

HARRIS, KERR, FORSTER & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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CABLE "HARKERFOR ATLANTA"

PANNELL KERR FORSTER & COMPANY
IN AREAS OF THE WORLD
OUTSIDE THE UNITED STATES

OFFICES IN PRINCIPAL CITIES
OF THE UNITED STATES

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

We have examined the accompanying Balance Sheet (see Note 1 as to basis of preparation of the financial statements) of the Administrative Offices of the Archdiocese of Atlanta as at June 30, 1972 and the related Statements of Changes in Fund Balances, Revenues and Expenses of the Current Fund and Changes in Financial Position 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.

As explained in Note 1 to financial statements, Land, Buildings and Equipment acquired on or before June 1, 1963, are stated at amounts derived from insurance values and land appraisals as of that date. Subsequent additions are recorded at cost.

In our opinion, the aforementioned financial statements present fairly the financial position of the Administrative Offices of the Archdiocese of Atlanta at June 30, 1972 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.

Atlanta, Georgia

August 26, 1972 (except for Note 7,
as to which the date is
October 17, 1972)

Harris, Kerr, Forster & Company

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

COMPARATIVE BALANCE SHEET - FUND BASIS

<u>ASSETS</u>	JUNE 30, <u>1972</u>	JUNE 30, <u>1971</u>	<u>LIABILITIES AND FUND BALANCES</u>	JUNE 30, <u>1972</u>	JUNE 30, <u>1971</u>
<u>CURRENT FUNDS:</u>			<u>CURRENT FUNDS:</u>		
Cash in Banks - (Schedule A-1)	\$ 168,623	\$ 104,041	Demand Note Payable (Schedule A-5)	\$ 99,870	\$ 93,000
Marketable Securities and Certificates of Deposit (Market Value \$360,140 June 30, 1972 and \$279,776 June 30, 1971) (Note 1) (Schedule A-3)	295,903	214,114	Accounts Payable and Accrued Items	3,208	7,747
Accounts and Accrued Interest Receivable	32,029	36,071	Deferred Revenue	35,087	15,592
Prepaid Expenses	11,450	15,930	Due To Other Funds - Net		78,505
Unamortized Debt Expense	2,164	2,947	Fund Balance (Exhibit B)	<u>375,434</u>	<u>178,259</u>
Other Assets	545		Total Current Funds	<u>\$ 513,599</u>	<u>\$ 373,103</u>
Due From Other Funds - Net (Schedule A-2)	<u>2,885</u>				
Total Current Funds	<u>\$ 513,599</u>	<u>\$ 373,103</u>	<u>ENDOWMENT AND SIMILAR FUNDS (SCHEDULE A-7):</u>		
<u>ENDOWMENT AND SIMILAR FUNDS:</u>			Fund Balances (Exhibit B)	<u>\$ 988,095</u>	<u>\$ 941,561</u>
Cash in Banks - (Schedule A-1)	\$ 38,857	\$ 34,113	Total Endowment and Similar Funds	<u>\$ 988,095</u>	<u>\$ 941,561</u>
Marketable Securities and Certificates of Deposit (Market Value \$520,647 June 30, 1972 and \$632,004 June 30, 1971) (Note 1) (Schedule A-3)	449,302	581,263			
Due From Other Funds - Net (Schedule A-2)	499,936	326,185	<u>PLANT FUNDS:</u>		
Total Endowment and Similar Funds	<u>\$ 988,095</u>	<u>\$ 941,561</u>	Note Receivable (Note 2)	\$ 416,448	\$ 520,560
<u>PLANT FUNDS:</u>			Land, Buildings and Equipment (Pledged in Part to Secure Notes and Mortgages Payable) (Notes 1 and 5) (Schedule A-4)	6,145,234	6,065,401
Note Receivable (Note 2)	\$ 416,448	\$ 520,560	Other Assets	1,075	
Land, Buildings and Equipment (Pledged in Part to Secure Notes and Mortgages Payable) (Notes 1 and 5) (Schedule A-4)	6,145,234	6,065,401	Total Plant Funds	<u>\$6,562,757</u>	<u>\$6,585,961</u>
Other Assets	1,075		<u>LOAN FUNDS (NOTE 6):</u>		
Total Plant Funds	<u>\$6,562,757</u>	<u>\$6,585,961</u>	Due From Parishes	\$5,224,022	\$5,244,690
<u>LOAN FUNDS (NOTE 6):</u>			Total Loan Funds	<u>\$5,224,022</u>	<u>\$5,244,690</u>
Due From Parishes	\$5,224,022	\$5,244,690			
Total Loan Funds	<u>\$5,224,022</u>	<u>\$5,244,690</u>	<u>CUSTODIAN FUNDS:</u>		
<u>CUSTODIAN FUNDS:</u>			Cash In Banks - (Schedule A-1)	\$ 500	\$ 920
Cash In Banks - (Schedule A-1)	\$ 500	\$ 920	Marketable Securities and Certificates of Deposit (Market Value \$273,027 June 30, 1972 and \$301,759 June 30, 1971 (Note 1) (Schedule A-3)	263,139	251,029
Marketable Securities and Certificates of Deposit (Market Value \$273,027 June 30, 1972 and \$301,759 June 30, 1971 (Note 1) (Schedule A-3)	263,139	251,029	Due From Other Funds (Schedule A-2)	547	577
Due From Other Funds (Schedule A-2)	547	577	Total Custodian Funds	<u>\$ 264,186</u>	<u>\$ 252,526</u>
Total Custodian Funds	<u>\$ 264,186</u>	<u>\$ 252,526</u>	<u>CUSTODIAN FUNDS:</u>		
			Funds Owed To Others:		
			Special Collections	\$ 547	\$ 612
			Other:		
			For Parishes	234,956	224,343
			For Others	28,683	27,571
			Total Custodian Funds	<u>\$ 264,186</u>	<u>\$ 252,526</u>

