregated Portfolio Class B				11,544,145
MDFLTD Cerberus March 2009 Segregated Portfolio				29,433
MDFLTD HF March 2009 Segregated Portfolio				17,759
Investments measured at net asset value				31,347,159
Total investments				$ 293,242,690

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

Description	Level 1	Level 2	Level 3	Total
Beneficial Interest in Charitable Remainder Trust	$ -	$ 580,247	$ -	$ 580,247
Liabilities, at Fair Value				
Asset Retirement Obligation - included in accrued expenses and other			$ 1,048,482	$ 1,048,482
Accrued Pension Liability		$ 43,330,928		43,330,928
Total liabilities	$ -	$ 43,330,928	$ 1,048,482	$ 44,379,410

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

The following tables summarize investments measured at fair value based on net asset value (NAV) per share as of June 30, 2019 and 2018.

Category of Investment		Fair Value		Investment Strategy	Unfunded Commitments		Redemption Frequency and Remaining Life, Excluding Extensions	Redemption Restrictions and Terms	Redemption Notice Period
		June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018			
Hedge feeder fund	Rimrock High Income PLUS (Cayman) Fund, Ltd	$4,750,062	$4,598,521	Invests in Master Fund that seeks to exploit inefficiencies in the market through the use of hedging, modest leverage, and select longer-term total return investments	-	-	Annually	10% holdback on redemption	120 days prior to the last day of the 4th quarter
Limited partnership	Venture Investment Associates Energy III, L.P.	$3,838,672	$3,770,216	Energy-related private equity partnerships or similar entities	$2,555,000	$3,185,000	Not Redeemable Remaining Life - 7 yrs	Not Redeemable	Not Redeemable
Limited partnership	Siguler Guff Distressed Opportunity Fund III, L.P.	$1,095,905	$1,322,043	Securities of companies undergoing financial distress, operating difficulties, or restructuring	$210,000	$210,000	Not Redeemable Remaining Life - 18 mos	Not Redeemable	Not Redeemable
Limited partnership	Siguler Guff Distressed Opportunity Fund IV, L.P.	$1,622,359	$1,803,848	Securities of companies undergoing financial distress, operating difficulties, or restructuring	$340,000	$340,000	Not Redeemable Remaining Life - 3 yrs	Not Redeemable	Not Redeemable

Exhibit E
(Continued)

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

Category of Investment		Fair Value June 30, 2019	Fair Value June 30, 2018	Investment Strategy	Unfunded Commitments June 30, 2019	Unfunded Commitments June 30, 2018	Redemption Frequency and Remaining Life, Excluding Extensions	Redemption Restrictions and Terms	Redemption Notice Period
Limited partnership	Siguler Guff Distressed Real Estate Opportunity Fund II, LP	$3,414,737	$3,889,958	Securities of real estate companies investing in high quality properties appraising below market value due to mismanagement or high vacancy	$760,000	$1,020,000	Not Redeemable Remaining Life - 6 yrs	Not Redeemable	Not Redeemable
Fund of funds	Harvest MLP Income Fund, LLC	$4,091,721	$4,371,236	Energy-related and other C-Corporation energy infrastructure master limited partnerships	$1,500,000	$1,500,000	Monthly	N/A	30 days
Segregated portfolio company	ABS Offshore SPC Global Segregated Portfolio Class B	$11,564,196	$11,544,145	Diversified investment strategies throughout the global financial markets aimed at generating absolute returns with moderate risk	-	-	Quarterly	N/A	45 days prior to the last business day of each quarter
Segregated portfolio company	MDFLTD Cerberus Segregated Portfolio March 2009	-	$29,433	Acquire, hold, and distribute the proceeds of investments in Cerberus International, Ltd.	-	-	-	-	-
Segregated portfolio company	MDFLTD HF Segregated Portfolio March 2009	-	$17,759	Acquire, hold, and distribute the proceeds of investments in Highfields Capital, Ltd.	-	-	-	-	-

Note 17 - FAIR VALUE MEASUREMENTS (Continued)

The table below sets forth a summary of changes in the fair value of the Administrative Offices' Level 3 liability for the years ended June 30, 2019 and 2018.

	Asset Retirement Obligation
Balance June 30, 2017	$ 998,554
Accretion	49,928
Balance June 30, 2018	1,048,482
Accretion	52,424
Balance June 30, 2019	$ 1,100,906

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET ASSETS - NET ASSETS WITH DONOR RESTRICTIONS - NOT HELD IN PERPETUITY

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2019
(with comparative totals for 2018)

