



ARCHDIOCESE OF DETROIT
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006



OFFICE OF THE CARDINAL

ARCHDIOCESE OF DETROIT

1234 WASHINGTON BLVD.

DETROIT, MICHIGAN 48226

October 30, 2006

My Dear Clergy, Religious, and Lay Faithful of the Archdiocese:

For the sixteenth time, it is my privilege to share with you our annual Archdiocesan Financial Report. The report reviews the work of our Central Service Offices and Archdiocesan-wide programs during operating year 2005-2006.

We are all stewards of the gifts and blessings of God. Thanks to your generous contributions of time, talent, and treasure, the Central Service operation of the Archdiocese and its many programs continue to be healthy and vibrant. As you have been generous and supportive of the work of the Church, my staff and I try also to be good stewards for our part. I thank you for the way we have worked together on many levels within the Archdiocese – in parishes and vicariates and through various organizations. In particular, I am very pleased that the *Together in Faith* has helped all of us to have a fuller understanding of the financial gifts and challenges of this Archdiocese.

Wishing you God's every blessing, I remain

Sincerely yours in the Lord,

Adam Cardinal Maida
Archbishop of Detroit

ACM/dm

The Archdiocese of Detroit (the “Archdiocese”) is comprised of six counties: Lapeer, Macomb, Monroe, Oakland, St. Clair and Wayne. It has 314 parishes and missions, 136 elementary schools, 35 high schools, 846 diocesan and religious priests, 1,907 religious sisters and a total Catholic population of 1.4 million. All parishes and schools are included in one of the 18 vicariates.

During the past fiscal year, the Central Services of the Archdiocese were handled by the Archbishop’s office and the following departments: Communications, Development, Education, Finance and Administration, Formation, Parish Life and Tribunal. The departments provided coordination among the vicariates; facilitated mutual communication and service among the parishes, the vicariates and diocesan service departments and staff offices; provided factual and procedural information in their specific areas of competence; and provided services to the parishes by responding to the needs of the people.

Department activities are described below:

CARDINAL’S OFFICE

Cardinal Maida has primary responsibility for teaching, sanctifying and governing the people of God in the Church of Detroit. As a member of the worldwide College of Bishops in communion with the Holy Father, our cardinal archbishop is our direct link with the Church Universal; his ministry focuses not only on the gifts and needs of the Archdiocese, but national and international issues as well.

In order to fulfill his three-fold ministry of teaching, sanctifying and governing, the Cardinal consults regularly with priests, religious and laity, parishes, vicariates, institutions and agencies.

He shares his pastoral leadership with three auxiliary bishops and one Episcopal vicar. As delegated by him, they represent him in caring for the pastoral well-being of priests, religious and laity within their assigned regions; one of the ways they carry out their services is through participation in *Together in Faith*, the Vicariate Pastoral Planning process, and parish and school visitations.

The Cardinal exercises his administrative ministry through the Moderator of the Curia and the staff of the Central Services of the Archdiocese. The Moderator of the Curia oversees all programs and budgets of the departments and offices of the Archdiocese, serves as ex-officio member of the Presbyteral Council, and coordinates and administers clergy assignments and related concerns for diocesan religious order clergy.

In addition to regular meetings with the auxiliary bishops and the Curia, the Cardinal consults monthly with the Archdiocesan Council of Vicars, the College of Consultors, and the Presbyteral Council; and quarterly with the Archdiocesan Pastoral Council and the Archdiocesan Finance Council.

Two people coordinate and facilitate the work of the Archbishop’s office: a priest personal secretary and assistant Chancellor as well as the Chancellor. The personal secretary handles scheduling, personal correspondence and liturgical ceremonies while the Chancellor assists the Moderator and the Curia. The Chancellor

coordinates concerns regarding Vicars, Consultors, the Presbyteral Council and the Program Review Committee. The Chancellor also oversees matters of national collections, statistical reports, policies of the Archdiocese, various contracts and the Parish Support Services Oversight Committee authorized audits and approved budgets. Although the day-to-day operation of the Archdiocesan archives is entrusted to a professional archivist, the Chancellor is responsible for its supervision.

The Moderator of the Curia also coordinates the work of the following offices:

Human Resources administers and coordinates personnel policies for Central Services employees, including processing applications for open positions, wage/salary administration, benefits administration, staff development and employer/employee relations.

The Office of Vocations serves to encourage men and women to consider vocations to ordained ministry or religious life and guide them in the discernment process until they are ready for admission into the seminary.

COMMUNICATIONS

The Communications Department supervises and integrates efforts in three areas: public relations, television, and printing and mailing.

The director of the Communications Department serves as the first-line spokesman for the Archdiocese and the Cardinal-Archbishop and as liaison to The Michigan Catholic newspaper and Archdiocesan website, www.aodonline.org.

The Office of Public Relations serves as the locus of public information and communication for the Archdiocese and includes the internal Catholic public, the general public and the secular and religious media - print, broadcast and Internet-based. This office works with Central Service departments and offices, parishes, schools and local Catholic-based organizations in analyzing and recommending communication strategies and in understanding the use of various media.

The Office of Television maintains a four-channel broadcast network in the Educational Broadband Service (EBS) band. One of the channels is currently designated as the Catholic Television Network of Detroit (CTND), which distributes locally produced and nationally syndicated programs directly into homes, parishes, and schools via cable. A weekly program guide is published in The Michigan Catholic newspaper and on the Internet at www.ctnd.tv. This office also produces and maintains a library of instructional, informational and inspirational videos.

The Office of Printing and Mailing maintains a full-service print shop that serves all Central Service departments and offices, including Sacred Heart Major Seminary, The Retreat Center at St. John's, along with archdiocesan parishes, schools and Catholic agencies, upon request. Other services include pickup, sorting and distribution of all interoffice and commercially processed mail and packages. Parish staff and other Catholic agencies receive a special consolidated mailing, which is assembled at the 6th Street office and distributed weekly.

DEVELOPMENT

The mission of the Department of Development is twofold: First, it provides

avenues by which benefactors and prospective contributors can support the variety of ministries and services offered by the Archdiocese. Second, this department is charged with providing education and formation programs on the Christian's call to live a life of a Christian stewardship.

Christian Stewardship Formation: Opportunities are provided for parishioners to learn more about the importance of Christian stewardship through a speaker's program and other resource services.

Catholic Services Appeal: The Department of Development coordinates this annual campaign that encourages families in parishes to support the ministries and services offered by the Archdiocese.

The Office of Planned Giving: This office is responsible for helping parishioners and other donors understand the relationship between estate planning and Christian stewardship. It accomplishes this through parish seminars, newsletters and other materials.