See accompanying Notes To Financial Statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1972

	<u>CURRENT</u> <u>FUNDS</u>	ENDOWMENT AND SIMILAR FUNDS (SCHEDULE A-7)	<u>PLANT</u> <u>FUNDS</u>	<u>TOTAL</u>
Balance, June 30, 1971	\$178,259	\$941,561	\$6,182,838	\$7,302,658
Additions:				
Current Funds Revenues - Exhibit C	975,132			975,132
Proceeds from Sale of Plant Assets			173,135	173,135
Restricted Income:				
Gifts		10	9,000	9,010
Interest on Savings Accounts		928		928
Investment Income		9,099		9,099
Distribution from Trust Funds		33,525		33,525
Gain on Sale of Investments		12,293		12,293
Retirement of Plant Fund Indebtedness			68,990	68,990
Purchase of Land, Buildings and Equipment - (Schedule A-4)			331,196	331,196
Income Earned for Current Fund		26,097		26,097
Transfer from Plant Fund	98,985			98,985
Deductions:				
Current Fund Expenses - Exhibit C	(876,942)			(876,942)
Distributions to Beneficiaries		(9,321)		(9,321)
Income Applicable to Current Fund		(26,097)		(26,097)
Disposal of Land, Buildings and Equipment - (Schedule A-4)			(251,363)	(251,363)
Funds Expended:				
Purchase of Land, Buildings and Equipment			(331,196)	(331,196)
Retirement of Plant Fund Indebtedness			(68,990)	(68,990)
Transfer to Current Fund			(98,985)	(98,985)
Balance, June 30, 1972	<u>\$375,434</u>	<u>\$988,095</u>	<u>\$6,014,625</u>	<u>\$7,378,154</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

