

THE ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF ORANGE,  
A CORPORATION SOLE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2006 AND 2005

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INDEPENDENT AUDITOR'S REPORT

His Excellency The Most Reverend  
Tod D. Brown  
The Administrative Office of the  
Roman Catholic Bishop of Orange  
A Corporation Sole

We have audited the accompanying statements of financial position of The Administrative Office of the Roman Catholic Bishop of Orange, A Corporation Sole as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Administrative Office of the Roman Catholic Bishop of Orange, A Corporation Sole as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Cangelosi & Holmes, Inc.*

September 21, 2006

THE ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF ORANGE,  
A CORPORATION SOLE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2006 AND 2005

	2006	2005
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 12,280,154	\$ 24,555,363
Contributions and other receivables	9,669,226	9,486,756
Loans and notes receivable	27,396,736	20,093,520
Long-term investments	184,439,463	205,045,621
Property, equipment and improvements - net	12,963,321	11,533,643
Property held for future use	93,362	93,362
Cemetery inventory	3,793,758	3,939,032
Other assets	48,028	48,434
Total assets	\$250,684,048	\$274,795,731
 <b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable and accrued expenses	\$ 9,194,751	\$ 11,576,975
Loan payable	0	50,000,000
Parish and other deposits	123,560,670	112,315,987
Deferred amounts	11,424,772	8,950,258
Priests' pension/postretirement benefits accrual	11,109,000	13,272,000
Total liabilities	155,289,193	196,115,220
 <b>Net Assets</b>		
Unrestricted:		
Undesignated	(15,115,680)	(23,272,668)
Designated for specific purposes	89,097,706	81,080,227
Total unrestricted	73,982,026	57,807,559
Temporarily restricted	21,225,303	20,685,426
Permanently restricted	187,526	187,526
Total net assets	95,394,855	78,680,511
Total liabilities and net assets	\$250,684,048	\$274,795,731

See accompanying notes to financial statements

THE ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF ORANGE,  
A CORPORATION SOLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support				
Pastoral Services Appeal		\$ 10,721,458		\$ 10,721,458
Contributions, grants and bequests	\$ 1,266,029	462,224		1,728,253
Diocesan assessments	5,535,212			5,535,212
Cemetery operations	8,145,073			8,145,073
Investment programs	16,399,685			16,399,685
Insurance programs	24,754,457			24,754,457
Gain on disposition of property	2,500			2,500
Other income	49,594			49,594
Net assets released from restrictions	<u>10,643,805</u>	<u>(10,643,805)</u>		<u>0</u>
 Total revenue and other support	 <u>66,796,355</u>	 <u>539,877</u>	 <u>0</u>	 <u>67,336,232</u>
Expenses				
PSA funded programs	3,397,685			3,397,685
PSA expenses and parish rebates	5,752,916			5,752,916
Other programs and services	272,156			272,156
Diocesan administration	5,257,902			5,257,902
Cemetery operations	6,028,815			6,028,815
Investment programs	7,184,504			7,184,504
Insurance programs	20,606,259			20,606,259
Grants, donations and scholarships	3,722,602			3,722,602
Priests' pension and postretirement benefit expense	<u>(1,600,951)</u>			<u>(1,600,951)</u>
 Total expenses	 <u>50,621,888</u>			 <u>50,621,888</u>
 Change in net assets	 16,174,467	 539,877	 0	 16,714,344
Net assets at beginning of year	<u>57,807,559</u>	<u>20,685,426</u>	<u>187,526</u>	<u>78,680,511</u>
Net assets at end of year	<u>\$ 73,982,026</u>	<u>\$ 21,225,303</u>	<u>\$ 187,526</u>	<u>\$ 95,394,855</u>

