

**ADMINISTRATIVE OFFICES  
OF THE  
ARCHDIOCESE OF ATLANTA**

**Financial Statements  
and  
Accompanying Information  
for the years ended  
June 30, 1992 and 1991**

**and**

**Combined Financial Statements of the  
Administrative Offices and Parishes and Missions  
of the Archdiocese of Atlanta  
for the years ended  
June 30, 1992 and 1991**

**LANEY  
BOTELER &  
KILLINGER**

Certified Public Accountants

**Independent Auditors' Report**

His Excellency  
The Most Reverend  
James P. Lyke  
Archbishop of Atlanta  
Atlanta, Georgia

We have audited the accompanying balance sheets of the Administrative Offices of the Archdiocese of Atlanta as of June 30, 1992 and 1991, and the related statements of support and revenue, expenses, capital additions and changes in fund balances and changes in financial position for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 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 the Administrative Offices of the Archdiocese of Atlanta as of June 30, 1992 and 1991, and the support and revenue, expenses, capital additions and changes in fund balances and changes in financial position for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 8 to the financial statements, the 1991 financial statements have been restated to reflect a change in the method of accounting for the activity of a self-insurance program.

*Laney, Boteler & Killinger*

Atlanta, Georgia  
November 6, 1992

## ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

## Balance Sheets - Fund Basis

## Assets

	June 30, 1992				
	Operating Funds	Expendable Funds			Total
		Deposit and Loan Funds	Designated Investment Funds	Insurance Funds	
Cash	\$ 131,385	\$ -	\$ -	\$1,115,596	\$1,246,981
Certificates of deposit and marketable securities (market value \$17,851,825 and \$15,944,193)	47,753	1,575,000	4,522,770		6,145,523
Accounts receivable (net of allowance for doubtful accounts of \$300,000 and \$335,000)	78,441			583,811	662,252
Notes receivable					
Pledges receivable (net of allowance for doubtful pledges of \$90,000 and \$61,000)	337,670				337,670
Due from parishes and agencies (net of allowance for doubtful loans of \$217,000)		27,276,207			27,276,207
Land, buildings and equipment	147,173				147,173
Other assets	1,437,473	1,328,239			2,765,712
Due from other funds	<u>2,179,895</u>	<u>30,179,446</u>	<u>4,522,770</u>	<u>1,699,407</u>	<u>38,581,518</u>
Total assets					

## Liabilities and Fund Balances

Accounts payable - trade and accrued expenses	719,204			891,225	1,610,429
Accounts payable - parishes					
Deferred support and revenue Restricted	127,531				127,531
Deposits payable					
Parishes		6,685,374			6,685,374
Other		1,382,504			1,382,504
Demand note payable		2,157,282			2,157,282
Notes and mortgages payable		19,954,286			19,954,286
Due to other funds			307,370	423,312	730,682
Total liabilities	<u>846,735</u>	<u>30,179,446</u>	<u>307,370</u>	<u>1,314,537</u>	<u>32,648,088</u>
Fund balances					
Unrestricted					
Designated investment funds			4,215,400		4,215,400
Designated insurance funds				384,870	384,870
Designated - annual appeal	915,146				915,146
Undesignated	418,014				418,014
	<u>1,333,160</u>	<u>-</u>	<u>4,215,400</u>	<u>384,870</u>	<u>5,933,430</u>
Endowment					
Net investment in plant					
Total fund balances	<u>1,333,160</u>	<u>-</u>	<u>4,215,400</u>	<u>384,870</u>	<u>5,933,430</u>
Commitments					
Total liabilities and fund balances	<u>\$2,179,895</u>	<u>\$30,179,446</u>	<u>\$4,522,770</u>	<u>\$1,699,407</u>	<u>\$38,581,518</u>

See notes to financial statements.

## ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

## Balance Sheets - Fund Basis

June 30, 1992				June 30, 1991
				As Restated
Endowment Funds	Plant Funds	Custodian Funds	Total	Total
\$ -	\$ -	\$ 1,100	\$ 1,248,081	\$ 1,358,548
1,428,563	7,012,537	1,926,476	16,513,099	14,319,873
			662,252	927,387
	32,254		32,254	215,054
			337,670	179,001
			27,276,207	25,763,419
	20,581,907		20,581,907	20,712,013
	69,955		217,128	398,113
		27,155	2,792,867	1,503,164
<u>1,428,563</u>	<u>27,696,653</u>	<u>1,954,731</u>	<u>69,661,465</u>	<u>65,376,572</u>
		669,600	2,280,029	1,806,809
		1,285,131	1,285,131	732,849
			127,531	194,321
			6,685,374	6,007,673
			1,382,504	1,568,294
	3,576,982		5,734,264	12,402,174
	838,333		20,792,619	13,065,520
30,770	2,031,415		2,792,867	1,503,164
<u>30,770</u>	<u>6,446,730</u>	<u>1,954,731</u>	<u>41,080,319</u>	<u>37,280,804</u>
			4,215,400	3,499,488
			384,870	1,465,124
			915,146	601,203
			418,014	470,437
			5,933,430	6,036,252
1,397,793			1,397,793	1,258,007
<u>1,397,793</u>	<u>21,249,923</u>	<u>-</u>	<u>21,249,923</u>	<u>20,801,509</u>
			28,581,146	28,095,768
<u>\$1,428,563</u>	<u>\$27,696,653</u>	<u>\$1,954,731</u>	<u>\$69,661,465</u>	<u>\$65,376,572</u>

See notes to financial statements.

## ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Statements of Support and Revenue, Expenses,  
Capital Additions and Changes in Fund Balances

	Year Ended June 30, 1992				
	Expendable Funds				
	Operating Funds	Deposit and Loan Funds	Designated Investment Funds	Insurance Funds	Total
<b>Support and revenues</b>					
Contributions					
Charity and development	\$2,371,620	\$ -	\$ -	\$ -	\$ 2,371,620
Dependent children	347,343				347,343
Seminary	82,674				82,674
Assessments	2,931,117				2,931,117
Premium billings				4,198,627	4,198,627
	<u>5,732,754</u>	<u>-</u>	<u>-</u>	<u>4,198,627</u>	<u>9,931,381</u>
Other contributions					
Mission boards and commissions	99,000				99,000
Gifts and bequests	107,607				107,607
Other	42,324				42,324
	<u>248,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,931</u>
Other revenue					
Investment and rental income	607,118		1,590	66,632	675,340
Regional school	506,350				506,350
Other revenues	127,766				127,766
	<u>1,241,234</u>	<u>-</u>	<u>1,590</u>	<u>66,632</u>	<u>1,309,456</u>
Total support and revenues	<u>7,222,919</u>	<u>-</u>	<u>1,590</u>	<u>4,265,259</u>	<u>11,489,768</u>
<b>Expenses</b>					
Administrative support	1,589,767			117,675	1,707,442
Pastoral	2,222,616			70,512	2,293,128
Education	1,189,008			274,316	1,463,324
Social services					
Dependent children	371,978				371,978
Other agencies	676,622				676,622
Communications	90,163				90,163
Insurance services				4,268,959	4,268,959
Interest	501,338				501,338
Total expenses	<u>6,641,492</u>	<u>-</u>	<u>-</u>	<u>4,731,462</u>	<u>11,372,954</u>
Excess of support and revenue over expenses before settlement of litigation	581,427		1,590	(466,203)	116,814
Settlement of litigation				614,051	614,051
Excess of support and revenue over expenses before capital additions	<u>581,427</u>	<u>-</u>	<u>1,590</u>	<u>(1,080,254)</u>	<u>(497,237)</u>
<b>Capital additions</b>					
Contributions and bequests					
Gain on investments			394,415		394,415
Investment income (loss)					
Gain on disposal of property					
Total capital additions	<u>-</u>	<u>-</u>	<u>394,415</u>	<u>-</u>	<u>394,415</u>
Excess of support and revenue over expenses after capital additions	581,427		396,005	(1,080,254)	(102,822)
Fund balances at beginning of year	1,071,640		3,499,488	1,465,124	6,036,252
Transfers	(319,907)		319,907		-
Fund balances at end of year	<u>\$1,333,160</u>	<u>\$ -</u>	<u>\$4,215,400</u>	<u>\$ 384,870</u>	<u>\$ 5,933,430</u>

See notes to financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Statements of Support and Revenue, Expenses,  
Capital Additions and Changes in Fund Balances

