

CATHOLIC MEDICAL MISSION BOARD, INC.

Financial Statements  
for year ended  
September 30, 2006

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Independent Auditor's Report

Board of Directors  
Catholic Medical Mission Board, Inc.  
10 West 17th Street  
New York, New York

We have audited the accompanying statements of financial position of Catholic Medical Mission Board, Inc. (the Organization) as of September 30, 2006 and 2005, and the related statements of activities, cash flows, and functional expenses 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 Catholic Medical Mission Board, Inc. as of September 30, 2006 and 2005, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*PKF*

Certified Public Accountants  
A Professional Corporation

March 23, 2007

CATHOLIC MEDICAL MISSION BOARD, INC.  
Statements of Financial Position  
Assets

	September 30	
	2006	2005
Current assets		
Cash and cash equivalents (notes 2 and 3)	\$ 1,090,318	\$ 650,986
Investments in marketable securities (notes 2 and 4)	3,083,595	3,018,153
Inventory (note 2)	25,630,323	12,999,436
Accrued interest and other receivables	164,433	571,779
Contributions receivable (note 5)	418,950	587,969
Prepaid expenses	50,758	101,944
Total current assets	30,438,377	17,930,267
Property and equipment, net (notes 2 and 6)	1,329,225	1,408,591
Gift annuity investments (notes 2 and 7)	2,700,563	2,757,765
Contributions receivable (note 5)	72,818	346,906
Other asset	40,007	13,254
Assets held in charitable remainder annuity trust (note 11)	625,613	648,406
Total assets	\$ 35,206,603	\$ 23,105,189
		Liabilities and Net Assets
Current liabilities		
Accounts payable and other accrued liabilities	\$ 1,148,529	\$ 871,511
Current portion of gift annuity payable (notes 2 and 7)	199,358	168,192
Current portion of charitable remainder annuity trust payable (note 11)	17,984	16,660
Total current liabilities	1,365,871	1,056,363
Gift annuity payable (notes 2 and 7)	2,097,631	2,103,797
Charitable remainder annuity trust payable (note 11)	583,937	607,156
Other liability	40,007	13,254
Postretirement benefits payable (note 9)	255,180	223,940
Total liabilities	4,342,626	4,004,510
Net assets		
Unrestricted (note 2)	30,090,379	18,155,863
Temporarily restricted (notes 2, 5 and 10)	773,598	944,816
Total net assets	30,863,977	19,100,679
Total liabilities and net assets	\$ 35,206,603	\$ 23,105,189

See notes to financial statements

CATHOLIC MEDICAL MISSION BOARD, INC.  
Statement of Activities

	For Year Ended September 30, 2006		
	Unrestricted	Temporarily Restricted	Total
Support			
Donated pharmaceuticals, equipment and supplies	\$ 142,329,676	\$ -	\$ 142,329,676
Donated services	5,824,369	-	5,824,369
Contributions	8,776,727	466,223	9,242,950
Wills and legacies	3,519,858	-	3,519,858
Dividends and interest	244,484	-	244,484
Total unrestricted support	160,695,114	466,223	161,161,337
Net assets released from restrictions	637,441	(637,441)	-
Total unrestricted support and reclassifications	161,332,555	(171,218)	161,161,337
Expenses			
Program services	143,280,642	-	143,280,642
Administrative	2,599,212	-	2,599,212
Fundraising	3,740,082	-	3,740,082
Total functional expenses	149,619,936	-	149,619,936
Other revenue (expenses)	327,151	-	327,151
Unrealized appreciation on investments	(104,356)	-	(104,356)
Realized (loss) on sale of marketable securities and gift annuity investments	(898)	-	(898)
Change in value of split-interest agreement	221,897	-	221,897
Total other revenue (expenses)	11,934,516	(171,218)	11,763,298
Changes in net assets	18,155,863	944,816	19,100,679
Net assets at beginning of year	\$ 30,090,379	\$ 773,598	\$ 30,863,977
Net assets at end of year	\$ 48,246,242	\$ 1,718,414	\$ 49,964,656
	For Year Ended September 30, 2005		
	Unrestricted	Temporarily Restricted	Total
Support			
Donated pharmaceuticals, equipment and supplies	\$ 184,524,340	\$ -	\$ 184,524,340
Donated services	5,392,390	-	5,392,390
Contributions	6,934,260	1,037,381	7,971,641
Wills and legacies	3,602,263	-	3,602,263
Dividends and interest	297,644	-	297,644
Total unrestricted support	200,750,897	1,037,381	201,788,278
Net assets released from restrictions	798,921	(798,921)	-
Total unrestricted support and reclassifications	201,549,818	238,460	201,788,278
Expenses			
Program services	188,032,512	-	188,032,512
Administrative	2,651,503	-	2,651,503
Fundraising	3,265,097	-	3,265,097
Total functional expenses	193,949,112	-	193,949,112
Other revenue (expenses)	186,844	-	186,844
Unrealized appreciation on investments	(158,936)	-	(158,936)
Realized (loss) on sale of marketable securities and gift annuity investments	(4,160)	-	(4,160)
Other	7,590	-	7,590
Change in value of split-interest agreement	31,338	-	31,338
Total other revenue (expenses)	7,632,044	-	7,870,504
Changes in net assets	10,523,819	706,356	11,230,175
Net assets at beginning of year	\$ 18,155,863	\$ 944,816	\$ 19,100,679
Net assets at end of year	\$ 28,679,682	\$ 1,651,172	\$ 30,330,854