Cathedral Renovation Campaign: Having assisted in the coordination of this major campaign for raising funds for renovating the Cathedral of the Most Blessed Sacrament, the Department of Development has primary responsibility for the follow-up phase of the campaign - coordinating efforts to realize returns on pledges. The department also raises funds for the Cathedral endowment, which will generate operating funds for maintenance and promotion activities for special events at the Cathedral.

Endowment Foundation: The Department of Development administers the Archdiocese of Detroit Endowment Foundation, which was established from the *Stewards For Tomorrow* campaign. The foundation supports tuition assistance at Catholic schools, programs at Sacred Heart Major Seminary, tuition grants for lay pastoral ministry studies and other special archdiocesan needs and activities.

EDUCATION

The Education Department provides professional and support services to pastors and educational personnel in parishes and Catholic schools, and colleges and universities. Catholic identity, lifelong faith formation, strategic planning and Catholic social teaching are priorities. Tuition assistance grants to Catholic families and to catechetical leaders are coordinated through this department. The department also oversees Natural Family Planning and Safe Environment's Programming.

The Office for Catholic Schools serves the elementary and secondary schools by taking lead responsibility for policy development, curriculum guidelines, accreditation procedures, supervision and evaluation processes, and professional growth opportunities for educational personnel. Specialized assistance is offered concerning principal and teacher personnel recruitment, teacher certification, students with special needs, health and physical education, and federal and state funded educational programs. The Catholic High School League is administered through the Office for Catholic Schools.

The Office for Catholic Social Teaching designs and coordinates programs

to promote greater awareness and understanding of the Church's social teachings throughout the archdiocese at every level - in parishes, schools, catechetical programs, youth programs and at colleges and universities. This office is highly interactive with other Archdiocesan offices dedicated to various social ministries.

The Office for Faith Formation/Catechetics assists administrators, catechists and teachers in parishes and Catholic schools by offering consultation concerning professional growth opportunities, certification requirements, special religious education, text selection, sacramental catechesis, conscience formation and guidelines for catechesis about human sexuality. This office also develops policy and curriculum guidelines to support lifelong faith formation based in Scripture and Church teaching that leads to prayer and worship and encourages service.

The Office for Family Ministry serves pre-family, active-family and post-family needs across the Archdiocese through a broad range of supportive programs, networks and resources. Areas of special focus include marriage preparation, family spirituality, ministry to the elderly, and lay support groups who assist people who are separated, divorced or widowed.

The Office for Young Adult and Campus Ministry establishes and maintains an active Catholic presence on post-secondary academic campuses in the Archdiocese. In collaboration with parishes and campuses, it gathers and engages young Catholics in their late teens, twenties and thirties to promote young adult leadership by forming communities and providing opportunities for young adults to become involved in the life of the Church.

The Office for Youth Ministry seeks to promote the integration of youth into the life of every parish by providing training, ongoing formation and networking opportunities to parish professional coordinators of youth ministry. World Youth Day and the National Catholic Youth Conference are coordinated through this office.

Housed in the Department of Education is the Office for Safe Environments. Through this program, parishes, schools and agencies participate in educational programming whose goal is to create safer environments for children.

FINANCE AND ADMINISTRATION

The Finance and Administration Department provides business management and administrative support services for the Archdiocese and includes the following offices:

Archdiocesan Buildings: Consultation and technical assistance for new construction and major renovation projects

Archdiocesan Properties: Real estate consultation, property disposition and acquisition and lease agreements

Financial Services: Payroll and accounting services for Central Offices and Sacred Heart Major Seminary; accounting services for the Catholic Services Appeal, School Outreach Program, Parish Empowerment, Loan-Deposit Program, Diocesan Collections and the Priests' Pension Fund; management and accounting services for the Protected Self-insurance Program, data management services,

Central Offices and Sacred Heart Major Seminary collections and disbursements

Parish Finances and Auditing: Parish accounting systems, parish budgets and financial reports, diocesan assessment, internal audit, management and technical assistance to parishes/schools and Central Services

Information Technologies: Information Technology supports and coordinates computers, fax machines and telephones for the departments and offices of Central Services, as well as Sacred Heart Major Seminary, St. John Center, and The Michigan Catholic newspaper. It serves as a resource for database development and maintenance, systems design and implementation, problem solving, specialized training and coordination of user groups.

Parish Support Services: In a close working relationship with the Chancellor's office, the Parish Support Services group assists parishes with administrative and accounting procedures, education of administrative staffs, and, when needed, works with parish staffs in the preparation of budgets and financial reports.

FORMATION

Sacred Heart Major Seminary's College of Liberal Arts, School of Theology, and Institute for Ministry provide the Archdiocese and other contributing dioceses with educational and formational programs primarily for priesthood candidates and also for candidates for permanent diaconate and lay ministry, as well as ongoing formation for parishes and institutions.

The College of Liberal Arts: The College Division of Sacred Heart Major Seminary provides the following three degrees: bachelor of arts (philosophy), bachelor of philosophy and associates of arts in ministry. Besides these degree programs, it also offers diploma programs for people who are interested in certification offered by the departments and offices of the Archdiocese, as well as to candidates for the permanent diaconate.

The School of Theology: The Graduate School Division of Sacred Heart Major Seminary provides the following three degrees: master of divinity for priesthood candidates, master of arts in theology for those interested in teaching and doctoral studies, and master of arts in pastoral studies for those interested in full-time professional ministry in pastoral settings. Through affiliation and aggregation to the Pontifical University of St. Thomas Aquinas in Rome (Angelicum), the STB (Bachelors in Sacred Theology) and the STL (Licentiate in Sacred Theology) are offered as ecclesiastical degrees. Besides these various degree programs, it also offers graduate diplomas to candidates for permanent diaconate and other ministries in the Church.

The Institute of Ministry: The Institute Division of Sacred Heart Major Seminary cooperates with the College of Liberal Arts and the School of Theology in offering academic, spiritual and ministerial counseling and formation for those lay women and men, as well as religious and priests, who wish to become certified by the Archdiocese for ministry or earn an undergraduate or graduate degree. This institute also handles admissions for all commuter students in the Sacred Heart Major Seminary programs.

All of the programs of Sacred Heart Major Seminary are administered by the rector/president. The facility of Sacred Heart Major Seminary is managed by the

Department of Finance and Administration of the Archdiocese in consultation with the rector/president.

THE DEPARTMENT OF PARISH LIFE & SERVICES

The Department of Parish Life & Services provides assistance to parishes and vicariates for pastoral planning, ongoing renewal and leadership development. An emphasis on shared ministry and multicultural concerns is infused into all divisional services. This department works extensively on collaborative efforts with the Departments of Education and Finance and Administration to coordinate the *Together in Faith* process. This department also facilitates special task forces on topical and timely issues.