<u>Year Ended June 30, 1992</u>			<u>Year Ended June 30, 1991 As Restated</u>
<u>Endowment Funds</u>	<u>Plant Funds</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ -	\$ 2,371,620	\$ 1,975,253
		347,343	328,398
		82,674	64,952
		2,931,117	2,761,185
		<u>4,198,627</u>	<u>3,880,993</u>
<u>-</u>	<u>-</u>	<u>9,931,381</u>	<u>9,010,781</u>
		99,000	114,000
		42,324	61,624
		<u>107,607</u>	<u>330,866</u>
<u>-</u>	<u>-</u>	<u>248,931</u>	<u>506,490</u>
		675,340	671,187
		506,350	411,940
		<u>127,766</u>	<u>99,143</u>
<u>-</u>	<u>-</u>	<u>1,309,456</u>	<u>1,182,270</u>
<u>-</u>	<u>-</u>	<u>11,489,768</u>	<u>10,699,541</u>
	118,470	1,825,912	1,593,127
		2,293,128	1,736,988
	231,842	1,695,166	1,372,116
	22,642	394,620	379,432
	51,249	727,871	648,064
		90,163	99,536
		4,268,959	3,199,892
		<u>501,338</u>	<u>814,526</u>
<u>-</u>	<u>424,203</u>	<u>11,797,157</u>	<u>9,843,681</u>
	(424,203)	(307,389)	855,860
		<u>614,051</u>	<u>152,681</u>
<u>-</u>	<u>(424,203)</u>	<u>(921,440)</u>	<u>703,179</u>
4,300		4,300	64,025
137,433	810,158	1,342,006	1,040,610
(1,947)		(1,947)	1,593
	62,459	62,459	2,461
<u>139,786</u>	<u>872,617</u>	<u>1,406,818</u>	<u>1,108,689</u>
139,786	448,414	485,378	1,811,868
1,258,007	20,801,509	28,095,768	26,283,900
<u>\$1,397,793</u>	<u>\$21,249,923</u>	<u>\$28,581,146</u>	<u>\$28,095,768</u>

See notes to financial statements

## ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

## Statements of Changes in Financial Position

	Year Ended June 30, 1992				
	Expendable Funds				
	Operating Funds	Deposit and Loan Funds	Designated Investment Funds	Insurance Funds	Total
<b>Sources of funds</b>					
Revenues collected					
Special collections	\$2,801,637	\$ -	\$ -	\$ -	\$ 2,801,637
Assessments	2,931,117				2,931,117
Premium billings	-			4,198,627	4,198,627
	<u>5,732,754</u>	<u>-</u>	<u>-</u>	<u>4,198,627</u>	<u>9,931,381</u>
Contributions and bequests	248,931				248,931
Investment and rental income	607,118		1,590	66,632	675,340
Other	634,116		394,415		1,028,531
<b>Total revenues collected</b>	<u>7,222,919</u>	<u>-</u>	<u>396,005</u>	<u>4,265,259</u>	<u>11,884,183</u>
<b>Other sources</b>					
Collections on notes receivable					
Decrease in pledges and accounts receivable				282,338	282,338
Increase in deposits payable		491,911			491,911
Proceeds of demand note payable					
Proceeds of notes payable		9,500,000			9,500,000
Increase in accounts payable and accrued expenses	389,115			78,894	468,009
Decrease in other assets	209,380				209,380
<b>Total sources of funds</b>	<u>7,821,414</u>	<u>9,991,911</u>	<u>396,005</u>	<u>4,626,491</u>	<u>22,835,821</u>
<b>Uses of funds</b>					
Operating expenses	6,641,492			5,345,513	11,987,005
Purchase of land, buildings and equipment					
Payments on notes payable		8,576,914			8,576,914
Parish loans-net increase		1,512,788			1,512,788
Increase in pledges and accounts receivable	179,746				179,746
Decrease in accounts payable and accrued expenses					
Decrease in deferred revenue	66,790				66,790
Increase in other assets					
<b>Total uses of funds</b>	<u>6,888,028</u>	<u>10,089,702</u>	<u>-</u>	<u>5,345,513</u>	<u>22,323,243</u>
<b>Transfers and net changes in interfund accounts</b>	<u>(553,041)</u>	<u>97,791</u>	<u>76,653</u>	<u>233,099</u>	<u>(145,498)</u>
<b>Increase (decrease) in cash, marketable securities and certificates of deposit</b>	<u>380,345</u>	<u>-</u>	<u>472,658</u>	<u>(485,923)</u>	<u>367,080</u>
<b>Cash, marketable securities and certificates of deposit - beginning of year</b>	<u>(201,207)</u>	<u>1,575,000</u>	<u>4,050,112</u>	<u>1,601,519</u>	<u>7,025,424</u>
<b>Cash, marketable securities and certificates of deposit - end of year</b>	<u>\$ 179,138</u>	<u>\$1,575,000</u>	<u>\$4,522,770</u>	<u>\$1,115,596</u>	<u>\$7,392,504</u>

See notes to financial statements.

## ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

## Statements of Changes in Financial Position

<u>Year Ended June 30, 1992</u>				<u>Year Ended June 30, 1991 As Restated</u>
<u>Endowment Funds</u>	<u>Plant Funds</u>	<u>Custodian Funds</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ -	\$ -	2,801,637	\$ 2,368,603
			2,931,117	2,761,185
			4,198,627	3,880,993
			9,931,381	9,010,781
4,300			253,231	570,515
(1,947)			673,393	672,780
<u>137,433</u>	<u>1,423,763</u>		<u>2,589,727</u>	<u>1,626,743</u>
<u>139,786</u>	<u>1,423,763</u>	-	<u>13,447,732</u>	<u>11,880,819</u>
	182,800		182,800	5,382
	3,874		286,212	233
			491,911	832,673
			-	4,087,174
	1,045,000		10,545,000	-
		730,302	1,198,311	432,619
			209,380	-
<u>139,786</u>	<u>2,655,437</u>	<u>730,302</u>	<u>26,361,346</u>	<u>17,238,900</u>
			11,987,005	9,597,351
	845,243		845,243	1,014,397
	908,897		9,485,811	2,320,669
			1,512,788	1,746,953
			179,746	680,980
	172,809		172,809	8,625
			66,790	167,058
	28,395		28,395	156,864
<u>-</u>	<u>1,955,344</u>	<u>-</u>	<u>24,278,587</u>	<u>15,692,897</u>
(4,584)	114,229	35,853	-	-
135,202	814,322	766,155	2,082,759	1,546,003
<u>1,293,361</u>	<u>6,198,215</u>	<u>1,161,421</u>	<u>15,678,421</u>	<u>14,132,418</u>
<u>\$1,428,563</u>	<u>\$7,012,537</u>	<u>\$1,927,576</u>	<u>\$17,761,180</u>	<u>\$15,678,421</u>

See notes to financial statements.



Notes to Financial Statements  
June 30, 1992 and 1991

**Note 1 - Summary of significant accounting policies**

**Basis of reporting**

The accompanying financial statements have been prepared in accordance with principles of the fund method of accounting. The statements include only the transactions of the Administrative Offices of the Archdiocese of Atlanta. Subsidies to 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 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.

**Investments in marketable securities**

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

**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, 1992, follows:

	Insurance or Appraised Values <u>June 1, 1963</u>	Acquisitions at Cost Subsequent to <u>June 1, 1963</u>	<u>Total</u>
Land	\$ 210,125	\$ 6,165,686	\$ 6,375,811
Buildings	650,000	16,473,283	17,123,283
Furniture, fixtures and equipment	215,000	1,062,965	1,277,965
Automobiles	-	<u>64,858</u>	<u>64,858</u>
	<u>\$1,075,125</u>	<u>\$23,766,792</u>	24,841,917
Less accumulated depreciation			<u>4,260,010</u>
Net land, buildings and equipment			<u>\$20,581,907</u>

Notes to Financial Statements (continued)  
June 30, 1992 and 1991

**Note 1 - Summary of significant accounting policies (continued)**

**Land, buildings and equipment (continued)**

Additions of furniture, fixtures and equipment are capitalized while repairs and maintenance are charged to expense.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40-50 years
Furniture, fixtures and equipment	10 years
Automobiles	7 years

Depreciation expense for 1992 and 1991 amounted to \$424,203 and \$399,011, respectively.

Land, buildings and equipment are pledged in part to secure notes and mortgages payable (Note 3).

**Note 2 - Retirement plans**

**Clergy retirement plan**

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests within the Archdiocese. The Archdiocese makes contributions to the plan at such times and in such amounts as required to keep the plan actuarially sound. Pension and administrative costs for the years ended June 30, 1992 and 1991, were \$110,679 and \$92,638, respectively. Pension cost includes normal cost and amortization of past service cost over 30 years. A comparison of vested plan benefits and plan net assets as of July 1, 1991 (most recent valuation), is presented below:

Actuarial present value of vested plan benefits	<u>\$2,669,070</u>
Net assets available for benefits	<u>\$2,029,813</u>

The rate of return used in determining the actuarial present value of vested plan benefits was 9%.