See notes to financial statements

CATHOLIC MEDICAL MISSION BOARD, INC.  
Statements of Cash Flows

	Year Ended	
	2006	2005
	September 30	
Cash flows from operating activities	\$ 11,763,298	\$ 7,870,504
Changes in net assets		
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	194,768	177,472
Amortization of bond premium	(645)	(2,424)
Realized loss on sale of marketable securities and gift annuity investments	104,356	158,936
Change in value of split-interest agreements (Appreciation) of marketable securities and gift annuity investments	898	(7,590)
Changes in assets and liabilities	(327,151)	(186,844)
(Increase) decrease in accrued interest and other receivables	407,346	(469,304)
Decrease in contributions receivable	443,107	1,085,360
(Increase) in inventory	(12,630,887)	(8,488,434)
(Increase) decrease in prepaid expenses	51,186	(41,792)
Increase (decrease) in accounts payable and other accrued liabilities	277,018	(443,927)
Increase in postretirement benefits payable	31,240	29,201
Net cash provided (used) by operating activities	<u>314,534</u>	<u>(318,842)</u>
Cash flows from investing activities		
Proceeds from sale of marketable securities and gift annuity investments	1,885,769	1,841,368
Purchases of marketable securities and gift annuity investments	(1,609,664)	(1,008,212)
Capital expenditures	(115,402)	(209,344)
Net cash provided by investing activities	<u>160,703</u>	<u>623,812</u>
Cash flows from financing activities		
Proceeds from gift annuities	273,500	111,287
Payment of gift annuity obligations	(309,405)	(161,307)
Payment on notes payable	-	(1,000,000)
Net cash (used) by financing activities	<u>(35,905)</u>	<u>(1,050,020)</u>
Net increase (decrease) in cash and cash equivalents	439,332	(745,050)
Cash and cash equivalents at beginning of year	650,986	1,396,036
Cash and cash equivalents at end of year	<u>\$ 1,090,318</u>	<u>\$ 650,986</u>

See notes to financial statements

CATHOLIC MEDICAL MISSION BOARD, INC.