The Parish Empowerment Fund (PEF) is administered by this department and offers financial assistance to qualifying parishes for the development of ministries and evangelization efforts. Since 1989, PEF scholarships have been available to encourage African-American, Hispanic, inner-city Detroit and rural parishioners to attend classes in lay ministry at Sacred Heart Major Seminary.

Black Catholic Ministries assists and facilitates the evangelization of the black Catholic community, the African-American community and the entire Church of the Archdiocese through service to parish-based pastoral leadership, black Catholic organizations and the other service departments of the Church. Black Catholic Ministries connects and informs various bodies in the Archdiocese, especially clergy, pastoral ministers, lay leadership, schools, community and ecumenical organizations. Their mission is to highlight, enhance and celebrate the contribution of the black Catholic experience to the Church and society.

Community Immigration Legal Services (CILS) for more than 25 years has demonstrated an abiding commitment to the immigrants of the metropolitan area by providing legal services to low-income immigrants. Examples of the direct legal services our program provides are general case evaluation and consultations, family petitions, adjustments of status to lawful permanent residence, affidavits of support and sponsor counseling, employment authorization, domestic violence/battered spouse petitions, citizenship and nationality law, religious worker petitions, asylum and refugee resettlement, and representation in deportation/removal proceedings. We also educate and make the public aware of the laws through community information and meetings, immigration training and attorney mentoring; community relations coordination and presentations on immigration issues through our churches and area agencies, as well as hosting law student internships.

Our mission as members of the **Council of Catholic Women** is to bring women together to share their faith; to grow spiritually and unite in performing works of charity both in our communities and abroad. We strive to be responsible citizens through education and by showing hospitality to all our members. Through these charisms of faith, charity and responsibility we believe we can follow Jesus in fulfilling our mission. Through our affiliated organizations, we reach out and serve the needs of others, calling all to live faithfully the Gospel and promoting hope in the future.

Hispanic Catholic Ministries provides resources and works collaboratively with Regional Coordinators to advance the Hispanic Pastoral Plan in every vicariate and to seek out leadership and promote formation programs, continuing education opportunities and ministry certification.

The Office for Catholic Social Action supports parishes as they develop and strengthen social action based on principles of justice and human dignity. The office supports and offers guidance to parish Christian Service Directors as they develop and implement Christian Service in the parish. Creating a Christian Service Commission is essential in putting Catholic Social Teaching into action. The commission members organize and implement projects, programs, and events that reach out and serve our less fortunate brothers and sisters in Christ. The office also provides resources, training, and referral services for issues that deal with Project Rachel, domestic violence, disability concerns, Project Life, hunger, and homelessness. Facilitation and training is available for establishment of a Christian Service Commission. The office also provides opportunities for certification offered locally based on national standards and competencies.

The Office of Christian Worship provides for the continuing development of liturgical and ecumenical renewal within the Archdiocese. Within the area of liturgy and worship, the office personnel serve priests, staff members and commissions on the parish, vicariate and regional levels. This is accomplished primarily through liturgical workshops and printed liturgical materials, as well as working closely with four worship committees: 1) the Liturgical Commission; 2) the Architecture Review Committee; 3) the Rite of Christian Initiation of Adults Implementation Committee; and 4) the Music Advisory Board. This office also serves as a resource for Archdiocesan offices in matters of liturgy and worship. This office also provides an ecumenical liaison and resource for parishes, vicariates and staff offices.

The Office of Criminal Justice Ministry provides a Catholic presence to the incarcerated men and women in jails and prisons in the Archdiocese of Detroit. This office also provides outreach/aftercare assistance to ex-offenders and their families by providing referrals to community/parish resources to assist them during their transition. The Office of Criminal Justice Ministry provides training to the volunteers and educational programs for parishes and collaborates with officials in the criminal justice system to achieve this goal.

The Office of Evangelization aims to integrate the U.S. Bishops National Plan and strategy for evangelization in the local church of the Archdiocese of Detroit. It educates and equips people to become evangelizing agents and parishes to become evangelizing communities. This is done by providing consultation, training sessions, resources, retreats and missions.

The Office of Leadership Services provides assistance, resources, and formation for pastoral councils and commissions. This office supports parishes as they develop and implement cluster or merger plans. The Leadership Services team offers staff development, program development and evaluation, pastoral planning, leadership training and conflict management at the parish and vicariate levels. Numerous resources are available through this office, both in print and video, and many are in Spanish and English. In addition, personalized ministerial transition resources and in-services are available. Leadership Services is also a liaison to the English Cursillo.

The Office for Pastoral Ministeries was created as an Archdiocesan liaison with pastoral ministers, especially those serving in parishes. The office works with a Certification Review Board granting Archdiocesan certification based on national standards and competencies. The office also provides ongoing formation for professional ecclesial ministers through conferences, workshops, and basic topic courses. We partner with other diocesan offices, places of higher learning, locally and beyond, and with retreat houses for formation opportunities. The office also has developed a multifaceted approach to identify, invite, recruit, and form ministers for servant leadership within the church. The initiative is called *Mission: Possible – The New Face of Church Leadership... Yours!* The office serves as a position clearinghouse for ministers and parishes.

Pastoral Resources provides vicariates with socio-demographic census data, as well as support in designing, implementing and analyzing social surveys in order to assist in assessing the present and future needs of parishes and vicariates. Pastoral Resources also can provide summaries of studies from the social sciences that pertain to the process of vicariate pastoral planning.

The Refugee Services program helps to develop and coordinate resettlement opportunities for refugees. Our staff meets or arranges to meet them at the airport; and provides financial and counseling services, orientation, medical referrals and follow-up, housing assistance, employment readiness, placement and other services as needed. The majority of the refugees that we settle in this area are joining family members and we help both the sponsors and families as they move toward self-sufficiency.

METROPOLITAN TRIBUNAL

The Metropolitan Tribunal of the Archdiocese was established by Church law to assist the Archbishop in carrying out his judicial functions. The major portion of the Tribunal's work is directed toward the processing of petitions for annulment of marriages. Other judicial matters are handled at the request of the Cardinal.

Approximately 700 requests for formal annulment cases are presented annually. In addition, some 900 cases of various types are received by the Tribunal for summary decisions. In obtaining testimony, the Tribunal reaches approximately 15,000 people annually, many of whom are non-Catholics. For these people, the Tribunal contact may be their first in-depth interaction with the Catholic Church.