CURRENT FUND
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES

	<u>FOR THE YEAR ENDED</u>	
	<u>JUNE</u>	<u>JUNE</u>
	<u>30,</u>	<u>30,</u>
	<u>1972</u>	<u>1971</u>
<u>REVENUES:</u>		
From Parishes and Missions:		
Contributions:		
Charity and Development	\$252,989	\$252,772
Dependent Children	61,729	57,375
Seminary	11,032	9,462
Assessments:		
Administrative	88,421	81,945
High Schools	201,753	208,055
General	119,850	124,944
Total	<u>\$735,774</u>	<u>\$734,553</u>
Other Contributions:		
From Mission Boards and Commissions	\$ 85,000	\$ 85,000
Other	15,151	25,793
Total	<u>\$100,151</u>	<u>\$110,793</u>
Current Fund Income Earned by Endowment and Similar Funds (Schedule A-7):		
Charity and Education	\$ 4,853	\$ 9,730
Seminary	7,044	8,312
High School	14,200	16,946
Total	<u>\$ 26,097</u>	<u>\$ 34,988</u>
Investment Income	\$ 53,319	\$ 28,064
Rental Income	45,317	40,850
Other Revenues	14,474	9,015
<u>TOTAL REVENUES</u>	<u>\$975,132</u>	<u>\$958,263</u>
<u>EXPENSES (SCHEDULE C-1):</u>		
Archdiocesan Administration	\$233,118	\$216,487
Pastoral	65,182	61,430
Education:		
Seminary	51,467	49,352
Department of Education	316,135	296,117
Social Services:		
Dependent Children	102,792	102,970
Other Agencies	77,856	74,422
Auxiliary Services - Newspaper - Net	30,392	10,893
<u>TOTAL EXPENSES</u>	<u>\$876,942</u>	<u>\$811,671</u>
<u>EXCESS OF REVENUES</u>	<u>\$ 98,190</u>	<u>\$146,592</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
(SOURCE AND APPLICATION OF CASH)

	FOR THE YEAR ENDED JUNE 30, 1972							FOR THE YEAR ENDED JUNE 30, 1971	
	CURRENT FUNDS	ENDOWMENT AND SIMILAR FUNDS	PLANT FUNDS	LOAN FUNDS	CUSTODIAN FUNDS	TOTAL	ELIMINATIONS	TOTAL	
<u>FUNDS PROVIDED BY:</u>									
Excess of Revenues Over Expenses (Exhibit C)	\$ 98,190	\$	\$	\$	\$	\$ 98,190	\$	\$ 98,190	\$ 146,592
Increase In:									
Notes and Mortgages Payable	6,870		80,358			87,228	(87,228)		174,505
Accrued Interest Payable									24,661
Deferred Revenue	19,495					19,495		19,495	
Custodian Funds					11,660	11,660		11,660	
Due to Other Funds			64,651	14,220		78,871	(78,871)		
Decrease In:									
Accounts and Accrued Interest Receivable	4,042					4,042		4,042	
Prepaid Expenses	4,480					4,480		4,480	2,970
Marketable Securities		131,961				131,961	(93,899)	38,062	16,812
Other Assets	238					238	(238)		878
Notes Receivable			104,112			104,112	(104,112)		
Due From Parishes				172,921		172,921		172,921	
Due From Other Funds		2,489			30	2,519	(2,519)		
Transfer From Plant Fund	98,985					98,985	(98,985)		
Undistributed Income Earned by Endowment and Similar Funds		46,534				46,534		46,534	1,538
Restricted Donation For Plant Funds - Unexpended			9,000			9,000		9,000	
Disposal of Land, Buildings and Equipment			251,363			251,363		251,363	147,867
Gain on Sale of Land, Buildings and Equipment									468,202
<u>TOTAL FUNDS PROVIDED</u>	<u>\$ 232,300</u>	<u>\$ 180,984</u>	<u>\$ 509,484</u>	<u>\$ 187,141</u>	<u>\$ 11,690</u>	<u>\$1,121,599</u>	<u>\$ 465,852</u>	<u>\$ 655,747</u>	<u>\$ 984,025</u>
<u>FUNDS APPLIED TO:</u>									
Increase In:									
Marketable Securities	\$ 81,789	\$	\$	\$	\$ 12,110	\$ 93,899	\$ (93,899)	\$	\$
Notes Receivable		176,240				176,240	(104,112)	72,128	520,560
Due From Parishes									183,139
Accounts and Accrued Interest Receivable									29,856
Other Assets			1,075			1,075	(238)	837	
Due From Other Funds	2,885					2,885	(2,885)		
Decrease In:									
Accounts Payable	4,539					4,539		4,539	25,859
Notes Payable				184,471		184,471	(87,228)	97,243	
Accrued Interest Payable				2,670		2,670		2,670	
Deferred Revenue									3,734
Due To Parishes									6,833
Due To Other Funds	78,505					78,505	(78,505)		
Transfer to Current Fund			98,985			98,985	(98,985)		
Loss on Disposal of Land, Buildings and Equipment			78,228			78,228		78,228	
Purchase of Land, Buildings and Equipment			331,196			331,196		331,196	166,429
<u>TOTAL FUNDS APPLIED</u>	<u>\$ 167,718</u>	<u>\$ 176,240</u>	<u>\$ 509,484</u>	<u>\$ 187,141</u>	<u>\$ 12,110</u>	<u>\$1,052,693</u>	<u>\$ 465,852</u>	<u>\$ 586,841</u>	<u>\$ 936,410</u>
<u>INCREASE (DECREASE) IN CASH</u>	<u>\$ 64,582</u>	<u>\$ 4,744</u>	<u>\$</u>	<u>\$</u>	<u>\$ (420)</u>	<u>\$ 68,906</u>	<u>\$</u>	<u>\$ 68,906</u>	<u>\$ 47,615</u>

