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THE DIOCESE OF ROCKVILLE CENTRE
PROPAGATION OF THE FAITH AND MISSION OFFICE

Financial Statements

December 31, 2006

(With Independent Auditors' Report Thereon)

THE DIOCESE OF ROCKVILLE CENTRE
PROPAGATION OF THE FAITH AND MISSION OFFICE

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KPMG LLP
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Independent Auditors' Report

The Most Reverend William F. Murphy, S.T.D., L.H.D.,
Bishop of the Roman Catholic Diocese of Rockville Centre:

We have audited the accompanying statement of financial position of The Diocese of Rockville Centre Propagation of the Faith and Mission Office (the Mission Office) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Mission Office'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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mission Office's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Diocese of Rockville Centre Propagation of the Faith and Mission Office as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in note 7 to the accompanying financial statements of the Diocese of Rockville Centre Propagation of the Faith and Mission Office, net assets as of December 31, 2005 have been restated from the Mission Office's previously issued financial statements, which were audited by other auditors.

KPMG LLP

July 11, 2008

THE DIOCESE OF ROCKVILLE CENTRE
PROPAGATION OF THE FAITH AND MISSION OFFICE

Statement of Financial Position

December 31, 2006

Assets		
Cash and cash equivalents	$	373,010
Investments, at fair value (note 3)		2,215,206
Accrued interest receivable and other assets		7,371
Contributions receivable		11,362
Furniture, fixtures and equipment (net of accumulated depreciation of $97,529)		1,433
Total assets	$	2,608,382
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$	22,298
Due to related organizations		41,576
Funds held for others (notes 4 and 6)		1,847,863
Total liabilities		1,911,737
Net assets – unrestricted		696,645
Total liabilities and net assets	$	2,608,382

See accompanying notes to financial statements.

THE DIOCESE OF ROCKVILLE CENTRE
PROPAGATION OF THE FAITH AND MISSION OFFICE

Statement of Activities

Year ended December 31, 2006

Revenues:	
Total contributions raised	$ 1,779,423
Less:	
Amounts raised on behalf of others (note 6)	(685,781)
Amounts raised for National Office (note 4)	(1,093,642)
Investment income	11,456
Administrative fees	191,486
Total revenues	202,942
Expenses:	
Supporting services:	
Management and general	168,735
Fund-raising	37,498
Total expenses	206,233
Decrease in net assets	(3,291)
Net assets at beginning of year, as restated (note 7)	699,936
Net assets at end of year	$ 696,645

See accompanying notes to financial statements.

THE DIOCESE OF ROCKVILLE CENTRE
PROPAGATION OF THE FAITH AND MISSION OFFICE

Statement of Cash Flows

Year ended December 31, 2006

Cash flows from operating activities:		
Decrease in net assets	$	(3,291)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation expense		1,434
Changes in assets and liabilities:		
Increase in accrued interest receivable and other assets		(2,427)
Decrease in contributions receivable		55,339
Decrease in accounts payable and accrued expenses		(25,111)
Increase in due to related organizations		28,911
Increase in funds held for others		658,521
Net cash provided by operating activities		713,376
Cash flows from investing activities:		
Purchases of investments		(732,135)
Proceeds from sale of investments		164,419
Net cash used in investing activities		(567,716)
Net increase in cash and cash equivalents		145,660
Cash and cash equivalents at beginning of year		227,350
Cash and cash equivalents at end of year	$	373,010

See accompanying notes to financial statements.

(1) Organization

The Diocese of Rockville Centre Propagation of the Faith and Mission Office (the Mission Office) is a member of the National Office for the Society for the Propagation of the Faith (the National Office), which was organized to develop an awareness of the work of missionaries and a better understanding of the social, economic, cultural and religious conditions of the people with whom they work; encourage support of the missions and missionaries through prayer and donations; and develop personal contact with the missionaries.

The Mission Office is part of the Roman Catholic Diocese of Rockville Centre (the Diocese), which is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization described in Section 501(a), and a similar provision of the New York State income tax laws. Accordingly, no provision for income taxes has been made.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles using the accrual basis of accounting. Accordingly, the Mission Office's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Mission Office and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the principal be maintained permanently by the Mission Office.

The Mission Office did not have any temporarily restricted or permanently restricted net assets as of December 31, 2006.

Mission Office revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions receivable are all scheduled to be collected in the next year.

(Continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid instruments with original maturities of three months or less.

(c) Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost at date of acquisition or fair value at date of contribution, if donated. Depreciation expense is recorded on the straight-line basis over the estimated useful lives of the related assets, as follows:

Furniture, fixtures and equipment	5 years
Computer equipment	3 years

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles generally 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Investments

The Mission Office's investments are in a pooled investment fund held by Unitas Investment Fund, Inc. (Unitas), a separately incorporated, nonregulated investment fund organized and operated by the Administrative Offices of the Diocese, a related party, which offers investment options to participants, including a short-term enhanced cash fund, fixed-income and equity offerings. The investments in Unitas are carried at fair value based principally upon the quoted market prices of the underlying assets of the fund. A "mission fee" is deducted from the investment performance of all participants for the purpose of funding the mission component, provided the fund had a positive return. The rates range from 0.05% to 0.50% annually depending upon the investment options chosen.

The Mission Office is invested in the Unitas Short-Term Fund, which at December 31, 2006 had a balance of $2,215,206.

(4) Amounts Raised for the National Office

Amounts raised for the National Office are calculated based on a formula stipulated in the annual report that the Mission Office is required to submit each year to the National Office. For the year ended December 31, 2006, total amounts raised for the National Office consisted of the following with the unremitted component ($942,768 at December 31, 2006) included as part of funds held for others (note 6):

National Office	$	1,017,827
Holy Childhood and St. Peter Association		75,815
	$	1,093,642

(5) Related-Party Transactions – Pension Plan

The Mission Office is a participant in the lay pension plan, a noncontributory defined benefit plan established by the Diocese covering employees who meet certain minimum service requirements. Because the plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements of Statement of Financial Accounting Standards (SFAS) No. 87, *Employers' Accounting for Pensions*, as amended by SFAS No. 132, *Employers' Disclosures about Pensions and Other Postretirement Benefits*. Pension expense totaled $4,236 for the year ended December 31, 2006.

(6) Funds Held for Others (Custodian Funds)

Custodian funds are amounts received from special collections and appeals designated to specific agencies. These funds are entrusted to the Mission Office only for the purpose of receiving, holding, and disbursing them according to the purpose of the collection or appeal.

(7) Restatement

Unrestricted and temporarily restricted net assets at December 31, 2005 have been restated to exclude the activity of funds held for others (custodian funds) as the Mission Office has no discretion over the amounts received from special collections and appeals designated to specific agencies that had previously reported as contributions. These funds are entrusted to the Mission Office only for the purpose of receiving, holding, and disbursing them according to the purpose of the collection or appeal (see note 6) and therefore do not meet the definition of a contribution.

Unrestricted Net Assets

Unrestricted net assets at December 31, 2005, as previously reported	$	972,939
Adjustment to appropriately state the balance of funds held for others		(273,003)
Unrestricted net assets at December 31, 2005, as restated	$	699,936

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2005, as previously reported	$	263,415
Adjustment to reclassify the balance to funds held for others		(263,415)
Temporarily restricted net assets at December 31, 2005, as restated	$	—