Statement of Functional Expenses  
For Year Ended September 30, 2006

	Program Services	Administrative	Fund Raising	Total
Salaries	\$ 2,296,381	\$ 811,864	\$ 880,513	\$ 3,988,758
Fringe benefits	365,276	663,038	68,296	1,096,610
Total	2,661,657	1,474,902	948,809	5,085,368
Temporary help	11,973	36,689	946	49,608
Postage and mailing service	45,054	4,498	510,020	559,572
Rent and utilities	181,311	65,442	-	246,753
Telephone and communications	51,165	95,368	4,151	150,684
Office supplies	197,342	111,734	18,112	327,188
Warehouse supplies	236,513	2,054	-	238,567
Insurance	21,557	128,809	-	150,366
Maintenance	98,005	17,518	-	115,523
Professional services	507,908	339,791	228,476	1,076,175
Investment fees and bank charges	116,211	9,076	149,318	274,605
Donor acquisition	-	9,749	1,197,402	1,207,151
Donor telemarketing	-	-	202,334	202,334
Conventions, meetings and workshops	409,401	72,269	571	482,241
Corporate liaison	-	-	-	-
Travel	505,171	142,021	70,789	717,981
Fees and membership	26,888	5,254	25,446	57,588
Publications	10,454	693	316	11,463
Advertising and publicity	11,445	6,471	5,395	23,311
Printing	47,730	6,487	160,341	214,558
Shipping, freight and storage	298,107	231	-	298,338
Staff training	8,787	1,285	-	10,072
Service contracts	53,479	43,871	217,656	315,006
Total expenses before medical assistance to missions, inventory adjustments, donated services and depreciation	5,500,158	2,574,212	3,740,082	11,814,452
Medical assistance to missions	130,440,142	25,000	-	130,465,142
Inventory adjustments	1,321,205	-	-	1,321,205
Donated services	5,824,369	-	-	5,824,369
Depreciation	194,768	-	-	194,768
Total expenses	\$ 143,280,642	\$ 2,599,212	\$ 3,740,082	\$ 149,619,936

See notes to financial statements

CATHOLIC MEDICAL MISSION BOARD, INC.

Statement of Functional Expenses  
For Year Ended September 30, 2005

	Program Services	Administrative	Fund Raising	Total
Salaries	\$ 1,273,855	\$ 966,393	\$ 676,449	\$ 2,916,697
Fringe benefits	298,702	207,729	200,669	707,100
Total	1,572,557	1,174,122	877,118	3,623,797
Temporary help	28,398	75,606	43,378	147,382
Postage and mailing service	20,577	36,603	482,649	539,829
Rent and utilities	97,561	32,920	-	130,481
Telephone and communications	54,223	51,714	1,854	107,791
Office supplies	333,445	75,822	17,407	426,674
Warehouse supplies	46,996	-	-	46,996
Insurance	19,161	133,593	-	152,754
Maintenance	26,821	13,360	103	40,284
Professional services	963,132	595,810	325,713	1,884,655
Investment fees and bank charges	12,090	170,506	48,450	231,046
Donor acquisition	-	-	825,488	825,488
Donor disbursements	-	-	847	847
Donor telemarketing	-	-	261,738	261,738
Conventions, meetings and workshops	205,524	51,516	4,926	261,966
Corporate liaison	-	-	1,893	1,893
Travel	430,807	108,464	45,151	584,422
Fees and membership	24,947	18,883	7,527	51,357
Publications	1,317	845	12,368	14,530
Advertising and publicity	956	9,942	5,500	16,398
Printing	4,235	49,061	170,212	223,508
Shipping, freight and storage	405,190	806	3,503	409,499
Staff training	207,595	-	1,320	208,915
Service contracts	49,158	51,930	127,952	229,040
Total expenses before medical assistance to missions, inventory adjustments, donated services and depreciation	4,504,690	2,651,503	3,265,097	10,421,290
Medical assistance to missions	177,184,189	-	-	177,184,189
Inventory adjustments	773,771	-	-	773,771
Donated services	5,392,390	-	-	5,392,390
Depreciation	177,472	-	-	177,472
Total expenses	\$ 188,032,512	\$ 2,651,503	\$ 3,265,097	\$ 193,949,112

See notes to financial statements

CATHOLIC MEDICAL MISSION BOARD, INC.

Notes to Financial Statements  
September 30, 2006

Note 1 - Organization

The Catholic Medical Mission Board, Inc. (the Organization) was organized in New York in 1928 as a non-profit corporation for the purpose of providing medical supplies and equipment to needy clinical facilities in missions throughout the world. The Organization also coordinates the placement of professionals and health care volunteers within the missions.

Note 2 - Summary of significant accounting policies

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting.

Basis of presentation

The Organization classifies its support as either unrestricted, temporarily restricted, or permanently restricted depending upon the absence or existence of donor-imposed restrictions or stipulations.