See accompanying notes to financial statements

THE ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF ORANGE,  
A CORPORATION SOLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support				
Pastoral Services Appeal		\$ 9,662,918		\$ 9,662,918
Contributions, grants and bequests	544,025	922,222	\$ 500	1,466,747
Diocesan assessments	\$ 5,665,507			5,665,507
Cemetery operations	7,940,927			7,940,927
Investment programs	13,857,832			13,857,832
Insurance programs	24,344,029			24,344,029
Loss on disposition of property	(6,443)			(6,443)
Other income	51,439			51,439
Net assets released from restrictions	<u>9,609,332</u>	<u>(9,609,332)</u>		<u>0</u>
 Total revenue and other support	 <u>62,006,648</u>	 <u>975,808</u>	 <u>500</u>	 <u>62,982,956</u>
Expenses				
PSA funded programs	3,773,756			3,773,756
PSA, expenses and parish rebates	4,530,585			4,530,585
Other programs and services	105,527			105,527
Diocesan administration	5,711,501			5,711,501
Cemetery operations	4,995,006			4,995,006
Investment programs	3,983,001			3,983,001
Insurance programs	17,418,153			17,418,153
Grants, donations and scholarships	31,900,936			31,900,936
Priests' pension and postretirement benefit expense	<u>3,782,560</u>			<u>3,782,560</u>
 Total expenses	 <u>76,201,025</u>			 <u>76,201,025</u>
 Change in net assets	 (14,194,377)	 975,808	 500	 (13,218,069)
Net assets at beginning of year	<u>72,001,936</u>	<u>19,709,618</u>	<u>187,026</u>	<u>91,898,580</u>
Net assets at end of year	<u>\$ 57,807,559</u>	<u>\$ 20,685,426</u>	<u>\$ 187,526</u>	<u>\$ 78,680,511</u>

See accompanying notes to financial statements

THE ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF ORANGE,  
A CORPORATION SOLE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$16,714,344	\$(13,218,069)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	848,084	855,101
Unrealized (gain) loss on investments	3,937,342	(1,936,254)
Realized (gain) loss on sale of investments	(13,282,428)	(5,873,181)
Grant of land to parishes	0	30,632,108
(Gain) loss on sale of property	(2,500)	6,443
(Increase) decrease in operating assets:		
Receivables and other assets	(7,703,781)	(3,818,831)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,382,224)	(4,099,515)
Deferred accounts	2,474,514	1,444,689
Parish and other deposits	11,244,683	4,351,911
Priests' pension/postretirement benefits accrual	(2,163,000)	2,901,000
Litigation settlements payable-SB1779	<u>0</u>	<u>(50,700,000)</u>
 Net Cash Provided (Used) By Operating Activities	 <u>9,685,034</u>	 <u>(39,454,598)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, land and equipment	(2,277,762)	(1,121,674)
Proceeds from sale of property	2,500	60,616
Purchase of investment securities	(167,340,837)	(206,642,328)
Proceeds from sale of investment securities	197,292,080	200,886,518
Increase in notes receivable	0	(160,000)
Payments received on notes receivable	<u>363,776</u>	<u>36,778</u>
 Net Cash Provided (Used) By Investing Activities	 <u>28,039,757</u>	 <u>(6,940,090)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from bank financing	0	50,000,000
Repayments on bank financing	<u>(50,000,000)</u>	<u>0</u>
 Net Cash (Used) Provided By Financing Activities	 <u>(50,000,000)</u>	 <u>50,000,000</u>
 Net (Decrease) Increase in Cash and Cash Equivalents	 (12,275,209)	 3,605,312
 Cash and Cash Equivalents, at beginning of year	 <u>24,555,363</u>	 <u>20,950,051</u>
 Cash and Cash Equivalents, at end of year	 <u>\$ 12,280,154</u>	 <u>\$ 24,555,363</u>

See accompanying notes to financial statements

THE ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF ORANGE,  
A CORPORATION SOLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements include only those assets, liabilities and operations of departments for which the Administrative Office of the Diocese of Orange (Administrative Office) maintains direct operational control.

These financial statements do not include assets, liabilities and operations of the parishes, high schools, elementary schools or any other affiliated organizations under the jurisdiction of the Roman Catholic Bishop of Orange (Diocese), except for transactions with the Administrative Office as reflected on the books and records of the Administrative Office.

All significant accounts and transactions among the entities which are included in the financial statements have been eliminated.