The structure and operation of the Tribunal is determined by the 1983 Code of Canon Law. In accordance with Canon Law, the Tribunal is available to all people concerning matters pertaining to canonical rights and issues. Thus, in order to accomplish the work of the Tribunal, a permanent staff of 16 is supplemented by additional priests, deacons and lay people who assist the Tribunal on a part-time basis.

The Tribunal staff undertakes various educational commitments and assists other departments in the Archdiocese with educational programs and by responding to inquiries on canonical matters.



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Independent Auditor's Report

To His Eminence, Adam Cardinal Maida
Archbishop of Detroit
Archdiocese of Detroit

We have audited the accompanying balance sheets of the Archdiocese of Detroit -Central Operations, Catholic Services Appeal, Designated Funds, Archdiocesan Properties, Loan Deposit Program and Diocesan Collections as of June 30, 2006 and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Archdiocese's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the above-mentioned funds of the Archdiocese of Detroit at June 30, 2006 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2006 on our consideration of the Archdiocese of Detroit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

August 25, 2006

ARCHDIOCESE OF DETROIT
Central Operations
Balance Sheet
June 30, 2006

Assets:

Accounts receivable	\$ 3,666,459
Investment in Loan Deposit Program	979,447
Prepaid expenses	290,036
Printing inventory	<u>53,057</u>
Total assets	<u><u>\$ 4,988,999</u></u>

Liabilities and Net Assets:

Liabilities:

Accounts payable	\$ 1,931,439
Due to Loan Deposit Program	3,023,138
Pledges payable	<u>75,199</u>
Total liabilities	5,029,776

Net Assets – Unrestricted (40,777)

Total liabilities and net assets \$ 4,988,999

ARCHDIOCESE OF DETROIT
Central Operations
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006

Unrestricted Revenue, Other Support and Transfers:

Unrestricted Revenue and Other Support:

Diocesan assessments	\$ 9,860,971
Bequests and donations	914,670
Interest	<u>17,178</u>
Total unrestricted revenue and other support.	10,792,819

Transfers:

From Designated Funds.	375,000
From Archdiocesan Properties.	3,850,000
From Loan Deposit Program	6,303,031
From Catholic Services Appeal	<u>11,892,853</u>
Total transfers	<u>22,420,884</u>
Total unrestricted revenue, other support and transfers	33,213,703

Expenses:

Direct Program Services:

Education:

Administration	166,881
Campus ministry	824,736
Catechetics/Religious education	487,952
Catholic schools	950,678
Catholic social teachings.	123,449
Compliance	261,064
Family life	299,880
Youth ministry.	<u>47,090</u>
Total education	3,161,730

Parish Life:

Administration	591,201
Apostleship of the sea	1,400
Catholic Social Action	104,872
Community immigration	179,337
Council of Catholic Women	55,911
Criminal justice	223,551
Deaf ministry	166,189
Delegate for religious	78,329
Health care chaplancy	237,333
Leadership formation	123,982
Mobile evangelization	254,432
Pastoral ministries	186,638
Pastoral resources	153,275
Refugee resettlement	78,529
Worship	<u>294,278</u>
Total parish life	<u>2,729,257</u>

Total direct program services	5,890,987
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See Notes to Financial Statements

ARCHDIOCESE OF DETROIT
Central Operations
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006
(Continued)

Expenses (Continued):

Supporting Services:

Communications:

Administration	\$ 812,354
Telecommunications	<u>762,370</u>

Total communications 1,574,724

Development 780,589

Finance and Administrative Services:

Administration	6,703,522
Archdiocesan buildings	1,354,901
Archdiocesan properties	164,010
Financial services	506,698
Human resources	182,114
Information technology	815,342
Legal and accounting	890,288
Parish support	287,636
Sacred Heart Archdiocesan Center	<u>3,255,111</u>

Total finance and administrative services 14,159,622

Tribunal 942,532

Formation – Sacred Heart Major Seminary 1,950,474

Other:

Capital improvements	7,428,031
Donations	262,226
U.S. Catholic conference	<u>280,733</u>

Total other 7,970,990

Total support services 27,378,931

Total expenses 33,269,918

Decrease in Unrestricted Net Assets (56,215)

Net Assets – July 1, 2005 15,438

Net Deficit – June 30, 2006 \$ (40,777)

ARCHDIOCESE OF DETROIT
Central Operations
Statement of Cash Flows
Year Ended June 30, 2006

Cash Flows from Operating Activities:	
Decrease in net assets	\$ (56,215)
Adjustments to reconcile decrease in net assets to net cash from operating activities -	
Changes in assets and liabilities:	
Increase in accounts receivable	(180,700)
Decrease in printing inventory	7,283
Increase in prepaid expenses	(290,036)
Decrease in accounts payable	(615,193)
Decrease in pledges payable	<u>(19,746)</u>
Net cash used in operating activities	(1,154,607)
Cash Flows from Investing Activities -	
Decrease in investment in Loan Deposit Program	46,603
Cash Flows from Financing Activities -	
Increase in due to Loan Deposit Program	<u>1,074,308</u>
Net Decrease in Cash	(33,696)
Cash – July 1, 2005	<u>33,696</u>
Cash – June 30, 2006	<u>\$ 0</u>

ARCHDIOCESE OF DETROIT
Catholic Services Appeal
Balance Sheet
June 30, 2006

Assets:	
Cash	\$ 32,423
Accounts receivable	984,087
Investments in Loan Deposit Program	8,976,777
CSA contributions receivable	<u>7,713,278</u>
Total assets	<u>\$17,706,565</u>
Liabilities and Net Assets:	
Liabilities – Accounts payable	\$ 646,659
Net Assets – Unrestricted – Designated for future use	<u>17,059,906</u>
Total liabilities and net assets	<u>\$17,706,565</u>

ARCHDIOCESE OF DETROIT
Catholic Services Appeal
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006

Unrestricted Revenue and Other Support:	
CSA pledge income	\$16,868,331
Interest	<u>159,917</u>
Total unrestricted revenue and other support.	17,028,248
Transfers:	
To Designated Funds	4,104,984
To Diocesan Collections	613,915
To Central Operations	<u>11,892,853</u>
Total transfers	<u>16,611,752</u>
Increase in Unrestricted Net Assets	416,496
Net Assets – July 1, 2005	<u>16,643,410</u>
Net Assets – June 30, 2006	<u><u>\$17,059,906</u></u>

ARCHDIOCESE OF DETROIT
Catholic Services Appeal
Statement of Cash Flows
Year Ended June 30, 2006