Unrestricted support is that which can be used for any legal purpose.

Temporarily restricted is a donor-imposed restriction that specifies the use of the support and is satisfied either through the passage of time or by the Organization's actions, and permits the Organization to use or expend part of the support.

Permanently restricted is a donor-imposed restriction which requires the Organization to maintain the contributed assets permanently, but permits the Organization to use or expend part of the support.

Where a restriction expires (that is, where a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated pharmaceuticals, equipment, supplies and services

The Organization records the value of donated pharmaceuticals, equipment, supplies and services when there is an objective basis available to measure their value. Most donated pharmaceuticals, equipment and supplies are reflected as support in the accompanying financial statements at the industry standard (Red Book - Pharmacy's Fundamental Reference) at the date of receipt. A summary of days spent by volunteers during the years ended September 30, 2006 and 2005 is as follows:

Classification	Fiscal	
	2006 Days	2005 Days
Licensed professionals	18,249	18,889

The total estimated value of the licensed professionals donated services for the years ended September 30, 2006 and 2005 were \$5,824,369 and \$5,392,390, respectively.

CATHOLIC MEDICAL MISSION BOARD, INC.  
Notes to Financial Statements (continued)  
September 30, 2006

Cash and cash equivalents

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

Investments

Investments in marketable securities and gift annuity investments are stated at fair market value.

Inventory

Purchased inventory is stated at the lower of cost or market value, and donated inventory is generally stated at the industry standard (Red Book - Pharmacy's Fundamental Reference).

Inventory adjustments included in the accompanying statements of activities and statements of functional expenses reflect expired pharmaceuticals, periodic physical count modifications and manual input adjustments.

Depreciation

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 50 years.

Income taxes

The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provision.

Use of estimates

In preparing its financial statements in conformity with accounting principles generally accepted in the United States of America, the Organization makes 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 support and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

The Organization maintains cash balances at several financial institutions which at times may exceed FDIC insurance limits. The Organization has not experienced any losses on its cash deposits.

Gift annuity program

The Organization has a gift annuity program whereby it receives contributions from participating donors. Under the arrangement, the Organization agrees to pay certain sums to the donors at prescribed intervals over the life of the donors. The assets received are recorded at their fair value and the related liability is recorded as an annuity obligation at the present value of the estimated future payments to be distributed by the Organization based on expected mortality and a discount rate. The amount of contribution to the Organization is the difference between the asset and the computed liability.

Functional allocation of expenses

The costs of providing various programs and supporting activities such as, fund-raising and administrative have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated as determined by management among the programs and supporting activities benefited.

## CATHOLIC MEDICAL MISSION BOARD, INC.

Notes to Financial Statements (continued)  
September 30, 2006Note 3 - Cash and cash equivalents

Cash and cash equivalents consist of the following at September 30, 2006 and 2005:

	2006	2005
Checking and petty cash	\$ 726,867	\$ 206,628
Savings and money market	6,698	257,279
Held by brokers	356,753	187,079
Total	<u>\$ 1,090,318</u>	<u>\$ 650,986</u>

Note 4 - Investments in marketable securities

Investments in marketable securities consist of the following at September 30, 2006 and 2005:

	2006		2005	
	Cost	Market	Cost	Market
Common stock	\$ 1,857,420	1,910,906	\$ 1,893,657	\$ 1,667,545
Corporate bonds	1,086,528	1,072,351	1,182,997	1,173,708
Mutual funds	94,579	100,338	183,800	176,900
Total	<u>\$ 3,038,527</u>	<u>\$ 3,083,595</u>	<u>\$ 3,260,454</u>	<u>\$ 3,018,153</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended September 30, 2006 and 2005:

	2006	2005
Dividends and interest	\$ 119,881	\$ 168,358
Realized (loss) on sale of marketable securities	(110,144)	(153,325)
Unrealized appreciation of marketable securities	287,369	172,064
Total	<u>\$ 297,106</u>	<u>\$ 187,097</u>

Note 5 - Contributions receivable

At September 30, 2006 and 2005 contributions receivable consists of:

	2006	2005
The Campaign for Women and Children (a)	\$ 339,010	\$ 815,595
Grants	7,836	33,036
Other (a)	144,922	86,244
	<u>\$ 491,768</u>	<u>\$ 934,875</u>

(a) Donor pledges payable over a period of years have been reflected at their net present values.