The financial statements of the Administrative Office have been prepared utilizing the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting for Contributions

Generally accepted accounting principles require that the Administrative Office report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restrictions. When restrictions are satisfied in the same accounting period that the contribution is received, both the revenue and the related expense are reported in the unrestricted net asset class.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Promises To Give

Contributions are recognized when the donor makes a promise to give to the Administrative Office that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Administrative Office uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services

The Administrative Office receives a substantial amount of contributed services in carrying out the Church's ministry. During the years ended June 30, 2006 and 2005, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Cash and Equivalents

For the purposes of the Statements of Cash Flows, the Administrative Office considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

At times throughout the year, the balances of cash and equivalents may exceed amounts insured by the Federal Deposit Insurance Corporation.

Property, Equipment and Improvements

Property, equipment and improvements are carried at cost, or estimated fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Equipment used for property maintenance, repairs and minor replacements are charged to expense; additions and betterments are added to the property account at cost. When property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statements.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Cemetery Land and Development Costs

Cemetery land development costs are charged to cost of sales as graves are sold. Land development in process represents areas being developed and not presently available for use.

Functional Allocation of Expenses

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

Investments

Generally accepted accounting principles require that the Administrative Office report investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Income Taxes

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

Note 2 - Concentrations of Credit Risk

Financial instruments, which potentially subject the Administrative Office to concentrations of credit risk, consist principally of money market funds and receivables. The Administrative Office places its money market investments in high credit quality money market funds of a single financial institution. Concentrations of credit risk exist with respect to receivables since generally all are due from churches, customers or creditors located in Orange County, California.

Note 3 - Self Insurance Funds

The Administrative Office and the parishes and schools of the Diocese of Orange are self-insured with respect to its general liability coverage through its participation with other dioceses in several western states in a risk retention group, which is incorporated in Vermont. The Administrative Office is also self-insured with respect to its earthquake insurance coverage through its participation with other dioceses in the California Interdiocesan Earthquake Insurance pooling agreement. Reserves for the losses at the parishes and schools are maintained at the Administrative Office for all centralized risk management programs.

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JUNE 30, 2006 AND 2005

Note 4 - Pension Plans

Lay Pension Plan

Effective September 1, 1977, the Administrative Office established a money-purchase pension plan for all eligible lay employees who have 1 year of service and who are at least 18 years of age. The Administrative Office's annual contributions are calculated based upon 5% of lay employee compensation and totaled \$266,251 and \$263,560 for the years ended June 30, 2006 and 2005, respectively.

Priest Retirement Plan

The Administrative Office sponsors a defined benefit pension plan and a post retirement medical plan for all Diocesan priests who are ordained for or incardinated in the Diocese of Orange and in good standing and not otherwise on leave at retirement.

The plan provides benefits based on a flat benefit prorated for years and months of service subject to certain minimum amounts.

Since the Administrative Office is exempt from the funding requirements of ERISA, it is the Administrative Office's practice to make contributions annually to the plans based on actuarial principles.

	<u>2006</u>	<u>2005</u>
Priest's retirement benefit obligation	\$12,005,000	\$13,819,000
Plan assets at fair value	<u>6,286,000</u>	<u>5,903,000</u>
Funded status	5,719,000	7,916,000
Priest's other postretirement obligations	<u>5,390,000</u>	<u>5,356,000</u>
Accrued benefit cost	<u>\$11,109,000</u>	<u>\$13,272,000</u>
Discount rate	6.25%	5.00%
Expected return on plan assets	7.00%	7.00%
Rate of benefit increases	3.00%	3.00%

For the years ended June 30, 2006 and 2005, the net periodic pension cost for the priest's retirement benefit obligation is \$(1,864,000) and \$1,655,000 and the net periodic postretirement benefit cost for other priest's postretirement obligations is \$34,000 and \$1,600,000, respectively.

Note 5 – Loan Payable

At June 30, 2005, the Administrative Office had a term loan payable to Bank of America for \$50,000,000 due on or before February 15, 2006. The loan carried an interest rate equal to the six month LIBOR plus 50 basis points. At June 30, 2005 the rate was 3.51%. The loan was secured by long term investments of the Administrative Office less those investments held for restricted purposes and for the benefit of the parishes and schools.

