

CATHOLIC EMPLOYEE BENEFIT GROUP

FINANCIAL REPORT

JUNE 30, 2007

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**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Trustees
Catholic Employee Benefit Group

We have audited the statement of net assets available for benefits of Catholic Employee Benefit Group as of June 30, 2007, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. 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, net assets available for benefits of Catholic Employee Benefit Group as of June 30, 2007, and its changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.

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Fort Worth, Texas
January 14, 2008

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**CATHOLIC EMPLOYEE BENEFIT GROUP
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2007**

ASSETS

| | |
|---------------------|------------------|
| Cash | \$ 1,486,778 |
| Other assets | <u>6,425</u> |
| TOTAL ASSETS | 1,493,203 |

LIABILITIES

| | |
|------------------------------------------|----------------------------|
| Benefit obligation | 393,119 |
| Other liabilities | <u>557</u> |
| TOTAL LIABILITIES | <u>393,676</u> |
| NET ASSETS AVAILABLE FOR BENEFITS | <u>\$ 1,099,527</u> |

CATHOLIC EMPLOYEE BENEFIT GROUP
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2007

ADDITIONS

| | |
|-------------------------|---------------|
| Contributions | \$ 6,444,489 |
| Stop loss reimbursement | <u>71,523</u> |
| Total additions | 6,516,012 |

DEDUCTIONS

| | |
|---------------------------|------------------|
| Medical and dental claims | 4,546,961 |
| Insurance premiums | 489,425 |
| Management expenses | 374,184 |
| Administrative expenses | <u>5,915</u> |
| Total deductions | <u>5,416,485</u> |

| | |
|---------------------------------------------|-----------|
| Change in net assets available for benefits | 1,099,527 |
|---------------------------------------------|-----------|

**NET ASSETS AVAILABLE
FOR BENEFITS, BEGINNING**

-

**NET ASSETS AVAILABLE
FOR BENEFITS, ENDING**

\$ 1,099,527

**CATHOLIC EMPLOYEE BENEFIT GROUP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Distributions are recorded when paid.

Income Taxes

The Trust and its legal counsel believe that the Trust is designed and currently being operated in compliance with the applicable requirements of the IRC, including the amendments resulting from the Tax Reform Act of 1986 and subsequent legislation. Therefore, no provision has been made in the financial statements for federal income taxes.

Concentration of Credit Risk

At June 30, 2007, the Trust had bank deposits in excess of FDIC insurance limits of approximately \$1,390,000.

Use of Estimates

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

NOTE 2. THE TRUST

The Trust was established in 2006 to provide life, health and dental benefits to employees of the subscribing employers, and their eligible dependents, and covers substantially all employees of the subscribing employers.

Benefits are provided to retired ordained, and active ordained and pre-ordained employees working thirty or more hours per week on the day the employee begins active employment. Benefits are provided to all other religious order and lay employees working thirty or more hours per week after one month of continuous active employment.

Participation in the Trust is voluntary; however, each person desiring dependent coverage is required to contribute an amount determined by the Trust Committee.

The Trust agreement provides that the subscribing employers contribute to the Trust all amounts (other than those required to be contributed by participants) necessary to provide benefits.

**CATHOLIC EMPLOYEE BENEFIT GROUP
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. BENEFIT OBLIGATIONS

The approximate present value of accumulated plan benefits as of June 30, 2007, and the changes in accumulated benefits for 2007 are as follows:

| | <u>2007</u> |
|-----------------------------------------|--------------------|
| Benefit obligations as of July 1 | \$ - |
| Benefit claims incurred | 4,546,961 |
| Claims paid | <u>(4,153,842)</u> |
| Total benefit obligations as of June 30 | <u>\$ 393,119</u> |