CATHOLIC MEDICAL MISSION BOARD, INC.  
Notes to Financial Statements (continued)  
September 30, 2006

Future minimum amounts to be received related to the above contributions consist of the following:

	Fiscal year ending September 30,	
2007	\$ 418,950	
2008	62,818	
2009	10,000	
	\$ 491,768	

Note 6 - Property and equipment, net

Property and equipment are stated at cost and consist of the following at September 30, 2006 and 2005:

	2006	2005
Land	\$ 57,000	\$ 57,000
Office building	345,173	345,173
Office building improvements	1,016,849	1,016,849
Office equipment	770,247	675,502
Vehicles	65,431	44,774
Warehouse	346,344	346,344
Warehouse improvements	557,182	557,182
Warehouse equipment	393,514	393,514
Total property and equipment	3,551,740	3,436,338
Less accumulated depreciation	2,222,515	2,027,747
Total property and equipment, net	\$ 1,329,225	\$ 1,408,591

Note 7 - Gift annuity program

The Organization has a gift annuity program whereby donors transfer assets to the Organization and receive fixed payments for the remainder of their lifetimes. A number of factors, including the amount placed in the gift annuity and the age of the donor, determine the amount of the fixed payment to the donor. Amounts received from donors are allocated between contribution support and gift annuity payable based on a predetermined formula. A summary of activity in the gift annuity program during the years ended September 30, 2006 and 2005 is as follows:

	2006	2005
Gifts received from donors	\$ 273,500	\$ 174,610
Amount recognized as contribution revenue	(91,545)	(63,323)
Amount recognized as gift annuity payable	181,955	111,287
Amount paid to donors	(309,405)	(161,307)
Change in value of gift annuity liability	227,719	75,645
Other	-	3,182
Reclassification from annuity payable to contributions due to death of annuitant	(75,269)	(60,741)
Net increase (decrease) in gift annuity payable	25,000	(31,934)
Gift annuity payable at beginning of year	2,271,989	2,303,923
Gift annuity payable at end of year	\$ 2,296,989	\$ 2,271,989

CATHOLIC MEDICAL MISSION BOARD, INC.  
Notes to Financial Statements (continued)  
September 30, 2006

The following is a schedule by years of future minimum gift annuity payments:

	Fiscal year ending September 30,	
2007	\$	199,358
2008		195,874
2009		188,898
2010		180,483
2011		171,698
Thereafter		1,360,678
Total	\$	<u>2,296,989</u>

Gift annuity program investment return is included in the accompanying statement of activities. Gift annuity program investment return for the years ended September 30, 2006 and 2005 is summarized below:

	2006	2005
Dividends and interest	\$ 124,603	\$ 129,286
Realized gain (loss) on sale of gift annuity investments	5,788	(5,611)
Unrealized appreciation of gift annuity investments	<u>39,782</u>	<u>14,780</u>
Total	<u>\$ 170,173</u>	<u>\$ 138,455</u>

Note 8 - Retirement plans

The Organization provides a pension plan for eligible employees through the Archdiocesan Pension Plan. The Archdiocesan Pension Plan is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan covers all employees who are thirty years of age or older who have completed three years of service as of the beginning of the plan year (July 1). Under the plan, a contribution is made to the account of each individual employee, based on annual compensation levels. The pension expense for this plan was \$80,044 and \$29,167 for the years ended September 30, 2006 and 2005, respectively.

The Organization sponsors a savings plan under Section 401(k) of the Internal Revenue Code called the Catholic Medical Mission Board, Inc. 401(k) Savings Plan (the 401(k) Plan). The 401(k) Plan allows eligible employees to contribute up to 20% of their compensation on a pre-tax basis, subject to an annual limitation per employee. In addition, the Organization will make a matching contribution to the 401(k) Plan equal to one-half of the first 6% of annual eligible compensation. For the years ended September 30, 2006 and 2005, the Organization contributed \$68,553 and \$61,340, respectively, to the 401(k) Plan.