See accompanying Notes to Financial Statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1972

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Reporting:

The accompanying financial statements have been prepared in accord with principles of the fund method of accounting. The statements include only the transactions of the Administrative Offices of the Archdiocese. Subsidies of auxiliary services and programs are included but detailed operations of such subsidized activities are not included in the accounts of the Administrative Offices and, accordingly, are not included in the accompanying financial statements. Moreover, this report does not include the financial statements of the Parishes and Missions which are integral components of the Archdiocese of Atlanta.

Title to all property of the Archdiocese vests in the Archbishop and his successors in office while obligations of the Archdiocese, likewise, are those of the Archbishop and his successors in office.

B. Investments in Marketable Securities:

Investments in marketable securities are valued at cost, or if acquired by gift, at fair market value at the date thereof.

C. Land, Buildings and Equipment:

Land, buildings and equipment acquired on or before June 1, 1963, are stated at amounts derived from insurance values and land appraisals as of that date. Subsequent additions are recorded at cost. A summary of land, buildings and equipment at June 30, 1972, follows:

	Insurance Or Appraised Values June 1, 1963	Acquisitions At Cost Subsequent To June 1, 1963	Total June 30, 1972
Land	\$1,274,100	\$1,086,968	\$2,361,068
Land Improvements		23,260	23,260
Buildings	1,603,000	1,646,054	3,249,054
Furniture, Fixtures and Equipment	265,100	221,288	486,388
Automobiles		25,464	25,464
Total	<u>\$3,142,200</u>	<u>\$3,003,034</u>	<u>\$6,145,234</u>

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1972
(CONTINUED)

C. Land, Buildings and Equipment (Continued):

Except for certain properties of Our Lady of Lourdes Parish, the foregoing does not include properties used by parishes and missions of the Archdiocese.

No allowance for depreciation has been provided in the accounts in accord with established accounting practices for similar institutions.