	School Endowment	Infirm Priests	Burses	Disaster Fund	Cummings Land Donation	Cathedral Capital Campaign	Hector Ragas	Margaret Lauer	Others	2019 Totals	2018 Totals
Balances, beginning of year	$ 2,689,878	$ 7,384,727	$ 579,702	$ 442,115	$ 127,125	$ 1,259,493	$ 376,080	$ 580,247	$ 569,430	$ 14,008,797	$ 12,882,354
Additions:											
Investment earnings:											
Realized gains	389,049	109,474	70,687	-	-	56,431	6,269	-	7,479	639,389	706,104
Unrealized gains	146,433	38,812	25,078	-	-	22,666	2,224	-	2,649	237,862	1,243,337
Changes in value of charitable remainder trust	-	-	-	-	-	-	-	448,475	-	448,475	92,810
Contributions and grants	-	269,858	-	135,024	-	-	-	-	-	404,882	1,967,780
Total additions	535,482	418,144	95,765	135,024	-	79,097	8,493	448,475	10,128	1,730,608	4,010,031
Deductions:											
Net assets released from restrictions - satisfaction of program restrictions	670,005	190,651	122,760	126,015	-	-	159,350	600,000	247,345	2,116,126	2,883,588
Net change	(134,523)	227,493	(26,995)	9,009	-	79,097	(150,857)	(151,525)	(237,217)	(385,518)	1,126,443
Balances, end of year	$ 2,555,355	$ 7,612,220	$ 552,707	$ 451,124	$ 127,125	$ 1,338,590	$ 225,223	$ 428,722	$ 332,213	$ 13,623,279	$ 14,008,797

SCHEDULE OF CHANGES IN NET ASSETS - NET ASSETS WITH DONOR RESTRICTIONS - TO BE HELD IN PERPETUITY

Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices

For the year ended June 30, 2019
(with comparative totals for 2018)

	School Endowment	Burses Fund	St. Louis Cathedral	2019 Totals	2018 Totals
Balances, beginning of year	$ 11,152,537	$ 1,991,769	$ 1,000,000	$ 14,144,306	$ 14,143,519
Additions - contributions	-	1,058	-	1,058	787
Balances, end of year	$ 11,152,537	$ 1,992,827	$ 1,000,000	$ 14,145,364	$ 14,144,306

SCHEDULE OF INVESTMENT BALANCES BY CLASSIFICATION

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

June 30, 2019

	Investment Pool	Non-pooled Investments	Equity In CUP	Totals
Operating fund	$ 90,192,773	$84,266,134	$515,700	$ 174,974,607
Funds held for others	130,555,060	-	-	130,555,060
Total investments	$ 220,747,833	$84,266,134	$515,700	$ 305,529,667

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2019

Agency Head Name: Archbishop Gregory M. Aymond

Purpose	
Salary	$0
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	$0

Note: No public funds were used to pay the Archbishop's salary, benefits, or any other compensation during the year ended June 30, 2019.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the 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, the financial statements of the Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Administrative Offices' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Administrative Offices' internal control. Accordingly, we do not express an opinion on the effectiveness of the Administrative Offices' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Administrative Offices' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Administrative Offices' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Administrative Offices' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
November 22, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for the Major Federal Program

We have audited the Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices' (the "Administrative Offices") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Administrative Offices' major federal program for the year ended June 30, 2019. The Administrative Offices' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal award applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Administrative Offices' major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Administrative Offices' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Administrative Offices' major federal program. However, our audit does not provide a legal determination of the Administrative Offices' compliance.

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Opinion on Each Major Federal Program

In our opinion, the Administrative Offices complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Administrative Offices is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Administrative Offices' internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Administrative Offices' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
November 22, 2019.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Homeland Security				
Louisiana Governor's Office of Homeland Security and Emergency Preparedness				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1603-DR-LA		$3,280,060
Total expenditures of federal award			$ -	$3,280,060

See notes to schedule of expenditures of federal award.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2019

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal award includes the federal award activity of Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, the amount presented in the schedule may differ from the amount presented in, or used in the preparation of, the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditure of federal award is presented on the accrual basis of accounting and in accordance with the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Grant revenues are recorded for financial reporting purposes when the Administrative Offices has met the qualifications for the respective grants.

Note 3 - INDIRECT COST RATE

The Administrative Offices has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Roman Catholic Church of the Archdiocese of New Orleans
Administrative Offices

For the year ended June 30, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified? ____ Yes _X_ None reported

Noncompliance material to financial statements noted? ____ Yes _X_ No

b) Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified? ____ Yes _X_ None reported

Type of auditor's report issued on compliance for major federal program: unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes _X_ No

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

c) Identification of major federal program:

CFDA Number	Name of Federal Program
97.036	U.S. Department of Homeland Security Louisiana Governor's Office of Homeland Security and Emergency Preparedness Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between
Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee? ____ Yes __X__ No

Section II - Financial Statement Findings

No findings.

Section III - Federal Awards Findings and Questioned Costs

No findings.

STATEWIDE AGREED-UPON PROCEDURES (R.S. 24:513)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Roman Catholic Church of the Archdiocese of New Orleans Administrative Offices (the "Administrative Offices") and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2019. Management of the Administrative Offices is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):**

   We obtained the Administrative Offices' Accounting Manual.

   No exceptions were found as a result of this procedure.