Note 9 - Postretirement benefits

The Organization provides for medical insurance for retired employees age fifty or greater, who have achieved at least twenty years of service at the time of retirement. The Organization reimburses the equivalent cost of the post-age 65 plan for retired employees and spouses who have not reached the age of 65. The Organization assumes the full cost for a secondary insurance contract (supplemental to Medicare) for retired employees and/or spouses reaching the age of sixty-five. The Organization funds its post retirement benefits cost on a pay as you go basis.

CATHOLIC MEDICAL MISSION BOARD, INC.  
Notes to Financial Statements (continued)  
September 30, 2006

The unfunded status and amounts recognized in the statement of financial position at September 30, 2006 and 2005 were as follows:

	2006	2005
Benefit obligation	\$ (255,180)	\$ (223,940)
Fair value of plan assets	-	-
Funded status	\$ (255,180)	\$ (223,940)
(Accrued) postretirement benefit cost recognized in the accompanying statements of financial position	\$ (255,180)	\$ (223,940)
Discount rate	7.5%	7.5%
Benefit cost	\$ 36,882	\$ 35,127
Employer contribution	5,642	5,926

For measurement purposes, a 6% annual rate of increase in the per capita cost of covered health care benefits was assumed in each of fiscal 2006 and 2005.

Assumed health care cost trends have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	2006		2005	
	1-Percentage- Point Increase	1-Percentage- Point Decrease	1-Percentage- Point Increase	1-Percentage- Point Decrease
Effect on total service and interest cost components	\$ 8,412	\$ (6,088)	\$ 7,403	\$ (5,341)
Effect on postretirement benefit obligation	51,038	(37,973)	50,751	(38,605)

The Organization expects to contribute \$5,901 to fund these benefits in fiscal 2007.

The following benefit payments are expected to be paid:

	Fiscal Year(s)				
	2007	\$	5,901		
	2008		6,045		
	2009		6,167		
	2010		6,264		
	2011		6,500		
	2012-2016		37,745		

CATHOLIC MEDICAL MISSION BOARD, INC.  
Notes to Financial Statements (continued)  
September 30, 2006

Note 10 - Temporarily restricted net assets

The temporarily restricted net assets at September 30, 2006 and 2005 consist of the following:

	2006	2005
Haiti grants (A)	\$ 207,815	\$ 428,856
Zbylut fund (B)	112,934	114,909
Born to Live (C)	95,500	87,119
Zambia (D)	79,955	62,086
India (A)	-	50,000
Tsunami (E)	19,537	124,513
Disaster Relief (F)	124,853	-
Other	133,004	77,333
	\$ 773,598	\$ 944,816

- (A) These net assets are to be used to assist in funding the Organization's programs for women and children.
- (B) These net assets are to provide funds for the training of nurses in developing countries.
- (C) These net assets are to be used to assist in funding the Organization's Born to Live program in South Africa.
- (D) These net assets are to be used to assist in funding the volunteer programs.
- (E) These net assets are to be used to provide funds for Tsunami relief.
- (F) These net assets are to be used to provide relief from hurricanes in Central America and earthquakes in India and Pakistan.

Note 11 - Charitable remainder annuity trust

In September 1997, the Organization was named as trustee for a charitable remainder annuity trust (CRAT). The CRAT is required to make annual payments to the donors equal to 7.1% of the net fair market value of the contributed assets as of the date the agreement was executed. Upon the death of the donors, the trustee is required to distribute the assets of the trust to the Little Sisters of the Poor of Los Angeles in the amount of the lesser of fifty percent of the assets or \$1,000,000 and the remainder to the Organization. The fair market value of the trust assets at September 30, 2006 and 2005 was \$625,613 and \$648,406, respectively.

The following is a schedule by years of future minimum CRAT annuity principal payments as of September 30, 2006:

Fiscal 2007	\$	17,984
Fiscal 2008		19,052
Fiscal 2009		20,204
Fiscal 2010		21,466
Fiscal 2011		22,840
Thereafter		500,375
Total	\$	601,921

\* \* \*