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JUNE 30, 2006 AND 2005

Note 6 - Investments

Investments are recorded at fair value. A summary of investments are as follows:

	<u>2006</u>		<u>2005</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Government and Agency Instruments	\$ 9,956,990	\$ 9,791,790	\$ 24,333,581	\$ 24,283,243
Fixed income obligations	15,561,895	15,263,172	26,281,009	26,084,018
Common stocks & equities	91,028,520	102,162,817	76,562,426	86,129,156
Mutual funds	54,450,090	53,340,224	61,754,336	65,898,135
Limited partnership	<u>3,515,000</u>	<u>3,881,460</u>	<u>2,500,000</u>	<u>2,651,069</u>
	<u>\$174,512,495</u>	<u>\$184,439,463</u>	<u>\$191,431,352</u>	<u>\$205,045,621</u>

Note 7 - Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are 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. Conditional promises to give are not included as support until the conditions are substantially met.

Included in receivables are the following unconditional promises to give at June 30:

	<u>2006</u>	<u>2005</u>
Pastoral Services Appeal	\$ 3,381,789	\$ 2,878,573
Restricted to future periods	<u>1,538,214</u>	<u>1,646,423</u>
Unconditional promises to give before unamortized discount and allowance for uncollectible	4,920,003	4,524,996
Less: unamortized discount	<u>(374,327)</u>	<u>(503,764)</u>
	4,545,676	4,021,232
Less: allowance for uncollectible	<u>(1,089,721)</u>	<u>(962,511)</u>
Net unconditional promises to give	<u>\$ 3,455,955</u>	<u>\$ 3,058,721</u>
Amounts expected in:		
Less than one year	\$ 2,292,068	\$ 1,916,062
One to five years	631,114	527,039
More than five years	<u>532,773</u>	<u>615,620</u>
	<u>\$ 3,455,955</u>	<u>\$ 3,058,721</u>

Discount rates range from 3.0 percent to 3.3 percent.

THE ADMINISTRATIVE OFFICE OF  
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Note 8 – Property, Equipment and Improvements

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

	<u>2006</u>	<u>2005</u>
Land, buildings and improvements	\$ 16,617,578	\$ 14,610,721
Furniture, fixtures and equipment	<u>2,953,830</u>	<u>2,752,386</u>
	19,571,408	17,363,107
Less: accumulated depreciation and amortization	<u>6,514,725</u>	<u>5,829,464</u>
	<u>\$ 13,056,683</u>	<u>\$ 11,533,643</u>

Depreciation expense totals \$848,084 and \$855,101 for the fiscal years ended June 30, 2006 and 2005, respectively.

Note 9 - Parish and Other Deposits

A summary of parish and other deposits are as follows:

	<u>2006</u>	<u>2005</u>
Parish concentration checking accounts	\$ 26,198,480	\$ 22,735,763
Parish deposit and loan accounts	88,956,478	80,863,134
Parish and school endowment accounts	7,445,910	7,232,291
Other deposits	<u>959,802</u>	<u>1,484,799</u>
	<u>\$123,560,670</u>	<u>\$112,315,987</u>

Parishes and schools of the Diocese participate in a demand deposit (checking) account concentration arrangement that accumulates daily balances centrally so that excess funds can be invested. These funds bear interest on the average daily balance at .75% and .50% for the years ended June 30, 2006 and 2005, respectively.

Parishes and schools deposit funds in excess of current operational need, for capital projects, and for their general savings into the deposit and loans funds of the Diocese. These funds permit the Diocese to lend amounts needed for capital projects to the parishes at preferred lending rates. At June 30, 2006 and 2005, the rate paid on deposit and loan deposits was 4.00% and 2.50%, respectively.

Endowment accounts held for others are invested with other funds of the Diocese; the return paid to these accounts is that earned on a specified portion of the total assets. In addition, the capital gains or losses on that specified portion are reflected as capital changes in each of the individual participant's endowment accounts. The total return on these accounts for the year ended June 30, 2006 was 3.13% (7.77% earned plus (4.64%) decrease in endowment principal). The total return on these accounts for the year ended June 30, 2005 was 2.31% (6.87% earned plus (4.56%) decrease in endowment principal).