Cash Flows from Operating Activities:	
Increase in net assets	\$ 416,496
Adjustments to reconcile increase in net assets to net cash from operating activities -	
Changes in assets and liabilities:	
Increase in accounts receivable	(198,369)
Increase in contributions receivable	(1,183,824)
Decrease in accounts payable	<u>(781,709)</u>
Net cash provided by operating activities	(1,747,406)
Cash Flows from Investing Activities -	
Decrease in investment in Loan Deposit Program	<u>1,778,967</u>
Net Increase in Cash	31,561
Cash - July 1, 2005	<u>862</u>
Cash - June 30, 2006	<u><u>\$ 32,423</u></u>

ARCHDIOCESE OF DETROIT
Designated Funds
Balance Sheet
June 30, 2006

Assets:	
Cash	\$ 995,891
Accounts receivable	710,827
Assessment receivable	673,641
Investment in Loan Deposit Program	3,680,440
Food inventory	<u>9,478</u>
Total assets	<u><u>\$ 6,070,277</u></u>
Liabilities and Net Assets:	
Liabilities:	
Accounts payable	\$ 202,078
Benefits payable	117,296
Deferred revenue	9,478
Due to Loan Deposit Program	<u>1,093,362</u>
Total liabilities	1,422,214
Net Assets:	
Unrestricted	2,630,969
Temporarily restricted (Note 1)	<u>2,017,094</u>
Total net assets	<u>4,648,063</u>
Total liabilities and net assets	<u><u>\$ 6,070,277</u></u>

ARCHDIOCESE OF DETROIT
Designated Funds
Statement of Changes in Net Assets
Year Ended June 30, 2006

	<u>Beginning of Year</u>	<u>Increase (Decrease) in Operations</u>	<u>End of Year</u>
Unrestricted Net Assets:			
Catholic Action Fund	\$ 125,094	\$ (13,181)	\$ 111,913
Clergy health plan	67,304	(50,005)	17,299
Communications – Local retention	1,146,667	(39,577)	1,107,090
Parish Empowerment Fund	112,182	95,660	207,842
School outreach	355,885	625,876	981,761
School Food Program	381,477	(381,639)	(162)
Unemployment Compensation Fund	2,640	(160,498)	(157,858)
Youth Formation Apostolate	<u>421,087</u>	<u>(58,003)</u>	<u>363,084</u>
Total unrestricted net assets	2,612,336	18,633	2,630,969
Temporarily Restricted Net Assets:			
Archbishop’s Stewardship Fund	620,187	126,812	746,999
CHD – Local retention	190,499	98,084	288,583
Endowment Education Fund	920,795	(411,716)	509,079
Rice Bowl – Local Retention	34,101	27,926	62,027
Youth and Family Ministry	<u>624,221</u>	<u>(213,815)</u>	<u>410,406</u>
Total temporarily restricted net assets	<u>2,389,803</u>	<u>(372,709)</u>	<u>2,017,094</u>
Total net assets	<u>\$ 5,002,139</u>	<u>\$ (354,076)</u>	<u>\$ 4,648,063</u>

ARCHDIOCESE OF DETROIT
Designated Funds
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006

Unrestricted Revenue, Other Support and Transfers:

Unrestricted Revenue and Other Support:

Bequests	\$ 2,730,904
Clergy assessments	2,851,968
Interest	81,894
Rent	459,602
Federal food program	2,476,098
Unemployment premiums collected	<u>1,502,196</u>

Total unrestricted revenue and other support 10,102,662

Net Assets Released from Restrictions – Purpose restriction fulfilled 3,573,947

Transfers:

From Loan Deposit Program	100,000
From Catholic Services Appeal	<u>4,104,984</u>

Total unrestricted revenue, other support and transfers 17,881,593

Expenses and Transfers:

Direct Program Services:

Angel Fund	2,730,904
Archbishop's Stewardship grants	591,708
Catholic Action Fund	18,000
Campaign for Human Development - Local grants	18,000
Clergy sick leave benefits	986,968
Clergy medical insurance premiums	2,010,915
Communications grants	477,791
Parish Empowerment Fund	924,820
Rice Bowl Local Grants	5,000
School Outreach	2,458,628
School Food Program	2,857,738
Tuition grants	2,401,354
Unemployment benefits	1,667,474
Youth and Family Ministry grants	<u>333,660</u>

Total direct program services 17,482,960

Transfer - To Central Operations 375,000

Total direct program services 17,857,960

Supporting Services - Administrative expenses 5,000

Total expenses and transfers 17,862,960

Increase in unrestricted net assets 18,633

ARCHDIOCESE OF DETROIT
Designated Funds
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006
(continued)

Changes in Temporarily Restricted Net Assets:

Temporarily Restricted Revenue and Other Support:	
Local share of diocesan collections	\$ 161,243
Interest	<u>98,675</u>
Total temporarily restricted revenue and other support	259,918
Transfer from Endowment Foundation, Inc.	2,941,320
Net Assets Released from Restrictions – Purpose restriction fulfilled	<u>(3,573,947)</u>
Decrease in Temporarily Restricted Net Assets	<u>(372,709)</u>
Decrease in Net Assets	(354,076)
Net Assets – July 1, 2005	<u>5,002,139</u>
Net Assets – June 30, 2006	<u><u>\$ 4,648,063</u></u>

ARCHDIOCESE OF DETROIT
Designated Funds
Statement of Cash Flows
Year Ended June 30, 2006

Cash Flows from Operating Activities	
Decrease in net assets	\$ (354,076)
Adjustments to reconcile decrease in net assets to net cash from operating activities -	
Changes in assets and liabilities:	
Increase in accounts receivable	(334,068)
Increase in assessment receivable	(171,868)
Increase in accounts payable	77,410
Increase in benefits payable	<u>(55,450)</u>
Net cash used in operating activities	(838,052)
Cash Flows from Investing Activities -	
Decrease in Investment in Loan Deposit Program	1,359,690
Net Increase in Cash	521,638
Cash – July 1, 2005	<u>474,253</u>
Cash – June 30, 2006	<u>\$ 995,891</u>

ARCHDIOCESE OF DETROIT
Archdiocesan Properties
Balance Sheet
June 30, 2006

Assets:	
Cash	\$ 396
Investments:	
Land contracts receivable (Note 3)	3,570,362
Real estate (Note 8)	11,761,106
Less accumulated depreciation (Note 8)	(4,704,444)
Real estate for future parish sites	15,962,963
Other real estate	<u>1,191,566</u>
Total assets	<u>\$27,781,949</u>
Liabilities and Net Assets:	
Liabilities:	
Accounts payable	\$ 56,884
Due to Loan Deposit Program	<u>27,696,182</u>
Total liabilities	27,753,066
Net Assets – Unrestricted	<u>28,883</u>
Total liabilities and net assets	<u>\$27,781,949</u>

ARCHDIOCESE OF DETROIT
Archdiocesan Properties
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006