Notes to Financial Statements (continued)  
June 30, 1992 and 1991

**Note 2 - Retirement plans (continued)**

**Clergy retirement plan (continued)**

Billings to the parishes and agencies and related pension and administrative expenses for clergy retirement are reported in the insurance fund, as follows:

	<u>Year Ended June 30,</u>	
	<u>1992</u>	<u>1991</u>
Pension and administrative expenses	\$110,679	\$92,638
Billings to parishes and agencies	<u>42,500</u>	<u>33,600</u>
	<u>\$ 68,179</u>	<u>\$59,038</u>

**Lay employee retirement plan**

Effective July 1, 1982, the Archdiocese amended its plan to change from a defined benefit retirement plan to a defined contribution plan. The plan covers all lay employees within the Archdiocese. Contributions to the amended plan are predetermined amounts based on compensation paid to each lay employee. Benefits under the amended plan are computed based on the pension fund assets. In addition to the contributions required under the amended plan, the Archdiocese will continue to make sufficient contributions to the plan to cover employees, who at the time of amendment, were partially or fully vested in the defined benefit plan.

Pension costs for the years ended June 30, 1992 and 1991, includes accruals of \$848,725 and \$829,498, respectively, made under the defined contribution portion of the plan.

No expense or contributions were required under the defined benefit portion of the plan.

The parishes and agencies were billed for their respective share of pension and administrative costs which are included in insurance fund revenue and expenses as follows:

	<u>Year Ended June 30,</u>	
	<u>1992</u>	<u>1991</u>
Pension and administrative expenses	\$949,340	\$859,710
Billings to parishes and agencies	<u>846,918</u>	<u>775,204</u>
	<u>\$102,422</u>	<u>\$ 84,506</u>

Notes to Financial Statements (continued)  
June 30, 1992 and 1991

**Note 3 - Notes and mortgages payable**

The unsecured demand note shown below is a \$15,000,000 line of credit subject to interest at .5% below the bank's prime rate (6.0% at June 30, 1992). The demand note matures November 30, 1992. Subsequent to June 30, 1991, \$9,500,000 of the demand note balance was refinanced at 8.23%, to be repaid over a ten-year period.

The notes and mortgages payable are secured by properties of the Administrative Offices of the Archdiocese and by real estate of various parishes and missions within the Archdiocese.

	<u>June 30, 1992</u>		<u>June 30, 1991</u>	
	<u>Maturities</u>		<u>Maturities</u>	
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>
Unsecured demand note; 6.0% at June 30, 1992				
Plant funds	\$3,576,982	\$ -	\$ 3,576,982	\$ -
Loan funds	<u>2,157,282</u>	<u>-</u>	<u>8,825,192</u>	<u>-</u>
	<u>5,734,264</u>	<u>-</u>	<u>12,402,174</u>	<u>-</u>
3% to 11% notes and mortgages				
Plant funds	323,333	515,000	252,680	449,550
Loan funds	<u>1,765,958</u>	<u>18,188,328</u>	<u>1,026,395</u>	<u>11,336,895</u>
	<u>2,089,291</u>	<u>18,703,328</u>	<u>1,279,075</u>	<u>11,786,445</u>
Total demand note and notes and mortgages	<u>\$7,823,555</u>	<u>\$18,703,328</u>	<u>\$13,681,249</u>	<u>\$11,786,445</u>

Maturities of notes and mortgages payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
1993	2,089,291
1994	2,405,630
1995	2,391,951
1996	2,468,486
1997	1,948,492
1998 - 2007	<u>9,488,769</u>
	<u>\$20,792,619</u>

Notes to Financial Statements (continued)  
June 30, 1992 and 1991

**Note 4 - Deposit and loan funds**

The amounts due from parishes relate primarily to funds receivable for payment of Archdiocesan notes and mortgages payable. At June 30, 1992 and 1991, the allowance for doubtful loans account, in the amount of \$217,000, is funded by marketable securities in an amount equal to the allowance. These securities have been designated to provide for estimated losses that may be incurred by the Administrative Office resulting from uncollectible loans.