THE ADMINISTRATIVE OFFICE OF  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005

Note 10 - Investment Income

Investment income consists of:

	<u>2006</u>	<u>2005</u>
Realized gains (losses)	\$ 13,282,428	\$ 5,873,181
Valuation adjustment for unrealized gains (losses)	(3,687,959)	1,915,502
Interest and dividends	<u>6,805,216</u>	<u>6,069,149</u>
	<u>\$ 16,399,685</u>	<u>\$ 13,857,832</u>

Investment income is the result of investing funds that come from others in the form of deposits (parishes and schools), endowments (Catholic education and cemetery care funds), and unrestricted net assets (working capital, patrimony and accumulated net assets).

Investment income is attributed to:

	<u>2006</u>	<u>2005</u>
Unrestricted net assets	\$ 8,391,059	\$ 7,062,505
Parish and school deposits	5,510,365	4,403,152
Cemetery care and education endowments	<u>2,498,261</u>	<u>2,392,175</u>
	<u>\$ 16,399,685</u>	<u>\$ 13,857,832</u>

Note 11 – Grants, Donations and Scholarships

The Administrative Office makes grants, donations and scholarships to the parishes and schools of the Diocese and to various other organizations. A summary of these grants and donations are as follows:

	<u>2006</u>	<u>2005</u>
Parish startup grants	\$ 1,500,000	
Christ Our Savior Cathedral – land	0	\$ 18,184,721
St. Thomas More Church - land	0	7,504,161
Holy Trinity Church - land	0	4,943,225
Christ Our Savior Cathedral	74,175	100,000
High school scholarships	650,000	0
Our Lady of La Vang	110,588	0
Pontifical North American College	50,000	0
Society of St Vincent de Paul	30,000	0
Parishes from aid to parishes in need fund	800,861	527,569
Catholic Charities	500,000	485,000
Other grants, donations and scholarships	<u>6,978</u>	<u>156,260</u>
	<u>\$ 3,722,602</u>	<u>\$ 31,900,936</u>

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Note 12- Litigation and Related Expenses

The Administrative Office has been a party to a number of lawsuits relating to sexual abuse by priests and the alleged lack of proper supervision. Beginning July 1, 2003, these expenses and expenses related to compliance with the USCCB Charter for the Protection of Children and Young People have been accounted for in the various pastoral departments charged with compliance.

In addition to the expenses paid by the parishes and schools for employee and volunteers fingerprinting and for the safe environment programs in certain schools, the following expenses were incurred for the years ended June 30:

	<u>2006</u>	<u>2005</u>
Litigation settlements expense	\$ 956,000	\$ 50,095
Legal fees	74,119	1,110,604
Assistance ministry and counseling	76,070	90,847
BTS video and Bishop's Report	0	146,673
Safe environment programs and compliance	<u>5,256</u>	<u>14,708</u>
	<u>\$ 1,111,445</u>	<u>\$ 1,412,927</u>

Note 13- Net Assets

Unrestricted net assets which have been designated for specific purposes:

	<u>2006</u>	<u>2005</u>
Plant	\$ 45,669,137	\$ 45,669,137
Endowment (including cemetery care)	19,820,336	17,322,075
Priest retirement and relief	617,026	1,140,124
Other	<u>22,991,207</u>	<u>16,948,891</u>
	<u>\$ 89,097,706</u>	<u>\$ 81,080,227</u>

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2006</u>	<u>2005</u>
Pastoral Services Appeal	\$ 5,177,396	\$ 4,571,540
Parishes in Need	832,166	936,572
Catholic Charities	515,000	500,000
Education Fund	12,494,104	12,494,104
Other	<u>2,206,637</u>	<u>2,183,210</u>
	<u>\$ 21,225,303</u>	<u>\$ 20,685,426</u>

THE ADMINISTRATIVE OFFICE OF  
THE ROMAN CATHOLIC BISHOP OF ORANGE,  
A CORPORATION SOLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005

Note 13- Net Assets (Continued)

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2006</u>	<u>2005</u>
Seminarian endowment	<u>\$ 187,526</u>	<u>\$ 187,526</u>