Unrestricted Revenue, Other Support, and Transfers:	
Net gain on real estate	\$ 5,025,498
Rent	<u>400,000</u>
Total unrestricted revenue and other support	5,425,498
Expenses:	
Direct Program Expenses:	
Depreciation (Note 8)	392,037
Interest	<u>1,128,799</u>
Total direct program expenses	1,520,836
Supporting Services – Administrative expenses	<u>82,005</u>
Total expenses	1,602,841
Transfer – Top Central Operations	<u>3,850,000</u>
Total expenses and transfer	<u>5,452,841</u>
Decrease in Unrestricted Net Assets	(27,343)
Net Assets – July 1, 2005	<u>56,226</u>
Net Assets – June 30, 2006	<u>\$ 28,883</u>

See Notes to Financial Statements

ARCHDIOCESE OF DETROIT
Archdiocesan Properties
Statement of Cash Flows
Year Ended June 30, 2006

Cash Flows from Operating Activities:	
Decrease in net assets	\$ (27,343)
Adjustments to reconcile decrease in net assets to net cash from operating activities:	
Depreciation	392,037
Changes in assets and liabilities:	
Increase in land contracts	(3,477,362)
Increase in accounts payable	<u>27,875</u>
Net cash used in operating activities	(3,084,793)
 Cash Flows from Investing Activities –	
Purchase of real estate for future parish sites	(175,753)
 Cash Flows from Financing Activities –	
Increase in Due to Loan Deposit Program	<u>3,260,263</u>
 Net Decrease in Cash	 (283)
 Cash – July 1, 2005	 <u>679</u>
 Cash – June 30, 2006	 <u>\$ 396</u>

ARCHDIOCESE OF DETROIT
Loan Deposit Program
Balance Sheet
June 30, 2006

Assets:

Cash equivalents (Note 2)		\$	8,471,817
Funds held by investment manager (Note 2)			67,109,203
Accounts receivable			3,076,243
Accrued interest and dividend receivable			332,879
Loans to:			
Parishes and schools	\$145,950,645		
Others	48,774,402		
Other funds included in these financial statements	<u>31,812,682</u>		
Total loans	226,537,729		
Less allowance for doubtful accounts	<u>(48,301,750)</u>		
Net loans			<u>178,235,979</u>
Total assets			<u>\$ 257,226,121</u>

Liabilities and Net Deficit

Liabilities:

Accounts payable		\$	2,300,036
Note payable (Note 11)			21,760,380
Due to:			
Parishes and schools			135,361,489
Catholic cemeteries			21,125,547
Other organizations			67,429,969
Other funds included in these financial statements			<u>14,819,393</u>
Total liabilities			262,796,814
Net Deficit – Unrestricted			<u>(5,570,693)</u>
Total liabilities and net deficit			<u>\$ 257,226,121</u>

ARCHDIOCESE OF DETROIT
Loan Deposit Program
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006

Unrestricted Revenue and Other Support:

Interest on loans to:	
Parishes and schools	\$ 6,622,378
Other organizations	2,494,209
Returns on investments:	
Interest	198,739
Dividends	2,779,271
Net gain on securities	1,106,084
Contributions	107,696
Sale of property and other	<u>5,566,391</u>
Total unrestricted revenue and other support	18,874,768

Expenses:

Program Services:

Interest on deposits from:	
Parishes and schools	5,219,604
Cemeteries	878,469
Other organizations	1,564,334
Archdiocesan funds	<u>2,438,568</u>
Total program services	10,100,975

Support Services:

Administrative expenses	264,088
Provisions for doubtful accounts	<u>5,187,058</u>
Total support services	5,451,146

Transfers:

Central Operations	6,303,031
Clergy health plan	<u>100,000</u>
Total transfers	<u>6,403,031</u>
Total expenses and transfers	<u>21,955,152</u>

Decrease in Unrestricted Net Assets	(3,080,384)
Net Deficit – July 1, 2005	<u>(2,490,309)</u>
Net Deficit – June 30, 2006	<u><u>\$(5,570,693)</u></u>

ARCHDIOCESE OF DETROIT
Loan Deposit Program
Statement of Cash Flows
Year Ended June 30, 2006

Cash Flows from Operating Activities:	
Decrease in net assets	\$ (3,080,384)
Adjustments to reconcile decrease in net assets to net cash from operating activities:	
Provision for doubtful accounts	5,187,058
Changes in assets and liabilities:	
Decrease in accounts receivable	597,154
Increase in accrued interest and dividend receivable	(84,833)
Increase in accounts payable	<u>22,646</u>
Net cash provided by operating activities	2,641,641
Cash Flows from Investing Activities:	
Purchase of investments	(56,614,861)
Proceeds from sale of investments	37,757,008
Proceeds from parishes and schools	10,337,521
Proceeds from Catholic cemeteries	1,791,726
Proceeds to other funds	(2,530,950)
Proceeds from other organizations	<u>2,036,735</u>
Net cash used in investing activities	(7,222,821)
Cash Flows from Financing Activities:	
Advances to other funds	(4,992,932)
Proceeds from parishes and schools	16,540,831
Advances to other organizations	(5,922,669)
Payments on note payable	<u>(1,275,324)</u>
Net cash provided by financing activities	<u>4,349,906</u>
Net Decrease in Cash Equivalents	(231,274)
Cash Equivalents – July 1, 2005	<u>8,703,091</u>
Cash Equivalents – June 30, 2006	<u>\$ 8,471,817</u>

ARCHDIOCESE OF DETROIT
Diocesan Collections
Balance Sheet
June 30, 2006

Assets:	
Cash	\$ 2,078,313
Investment in Loan Deposit Program	<u>1,182,729</u>
Total assets	<u>\$ 3,261,042</u>
Net Assets – Temporarily restricted (Note 1).	<u>\$ 3,261,042</u>

ARCHDIOCESE OF DETROIT
Diocesan Collections
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006

Unrestricted Revenue, Transfers and Other:	
Interest	\$ 39,949
Transfer from Catholic Services Appeal	613,915
Net assets released from restrictions – Purpose restriction fulfilled	<u>5,334,656</u>
Total unrestricted revenue, transfers and other	5,988,520
Expenses:	
Direct Program Services:	
American Catholic Overseas Aid Fund	405,515
American Missions*	205,908
Campaign for Human Development – National	165,000
Campaign for Human Development – Local	105,998
Catholic Home Missions*	105,196
Catholic League for Religious Assistance to Poland	75,034
Catholic University*	157,461
Communications – National*	24,225
Communications – Local*	24,225
Eastern Europe	272,000
Florida hurricane	133,000
Holy Land*	100,000
Katrina relief	2,575,000
Miscellaneous relief efforts	7,063
Peter’s Pence	427,133
Religious retirement	1,050,000
Rice Bowl – National	93,058
Rice Bowl – Local	<u>31,019</u>
Total direct program services	5,956,835

