

ARCHDIOCESE OF ATLANTA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 1970

TOUCHE ROSS & CO.



ARCHDIOCESE OF ATLANTAREPORT ON EXAMINATION OF FINANCIAL STATEMENTSAND ADDITIONAL INFORMATIONYEAR ENDED JUNE 30, 1970C O N T E N T S

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TOUCHE ROSS & CO.

FIRST NATIONAL BANK TOWER
ATLANTA, GEORGIA 30303

July 31, 1970.

His Excellency,
The Most Reverend
Thomas A. Donnellan,
Archbishop of Atlanta,
Atlanta, Georgia.

We have examined the accompanying balance sheet (see Note A as to basis of preparation of the financial statements) of the Archdiocese of Atlanta as of June 30, 1970, and the related statements of fund transactions for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the funds referred to in Note A to the financial statements of the Archdiocese of Atlanta at June 30, 1970, and the fund transactions for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, which we approve, explained in Note G to the financial statements.

Touche Ross & Co.

Certified Public Accountants.

ARCHDIOCESE OF ATLANTABALANCE SHEET (NOTE A)

	<u>June 30,</u>	
	<u>1970</u>	<u>1969</u>
<u>ASSETS</u>		
CASH	\$ 89,737	\$ 120,195
MARKETABLE SECURITIES, at cost (approximately market)	450,000	300,000
RECEIVABLES:		
Construction and operational advances and assessments to parishes, including interest	4,725,509	4,494,469
Other receivables	8,574	1,760
Due from seminarians - collectible in future periods	77,670	82,124
TOTAL RECEIVABLES	<u>4,811,753</u>	<u>4,578,353</u>
PREPAID EXPENSES	18,900	
INVESTMENTS, at quoted market value	<u>435,529</u>	<u>522,787</u>
PROPERTY AND EQUIPMENT (Note B):		
At appraised values:		
Land	1,527,525	1,624,525
Buildings	1,924,000	2,222,000
Furnishings and equipment	351,200	351,200
At cost:		
Land	826,601	681,397
Land improvements	23,260	
Buildings	1,606,054	1,593,902
Furnishings and equipment	219,443	214,972
Automobiles	18,419	12,371
Construction in progress	4,500	4,500
TOTAL PROPERTY AND EQUIPMENT	<u>6,501,002</u>	<u>6,704,867</u>
OTHER ASSETS	<u>3,845</u>	<u>4,632</u>
	<u>\$12,310,766</u>	<u>\$12,230,834</u>

See notes to financial statements.

<u>LIABILITIES AND FUND BALANCES</u>	<u>June 30,</u>	
	<u>1970</u>	<u>1969</u>
NOTES PAYABLE (Note C)	\$ 2,883,108	\$ 2,593,831
ACCOUNTS PAYABLE	35,813	35,331
ACCRUED INTEREST PAYABLE	1,306	3,305
CURRENT PORTION OF LONG-TERM DEBT (Note D)	144,014	140,216
LONG-TERM DEBT, less current portion (Note D):		
Serial notes	2,016,000	2,129,000
Other notes	<u>107,327</u>	<u>74,076</u>
TOTAL LONG-TERM DEBT	<u>2,123,327</u>	<u>2,203,076</u>
TOTAL LIABILITIES	<u>5,187,568</u>	<u>4,975,759</u>
FUND BALANCES:		
Restricted Funds	657,782	763,220
General Fund	<u>6,465,416</u>	<u>6,491,855</u>
TOTAL FUND BALANCES	7,123,198	7,255,075
	<u>\$12,310,766</u>	<u>\$12,230,834</u>

ARCHDIOCESE OF ATLANTASTATEMENT OF FUND TRANSACTIONS -
RESTRICTED FUNDS (NOTE A)

	Year Ended June 30,	
	<u>1970</u>	<u>1969</u>
RECEIPTS:		
Contributions and Archdiocesan collections	\$ 88,077	\$ 99,795
Investment income	16,812	31,386
Interest income	1,967	1,714
Miscellaneous	978	135
TOTAL RECEIPTS	<u>107,834</u>	<u>133,030</u>
OPERATING EXPENSES:		
Operational expenses - Village of St. Joseph	96,100	93,512
Tuition and expenses of seminarians	43,918	54,965
Other	848	835
Distributions of investment income	14,515	21,149
TOTAL OPERATING EXPENSES	<u>155,381</u>	<u>170,461</u>
	(47,547)	(37,431)
OTHER DEDUCTIONS:		
Transfer to General Fund for payment on Drexel High School note		(35,000)
Write-off of uncollectible accounts - Clergy Seminary	<u>(5,870)</u>	
EXCESS OF EXPENSES OVER RECEIPTS	(53,417)	(72,431)
FUND BALANCES, beginning of period	763,220	907,096
FUND CLOSED INTO GENERAL FUND		(3,989)
CLOSE-OUT OF RECEIVABLE FROM RASKOB FOUNDATION		(70,000)
UNREALIZED GAINS/(LOSSES) ON INVESTMENTS:		
At beginning of period	19,144	16,600
At end of period	<u>(32,877)</u>	<u>19,144</u>
Increase/(decrease) for period	<u>(52,021)</u>	<u>2,544</u>
FUND BALANCES, end of period	<u>\$657,782</u>	<u>\$763,220</u>

See notes to financial statements.