<u>Written Policies and Procedures</u> **(Continued)**

a) **Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.**

   We observed that the Administrative Offices does not have written policies or procedures that address the initiation of purchases, additions to the vendor list, preparation and approval process of purchase requisitions and purchase orders, compliance with public bid law, or the maintenance of all bid and price quotes documentation related to the Disaster Grants. We noted that all purchases for which reimbursement is requested under the Disaster Grants are reviewed by Louisiana GOHSEP before reimbursement is issued.

b) **Disbursements, including processing, reviewing, and approving.**

   We observed that the Administrative Offices' Accounting Manual contains written policies and procedures for the processing, reviewing, and approval of certain types of disbursements.

   No exceptions were found as a result of this procedure.

c) **Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue. (e.g., periodic confirmation with outside parties).**

   We observed that the Administrative Offices does not have written policies or procedures that address receiving, recording, preparing deposits, or determining the completeness of collections. We noted, however that all public funds are reimbursements received via electronic funds transfer.

d) **Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.**

   We observed that the Administrative Offices' Accounting Manual contains written policies and procedures for payroll/personnel, including payroll processing, and reviewing and approving time and attendance records, including leave and overtime worked.

   No exceptions were found as a result of this procedure.

<u>Written Policies and Procedures</u> **(Continued)**

e) **Contracting, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.**

We observed that the Administrative Offices does not have written policies or procedures that address the types of services requiring written contracts, standard terms and conditions, legal review, approval, or monitoring of contracts.

f) **Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.**

We observed that the Administrative Offices does not have written policies or procedures that address disaster recovery/business continuity, including identification of critical data and frequency of backups, storage of backups in a separate physical location from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

<u>Payroll/Personnel</u>

2. **Obtain a listing of employees employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.**

We obtained a listing of employees employed and management's representation that the listing is complete. We selected the two employees in the population and agreed paid salaries to authorized salaries in the personnel files.

No exceptions were found as a result of this procedure.

<u>Payroll/Personnel</u> **(Continued)**

3. **Randomly select one pay period during the fiscal period. For the five employees selected under #2 above, obtain attendance records and leave documentation for the pay period, and:**

   a) **Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).**

   We observed daily attendance for the pay period selected for the two employees for the pay period selected. No leave was taken by the two employees for the pay period selected.

   No exceptions were found as a result of this procedure.

   b) **Observe that supervisors approved the attendance and leave of the selected employees.**

   We observed that the supervisor of the employees approved the attendance for the two employees selected. No leave was taken by the two employees for the pay period selected.

   No exceptions were found as a result of this procedure.

   c) **Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.**

   We observed that the leave accrued by the two employees was reflected in the Administrative Offices cumulative leave records. No leave was taken by the two employees for the pay period selected.

   No exceptions were found as a result of this procedure.

4. **Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee cumulate leave records, and agree the pay rates to the employee authorized pay rates in the employee/officials' personnel files.**

   No employees related to the grant received termination pay during the year, per management's representation.

   No exceptions were found as a result of this procedure.

Payroll/Personnel (Continued)

5. **Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.**

   We obtained management's representation that employer portion of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

   Due to fraudulent activity which occurred at the third party payroll administrator used by the Administrative Offices, state payroll tax withholdings for the second quarter of 2019, which were remitted timely by the Administrative Offices to the administrator, were not remitted to the state by the required deadline.

Other

6. **Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.**

   Management represented that there were no misappropriations of public funds. In addition, management signed a management representation letter stating there were no misappropriations of public funds.

   No exceptions were found as a result of this procedure.

7. **Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.**

   The Administrative Offices has posted on its premises in the Accounting Office and the Building Office and on its website at *https://nolacatholic.org/accounting-office* and *https://nolacatholic.org/building-office* the notice required by R.S. 24:523.1.

   No exceptions were found as a result of this procedure.

Management's responses are as follows:

> *The Administrative Offices' Accounting Manual will be revised to include written policies and procedures that address the initiation of purchases, addition of vendors, the approval process for purchases, compliance with public bid law and will provide guidance for the maintenance of all bid and price quotes documentation related to the Disaster Grants.*
>
> *The Administrative Offices' Accounting Manual will be revised to include written policies and procedures that address the receiving, recording, preparing deposits, and determining the completeness of collections.*
>
> *The Administrative Offices' Accounting Manual will be revised to include written policies and procedures that address the types of services requiring written contracts, standard terms and conditions, legal review, approval, or monitoring of contracts.*
>
> *The Administrative Offices' Accounting Manual will be revised to include written policies and procedures that address disaster recovery/business continuity, including identification of critical data and frequency of backups, storage of backups in a separate physical location from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.*
>
> *All payroll taxes were drafted timely out of the Administrative Offices bank account to be paid to the proper tax authorities. However, due to the fraud which occurred at the third party payroll administrator, those funds were not remitted properly. As soon as management of the Administrative Offices learned of the fraud, a second payment was made directly to the state for the 2019 2nd quarter taxes. The third party payroll administrator subsequently filed for bankruptcy and, therefore, the Administrative Offices is now working through the bankruptcy process to recover the funds which were misappropriated as a part of the fraud.*

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

(Continued)

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing and not provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
November 22, 2019.