ARCHDIOCESE OF DETROIT
Diocesan Collections
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2006
(Continued)

Expenses (Continued):	
Support Services - Administrative expenses	\$ 31,685
Total expenses	<u>5,988,520</u>
Change in Unrestricted Net Assets	-
Changes in Temporarily Restricted Net Assets	
Revenues:	
African Food Crisis	104,013
American Catholic Overseas Aid Fund	461,387
Campaign for Human Development	366,890
Catholic League for Religious Assistance to Poland	78,688
Eastern Europe	312,772
Florida hurricanes	1,079
Haiti	168
Holy Land	3,100
Indonesian earthquake	1,190
Katrina relief	2,627,230
Miscellaneous relief efforts	675
Peter's Pence	413,588
Religious retirement	1,073,775
Rice Bowl	112,118
Sudan	266
Tsunami	<u>5,826</u>
Total revenues	5,562,765
Net Assets Released from Restrictions - Purpose restriction fulfilled	<u>(5,334,657)</u>
Increase in Temporarily Restricted Net Assets	<u>228,108</u>
Increase in Net Assets	228,108
Net Assets - July 1, 2005	<u>3,032,934</u>
Net Assets - June 30, 2006	<u><u>\$ 3,261,042</u></u>

ARCHDIOCESE OF DETROIT
Diocesan Collections
Statement of Cash Flow
Year Ended June 30, 2006

Cash Flows from Operating Activities –	
Increase in net assets	\$ 228,108
Cash Flows from Investing Activities –	
Increase in Investments in Loan Deposit Program	<u>4,052</u>
Net Increase in Cash	232,160
Cash – July 1, 2005	<u>1,846,153</u>
Cash – June 30, 2006	<u>\$ 2,078,313</u>

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 1 – ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

A. Principles of Reporting

The financial statements include only those funds for which the Archdiocese of Detroit retains operational control. The financial statements do not include the financial condition and changes in net assets of the Priests' Pension Plan, Endowment Foundation, Inc., or the financial conditions and results of operations of parishes, schools, cemeteries, The Michigan Catholic, the Propagation of Faith Office, Catholic charities, the C.Y.O., hospitals and other organizations authorized to operate independently. Some of these organizations have different fiscal year ends and receive substantial financial support from sources outside of the Archdiocese. They all prepare their own financial statements.

A description of the funds included in the financial statements is as follows:

Central Operations – Includes all of the central departments and offices of the Archdiocese. The main source of funding is from Diocesan assessments levied on each parish using a specific formula based on the parish revenue and debt and transfers from the Archdiocesan Properties, Designated Funds, the Loan Deposit Program and the Catholic Services Appeal Fund. Diocesan assessments are recorded in the year levied.

Central Operations accounts for the activity of the Archdiocese's self-insurance plan. Subsequent to June 30, 1986, the Archdiocese discontinued its protected self-insurance program. This program originally accounted for the premium received and claims paid for the Archdiocese's self-insurance plan. Central Operations continues to account for all activity related to this program.

Catholic Services Appeal (C.S.A.) Fund – The C.S.A. receives contributions from an annual fund drive. A fund goal is set at the beginning of the drive, which is achieved through contributions that are recorded as revenue when made. The amount shown as C.S.A. contributions receivable represents the uncollected pledges from individual parishioners and/or parishes required to attain the fund drive goal, and are due in less than one year.

Designated Funds – Accounts for the handling of revenue designated for specific purposes. The revenue must be used within narrow limitations. Donor-restricted contributions to this fund are recorded as temporarily restricted until spent on their intended purpose. The main source of funding is from assessments to parishes, unemployment premiums and transfers from the Loan Deposit Program, Catholic Services Appeal and Endowment Foundation Inc.

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 1 – ACCOUNTING POLICIES (Continued)

A. Principles of Reporting (Continued)

Archdiocesan Properties – Accounts for future parish and school sites, land contracts and revenue-producing real estate operated by funds in these financial statements. Future parish and school sites are recorded at cost plus assessments, property taxes and other maintenance costs. Revenue-producing properties are recorded at cost. While the Archdiocese holds legal title, the Archdiocesan Properties Fund excludes the cost of land, buildings and equipment of parishes, schools and other institutions not presented in these financial statements and property and equipment used in other than revenue-producing activity of operation of the funds included in these financial statements.

Loan Deposit Program – Accounts for the deposits and loans made in the cooperative investment and lending program for the mutual benefit of the parishes and other organizations in the Archdiocese. Interest is paid to parishes semiannually on their deposits at a rate of 4.0 percent per annum, and to others at rates ranging from 4.0 percent to 4.5 percent per annum. Interest is charged semiannually on loans made to parishes and others at rates ranging from 5.0 percent to 5.5 percent per annum for varying lengths of maturity.

The allowance for uncollectible loans is maintained based on a review of the loan balances and the financial condition of the related parishes and is considered adequate to cover possible uncollectible loans at June 30, 2006.

Diocesan Collections – Accounts for the receipts from parishes for extra-Diocesan appeals, transfers received from Catholic Services Appeal to fund certain programs and the remittance of the collections. Amounts received with donor restrictions as to use are recorded as temporarily restricted revenues. The Archdiocese retains 25 percent of both the Human Development and Rice Bowl collections and 50 percent of the Catholic Communications collection for local programs and remits the remaining amount to the national headquarters for national programs.

B. Cash Equivalents

For the purposes of the statement of cash flows, the Archdiocese considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 1 – ACCOUNTING POLICIES (Continued)

C. Investments

Investments of the Loan Deposit Program are stated at fair market value.

Land contracts receivable result from real estate sales. The contracts are expected to be held by the Archdiocese to their maturities.

Investment income is recorded as earned for all funds.

D. Property and Equipment

The Archdiocese of Detroit records as assets, real estate and equipment used in revenue-producing activity by funds included in these financial statements. Other real estate and equipment used in the operations under fiscal responsibility of the Archdiocese are recorded as expenditures in current operations when acquired. Depreciation of recorded assets is computed using the straight-line method over the useful lives of the assets. Revenue from the sale of property and equipment is recognized at the time of sale. The recorded cost and all expenditures related to property taken out of service are offset against the revenue.

E. Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

F. Expenditures

All expenditures are recorded on the accrual basis.

G. Tax Status

The Archdiocese is exempt from income tax under Internal Revenue Code Section 501(c)(3).