ARCHDIOCESE OF ATLANTASTATEMENT OF FUND TRANSACTIONS -
GENERAL FUND (NOTE A)

	Year Ended	
	June 30,	
	<u>1970</u>	<u>1969</u>
RECEIPTS:		
Assessments and collections	\$ 394,090	\$ 384,103
Archdiocese Charity and Development		
Fund receipts	254,786	261,003
Contributions	85,711	91,877
Interest income	19,608	11,900
Investment income	13,641	5,088
Miscellaneous	<u>84,072</u>	<u>78,607</u>
TOTAL RECEIPTS	<u>851,908</u>	<u>832,578</u>
OPERATING EXPENSES:		
School operations	293,246	216,626
Subsidies and donations	234,065	143,778
Interest expense	22,815	29,957
Archdiocesan mission support	40,093	12,493
Salaries	64,623	51,619
Catholic Center lease expense	47,126	
Archbishop's residence and other		
related expenses	4,595	4,936
Chancery office	34,928	27,903
Miscellaneous	39,841	54,497
Travel	10,238	7,749
Taxes	7,439	1,823
Carl Satzky annuity	3,879	3,879
Relocation expense	39,017	
Expenses of Archdiocese Charity		
and Development Fund	<u>4,599</u>	<u>5,386</u>
TOTAL OPERATING EXPENSES	<u>846,504</u>	<u>560,646</u>
	5,404	271,932
OTHER DEDUCTIONS - transfer from		
Raskob Fund for payment on Drexel		
High School note		<u>35,000</u>
EXCESS OF RECEIPTS OVER EXPENSES	5,404	306,932
FUND BALANCE, beginning of period	6,491,855	4,547,199
FUNDS CLOSED INTO GENERAL FUND		1,644,956
UNREALIZED GAINS/(LOSSES) ON INVESTMENTS:		
At beginning of period	57,021	64,253
At end of period	<u>25,178</u>	<u>57,021</u>
Increase/(decrease) for period	<u>(31,843)</u>	<u>(7,232)</u>
FUND BALANCE, end of period	<u>\$6,465,416</u>	<u>\$6,491,855</u>

See notes to financial statements.

ARCHDIOCESE OF ATLANTANOTES TO FINANCIAL STATEMENTSYEAR ENDED JUNE 30, 1970A. Basis of Statements:

The financial statements include only the funds and properties which are administered by The Catholic Archdiocese of Atlanta through the Chancery Office. Accordingly, no recognition has been given to fifty-seven parish and mission properties or their liabilities.

B. Property and Equipment:

Properties at appraised values were acquired prior to January 1, 1965, and are carried at valuations derived from insurance and real estate appraisals on file. All capital additions acquired subsequently are carried at cost. No allowance for depreciation has been provided.

C. Notes Payable:

Notes payable to banks and others aggregating \$730,500 and \$97,000, respectively, are unsecured. The remaining notes payable to banks and others aggregating \$1,172,349 and \$883,259, respectively, are collateralized by property and equipment of certain parishes.

D. Long-Term Debt:

Long-term debt consists of the following:

	<u>Current</u> <u>Maturities</u>	<u>Long-term</u>
Serial notes (interest payable semi-annually):		
6 1/8%; due in annual installments in 1970 and 1971	\$ 59,000	\$ 58,000
6 3/8%; due in average annual installments of \$50,000 from 1972 through 1975, with remaining balance of \$577,000 due on December 1, 1976		777,000
5 3/4%; due in 1970	49,000	
5 7/8%; due in 1971		52,000
6%; due in average annual installments of \$82,000 from 1972 through 1978, with remaining balance of \$637,000 due on July 5, 1979		1,129,000
Other notes:		
Non-interest bearing, due in annual installments of \$16,000 from 1970 through 1973	16,000	48,000
Miscellaneous notes with various interest rates (principally 6%), due in varying amounts in 1970 and 1971.	<u>20,014</u>	<u>59,327</u>
	<u>\$ 144,014</u>	<u>\$2,123,327</u>

ARCHDIOCESE OF ATLANTA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1970
(continued)

D. Long-Term Debt (continued):

The serial notes are collateralized by all unencumbered properties of the Archdiocese. Further borrowings are restricted by terms of the indenture to an aggregate of \$500,000 of property mortgages and an aggregate of general indebtedness not to exceed forty percent (40%) of the net book value of the assets of the Archdiocese as of the date such indebtedness is incurred.

Other notes are collateralized by properties with a book value of \$383,286.

E. Restricted Funds:

Assets of funds which are restricted as to their use are included in the accompanying balance sheet. These assets aggregated \$657,782 at June 30, 1970.

F. Catholic Center Lease Agreement:

In April, 1969, the Archbishop entered into a four-year lease agreement which provides for annual rental payments of \$52,080 and which contains a renewal option for an additional five-year term at an annual rental of \$55,800. In addition, the lease provides that the Archdiocese may purchase the lessor's leasehold interest in the premises at any time during the third year of the lease in exchange for other property to be selected by the lessor which will not exceed a value of approximately \$287,000. Taxes, utilities, and maintenance expenses on the leased property will be paid by the lessor.

G. Restatement and Reclassification of Financial Statements:

During the year the Archdiocese adopted the practice of recording increases or decreases in the market value of investments as direct charges or credits to the fund balances. Previously, increases or decreases in market value were included in current operations. This change was made to give recognition to the fact that increases or decreases in the market value of investments do not affect current operations unless the investments are actually sold. The change had the effect of reducing the excess of expenses over receipts in restricted funds by \$52,021 and increasing the General Fund earnings by \$31,843. The financial statements for the previous year have been restated and reclassified to conform to this change for comparative purposes.

H. Retirement Plan:

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests within the Archdiocese. Under the plan, retirement expense for the current year was \$72,070. The Archdiocese is funding retirement costs in the year in which they are accrued.