2. NOTE RECEIVABLE:

The note receivable in the principal amount of \$416,448 is due in four annual installments of \$104,112 plus interest at the rate of 8%. The next installment of principal and interest is due on March 4, 1973. The note is secured by deed to secure debt on land and improvements thereon in DeKalb County, Georgia. The grantor of the deed agrees that, prior to release of any land occupied by buildings or commencing demolition, destruction and removal of any part of the buildings, he shall pay the grantee \$80,000 which shall be credited against principal payments on the notes in the inverse order of their maturity dates.

3. LONG-TERM LEASE:

The Archdiocese is obligated as lessee of an office building housing administrative and program offices. The lease provides for annual rental of \$52,080 for a term of four years commencing June 1, 1969. The lessee has an option to renew the lease for an additional five year term at a rental of \$55,800 a year, and an option to acquire the landlord's leasehold interest in the premises under certain conditions involving an exchange for property to be selected by the lessor with an approximate value of \$287,000. Property taxes, utility charges, maintenance and janitorial services are payable by the lessor.

4. RETIREMENT PLAN:

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests within the Archdiocese. The Archdiocese shall make contributions in such amounts and at such time as it shall determine to keep the plan actuarially sound based upon the recommendations of an actuary. Total retirement plan expenditures for the current year amounted to \$25,000 by the administrative offices. Parishes within the Archdiocese have been billed additional amounts of approximately \$9,800.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1972
(CONTINUED)

5. NOTES AND MORTGAGES PAYABLE - (SCHEDULES A-5 AND A-6):

	<u>Maturities</u>	
	<u>Current</u>	<u>Non-Current</u>
Demand Notes Payable - Unsecured - (Schedule A-5)	\$ 850,805	\$
Notes and Mortgages - (Schedule A-6)	271,466	4,160,115
Total	<u>\$1,122,271</u>	<u>\$4,160,115</u>

The notes and mortgages payable (Schedule A-6) are secured by properties of the Administrative Offices of the Archdiocese with a book value of roundly \$2,500,000 and by real estate of various Parishes and Missions within the Archdiocese.

Under terms of supplemental trust indentures dated February 8, 1971, the serial notes are secured by deeds to secure debt on certain Archdiocesan properties used by the Parish of St. Jude the Apostle and by St. Pius X High School. In the event that all debt (other than that represented by the serial notes) secured by mortgages, security deeds and like instruments on any of the properties does not exceed the aggregate sum of \$500,000 the property conveyed by the aforementioned security deeds relating to St. Jude's Parish and to St. Pius X High School shall be reconveyed.

Further, terms of the supplemental trust indentures provide, among others, that so long as any of the notes remain outstanding and from and after February 8, 1971, the Archbishop will not place any mortgage on any of the properties of the Archbishop, exceeding in the aggregate \$1,750,000, excluding any mortgage or similar security instrument granting a security interest in real property of the Archbishop securing the aforementioned serial notes, nor shall the Archbishop incur or allow to exist any indebtedness exceeding forty percent of the net book value of the assets of the Archbishop as of the date such indebtedness is incurred. The Archbishop obtained a loan of \$1,250,000 for use of the Archdiocese, secured by security deed on properties used by the Village of St. Joseph and by Holy Cross and by Holy Spirit Parishes and subsequent to this loan the limitation on additional borrowing, as referred to above, amounted to \$500,000.00.

6. LOAN FUNDS:

The amounts due from Parishes relate, primarily, to funds receivable for payment of Archdiocesan notes and mortgages payable (Schedules A-5 and A-6).

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA
Atlanta, Georgia

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1972
(CONTINUED)

7. SUBSEQUENT EVENT:

On August 2, 1972, an option agreement was executed for the sale of certain property owned by the Administrative Offices of the Archdiocese of Atlanta. Upon exercise of the option, this property, recorded on the books at approximately \$2,400,000, will be sold for about \$6,000,000. At October 17, 1972, the purchaser had deposited \$390,000 in escrow in accordance with terms of the agreement.

If not exercised by October 1, 1974, the option expires.