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 1 – ACCOUNTING POLICIES (Continued)

H. Classification of Net Assets

Net assets of the Archdiocese are classified as permanently restricted, temporarily restricted or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Archdiocese's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Unrestricted – Net assets designated for future use in the Catholic Services Appeal Fund are designated for use in the fiscal year beginning July 1, 2006.

Temporarily Restricted – Net assets in the Designated Funds are restricted for various specific purposes as specified by the donor.

Temporarily Restricted – Net assets in Diocesan Collections are restricted to use for the country or purpose for which they were donated.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 2 – INVESTMENTS

A summary of all investments and cash equivalents held by the Archdiocese at June 30, 2006 is as follows:

	Fair Market Value
Cash and cash equivalents	\$ 17,349,185
Stocks	68,757,539
Government and agency securities	68,294,430
Total	\$154,401,154

The Loan Deposit Program is allocated approximately 48.8 percent of the total investment portfolio at June 30, 2006.

NOTE 3 – LAND CONTRACTS RECEIVABLE

Archdiocesan Properties Fund – The total consists of two contracts with 3 percent per annum interest rates maturing in June 2009 and August 2010.

NOTE 4 – SELF-INSURANCE PLAN

During the year ended June 30, 1987, the Archdiocese entered into a self-insurance plan with the other Michigan dioceses for workers’ compensation, liability and property coverage. The plan is managed by the Michigan Catholic Conference and claims are administered by a third-party administrator. Initial losses of up to \$300,000 for workers’ compensation, \$500,000 for liability and \$250,000 for property per occurrence are the responsibility of the plan. The premiums paid to the plan by the Archdiocese are recorded in the expenditures of the Central Operations Fund.

The plan’s specific reinsurance carrier is responsible for all claims in excess of \$300,000 for workers’ compensation, \$500,000 for liability and \$250,000 for property per occurrence, up to a limit of \$100,000,000 per occurrence. For the current year, the plan is responsible for aggregate losses up to \$11,390,659. The Archdiocese, along with the other dioceses included in the plan, is contingently liable for claims in excess of these amounts. This contingency is not estimable nor determinable and has not been accounted for in the financial statements.

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 5 – COMMITMENTS AND GUARANTEES

Loan Deposit Program – There are no remaining amounts of loans approved and committed to parishes for construction projects during the next fiscal year.

The Archdiocese of Detroit has guaranteed the irrevocable letter of credit with a bank related to the bond issue of Pontiac Vision 2000 Schools, Inc. for \$16,721,000. In the event of a default by Pontiac Vision 2000 Schools, Inc., the Archdiocese could be obligated to repay the full amount outstanding on the bonds. In the event the Archdiocese is required to make payments under the guarantee, the Archdiocese could seek to recover those amounts from the schools; however, the Archdiocese does not hold specific recourse or collateral rights in connection with the guarantee.

NOTE 6 – PENSION PLAN – LAY EMPLOYEES

The Archdiocese contributes to a statewide defined benefit pension plan that covers substantially all lay employees. The plan is administered by the Michigan Catholic Conference (MCC). Contributions to the plan are based on a percentage of covered employees' wages and amounted to \$568,344 for the year ended June 30, 2006 for employees of the Central Office. The percentage of wages to be contributed is 6.6 percent. The pension plan assets exceeded the actuarially computed value of vested benefits as of June 30, 2005, the date of the last actuarial valuation. The weighted average assumed rate of return used in the valuation was 8 percent.

Information as to the actuarial present value of vested and nonvested accumulated plan benefits and the plan's net assets available for benefits attributable to employees of the Archdiocese of Detroit is not available since the MCC does not compute it for each participating diocese.

NOTE 7 – REPLACEMENT VALUE OF BUILDINGS

The replacement value of the real property (buildings only) of parishes, schools and institutions owned by the Archdiocese is in excess of \$20,000,000, as determined by Marshall Swift Valuation Services Cost Indices as of June 30, 2006. The replacement value of the real property included in this valuation is comprised substantially of buildings that are excluded from the Archdiocesan Properties Fund.

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 8 – SACRED HEART ARCHDIOCESAN CENTER

On July 1, 1994, the Archdiocesan Properties and Central Operations Funds took over the property and service management of Sacred Heart Archdiocesan Center. The property and related debt have been recorded in the Archdiocesan Properties Fund at the original amount of the debt transferred (\$11,761,106). The property is being depreciated on a straight-line basis over the estimated useful life of the property. The debt, which is non-interest-bearing and being paid off at approximately \$400,000 per year over 30 years, is owed to the Loan Deposit Program Fund, which has recorded the loan as loans to other funds included in these financial statements. The income and expenses related to the service management have been recorded in the Central Operations Fund.

NOTE 9 – CASH FLOWS

Cash paid for interest for the year ended June 30, 2006 is as follows:

Archdiocese Loan Deposit Program	\$ 10,100,975
Archdiocese Properties Fund	1,128,799

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS

A summary of the methods and significant assumptions used to estimate the fair values of financial instruments for Central Operations, Catholic Services Appeal Fund, Designated Funds, Loan Deposit Program, Archdiocesan Properties and Diocesan Collections is as follows:

Short-term Financial Instruments – The fair values of short-term financial instruments, including cash and cash equivalents, accrued interest and dividends, C.S.A. contributions, assessment and accounts receivable, inventory, accounts and benefits payable, and pending insurance claims, all due to Archdiocese-related entities or funds, approximate their carrying amounts in the accompanying financial statements due to the short maturity of such instruments.

Land Contracts Receivable – The fair values of land contracts receivable approximate the carrying amounts since interest rates reflect current market rates.

Investments – The fair values of investments, including investments in the Loan Deposit Program, securities and investments, are comprised of the funds' individual share of the trust demand notes, stock and government and agency and corporate securities and approximate the carrying amounts, which are based on quoted market prices.

ARCHDIOCESE OF DETROIT
Notes to Financial Statements
June 30, 2006

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Due to Loan Deposit Program – The fair value of due to Loan Deposit Program approximates the carrying amounts since the interest rate reflects current market rates.

Loans – The fair values of all interest-bearing loans approximate the carrying amounts since rates reflect current market rates. The fair values of the noninterest-bearing loans, with a carrying amount of approximately \$26,500,000, cannot be determined due to the uncertainty of collections.

NOTE 11 – NOTE PAYABLE

The Archdiocese also has an unsecured note payable to a bank bearing interest at a rate of 5.8 percent per annum. Payments, including principal and interest, of \$625,000 are due quarterly through January 2007. The Archdiocese has the option to extend the loan repayment at the same terms for an additional five years. If the Archdiocese does not extend the loan, the remaining principal would be due at that time. The principal amount remaining on the loan at June 30, 2006 is \$21,660,380.