The Archdiocese administers a deposit and loan plan for the parishes. Parishes may deposit any excess funds with the Administrative Office. Interest is paid to the parishes at a rate based on the six-month Treasury Bill rate. The Administrative Office uses the funds on deposit to loan to other parishes. The interest rate charged to the borrowers is computed each month based on the cost of the funds to the Administrative Office.

**Note 5 - Notes receivable**

The notes receivable are for sales of various parish properties and are secured by the property sold.

	<u>June 30, 1992</u>		<u>June 30, 1991</u>	
	<u>Maturities</u>		<u>Maturities</u>	
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>
11% and 12% notes	<u>\$6,749</u>	<u>\$25,505</u>	<u>\$37,385</u>	<u>\$177,669</u>

Maturities of notes receivable are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
1993	\$ 6,749
1994	7,558
1995	8,466
1996	<u>9,481</u>
	<u>\$32,254</u>

Notes to Financial Statements (continued)  
June 30, 1992 and 1991

**Note 6 - Deferred restricted support and revenue**

Deferred restricted support and revenue represents the unexpended portion of gifts which must be used according to restrictions placed by the donor. Changes in deferred restricted support and revenue were as follows:

	<u>Operating Funds</u>
Balance, June 30, 1991	\$194,321
Less: funds expended	<u>66,790</u>
Balance, June 30, 1992	<u>\$127,531</u>

At June 30, 1992 and 1991, funds were restricted for the following purposes:

	<u>1992</u>	<u>1991</u>
Mission support and development	\$ -	\$ 7,221
Village of St. Joseph	<u>127,531</u>	<u>187,100</u>
	<u>\$127,531</u>	<u>\$194,321</u>

**Note 7 - Contingencies**

The Archdiocese has been named defendant in various civil lawsuits. The Archdiocese considers all of these suits to be without basis and plans to vigorously contest the claims. The likely outcome of the various lawsuits cannot be determined. During 1992, one such lawsuit was settled. The costs incurred in 1992 and 1991 to settle the lawsuit, including legal fees, totaled \$614,051 and \$152,681, respectively.

**Note 8 - Change in accounting principle and restatement of prior year financial statements**

The Administrative Offices of the Archdiocese of Atlanta have been operating under a self-insurance program whereby property and liability, health care, retirement and other similar coverages are provided for the parishes and missions and their employees. Previously, the premium billings to the parishes and the related claims and expenses of the parishes were not recorded in the statement of support and revenue and expenses of the Administrative Offices. The excess of billings to parishes over claims and expenses was reported as deferred support and revenue - unrestricted on the balance sheet. During the year ended June 30, 1992, the Archdiocese separated the insurance fund activities from the operating funds in order to provide more meaningful information regarding the self-insurance program.

Notes to Financial Statements (continued)  
June 30, 1992 and 1991

**Note 8 - Change in accounting principle and restatement of prior year financial statements (continued)**

The premium billings to the parishes and the related insurance claims, pension and administrative costs associated with the self-insurance program are reported in the insurance fund category.

The June 30, 1991, financial statements have been restated to reflect the change in the method of accounting for the self-insurance program. The restatement resulted in the following changes to total fund balances.

	<u>As Previously Reported</u>	<u>As Restated</u>
Fund balances, June 30, 1990	\$25,269,326	\$25,269,326
Cumulative effect on prior years of change in method of accounting for self insurance program	<u>-</u>	<u>1,014,574</u>
	25,269,326	26,283,900
Excess of support and revenue over expenses after capital additions	<u>1,249,921</u>	<u>1,811,868</u>
Fund balances, June 30, 1991	<u>\$26,519,247</u>	<u>\$28,095,768</u>

**Note 9 - Financial instruments**

The Financial Accounting Standards Board requires disclosure about financial instruments and related off-balance sheet risk and concentrations of credit risk. The activity of the Administrative Offices of the Archdiocese of Atlanta is primarily with the parishes within the Archdiocese, which covers approximately fifty percent of the State of Georgia. The accounts and pledges receivable, due from parishes and notes and mortgages payable are all associated with the parishes or other Archdiocesan activities. Any off-balance sheet risk or credit risk is dependent on the financial support of the parishioners to their local parish and the parishes subsequent support of the Archdiocese.

The Administrative Office places its cash and investments with various financial institutions. However, at times during the year, cash balances exceed the federally insured limits of the Federal Deposit Insurance Corporation.