ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Consolidated Financial Statements

June 30, 2015 and 2014

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Administrative Offices of the Archdiocese of Atlanta
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REPORT

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INDEPENDENT AUDITORS' REPORT

His Excellency
The Most Reverend Wilton D. Gregory
Archbishop of Atlanta
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of the Administrative Offices of the Archdiocese of Atlanta and Subsidiaries (Administrative Offices), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Administrative Offices preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Administrative Offices internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Administrative Offices as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram, L.L.C

Atlanta, Georgia
December 9, 2015

FINANCIAL STATEMENTS

June 30,	**2015**				2014			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and cash equivalents	**$ 13,641,030**	**$ -**	**$ -**	**$ 13,641,030**	$ 35,663,780	$ -	$ -	$ 35,663,780
Investments at fair value	**116,953,057**	**25,840,826**	**69,496,411**	**212,290,294**	85,740,110	27,444,139	63,416,493	176,600,742
Escrowed deposits	**965,757**	**-**	**-**	**965,757**	208,240	-	-	208,240
Accounts receivable	**6,905,380**	**-**	**-**	**6,905,380**	7,069,191	-	-	7,069,191
Promises to give	**4,829,729**	**-**	**-**	**4,829,729**	5,657,377	-	-	5,657,377
Loans receivable-parishes and agencies	**46,304,892**	**-**	**-**	**46,304,892**	50,599,461	-	-	50,599,461
Property and equipment, net	**152,227,293**	**-**	**-**	**152,227,293**	149,903,114	-	-	149,903,114
Other assets	**9,533,011**	**-**	**-**	**9,533,011**	12,983,833	-	-	12,983,833
Total assets	**$ 351,360,149**	**$ 25,840,826**	**$ 69,496,411**	**$ 446,697,386**	$ 347,825,106	$ 27,444,139	$ 63,416,493	$ 438,685,738
Liabilities and net assets								
Liabilities								
Accounts payable and accrued expenses	**$ 19,106,267**	**$ -**	**$ -**	**$ 19,106,267**	$ 21,895,447	$ -	$ -	$ 21,895,447
Custodial funds payable	**-**	**-**	**11,458,234**	**11,458,234**	-	-	9,953,200	9,953,200
Deposits payable	**90,126,933**	**-**	**-**	**90,126,933**	80,417,126	-	-	80,417,126
Interest rate swap liability	**5,594,941**	**-**	**-**	**5,594,941**	8,124,064	-	-	8,124,064
Deferred revenue	**11,323,871**	**-**	**-**	**11,323,871**	10,516,262	-	-	10,516,262
Refundable entrance fees	**40,341,774**	**-**	**-**	**40,341,774**	41,405,990	-	-	41,405,990
Bonds payable	**67,375,000**	**-**	**-**	**67,375,000**	70,610,000	-	-	70,610,000
Total liabilities	**233,868,786**	**-**	**11,458,234**	**245,327,020**	232,968,889	-	9,953,200	242,922,089
Net assets								
Designated								
Investment funds	**20,233,525**	**-**	**-**	**20,233,525**	24,914,264	-	-	24,914,264
Insurance funds	**33,989,803**	**-**	**-**	**33,989,803**	31,090,379	-	-	31,090,379
Plant funds	**8,731,011**	**-**	**-**	**8,731,011**	(12,199,356)	-	-	(12,199,356)
Undesignated	**54,537,024**	**-**	**-**	**54,537,024**	71,050,930	-	-	71,050,930
Restricted	**-**	**25,840,826**	**58,038,177**	**83,879,003**	-	27,444,139	53,463,293	80,907,432
Total net assets	**117,491,363**	**25,840,826**	**58,038,177**	**201,370,366**	114,856,217	27,444,139	53,463,293	195,763,649
Total liabilities and net assets	**$ 351,360,149**	**$ 25,840,826**	**$ 69,496,411**	**$ 446,697,386**	$ 347,825,106	$ 27,444,139	$ 63,416,493	$ 438,685,738

The accompanying notes are an integral part of these statements .

Consolidated Statements of Activities

Years ended June 30,	**2015**				2014			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Parishes and missions								
Contributions	**$ 7,706,876**	**$ -**	**$ -**	**$ 7,706,876**	$ 7,530,958	$ -	$ -	$ 7,530,958
Assessments	**20,879,189**	**-**	**-**	**20,879,189**	20,757,120	-	-	20,757,120
Continuing care	**10,799,331**	**-**	**-**	**10,799,331**	11,239,255	-	-	11,239,255
Education	**39,583,253**	**-**	**-**	**39,583,253**	39,245,642	-	-	39,245,642
Insurance premiums	**20,734,045**	**-**	**-**	**20,734,045**	20,306,902	-	-	20,306,902
Other contributions	**3,878,504**	**367,060**	**1,522,629**	**5,768,193**	3,366,605	729,246	2,013,309	6,109,160
Investment return	**988,227**	**1,674,930**	**733**	**2,663,890**	1,087,278	1,056,003	797	2,144,078
Other	**3,358,665**	**-**	**-**	**3,358,665**	1,738,448	-	-	1,738,448
Net assets released from restrictions	**4,063,301**	**(4,063,301)**	**-**	**-**	6,742,613	(6,742,613)	-	-
Total revenues	**111,991,391**	**(2,021,311)**	**1,523,362**	**111,493,442**	112,014,821	(4,957,364)	2,014,106	109,071,563
Expenses								
Administrative support	**8,445,686**	**-**	**-**	**8,445,686**	8,380,753	-	-	8,380,753
Pastoral	**10,129,977**	**-**	**-**	**10,129,977**	8,415,290	-	-	8,415,290
Education	**48,795,544**	**-**	**-**	**48,795,544**	47,053,182	-	-	47,053,182
Social services	**841,608**	**-**	**-**	**841,608**	874,315	-	-	874,315
Insurance services	**15,620,359**	**-**	**-**	**15,620,359**	12,823,573	-	-	12,823,573
Continuing Care	**9,788,556**	**-**	**-**	**9,788,556**	10,317,516	-	-	10,317,516
Other	**2,551,181**	**-**	**-**	**2,551,181**	2,433,919	-	-	2,433,919
Depreciation and amortization	**7,095,074**	**-**	**-**	**7,095,074**	6,731,203	-	-	6,731,203
Total expenses	**103,267,985**	**-**	**-**	**103,267,985**	97,029,751	-	-	97,029,751
Excess of revenues over expenses before gains and (losses)	**8,723,406**	**(2,021,311)**	**1,523,362**	**8,225,457**	14,985,070	(4,957,364)	2,014,106	12,041,812
Gains and (losses)								
Investments - realized and unrealized	**39,107**	**(44,660)**	**(46,743)**	**(52,296)**	8,572,588	7,509,377	984,156	17,066,121
Interest rate swap agreements	**794,523**	**-**	**-**	**794,523**	1,208,133	-	-	1,208,133
Disposal of property and equipment	**(239,387)**	**-**	**-**	**(239,387)**	(672,350)	-	-	(672,350)
Loss on refinancing of debt	**(518,605)**	**-**	**-**	**(518,605)**	-	-	-	-
Total gains and (losses)	**75,638**	**(44,660)**	**(46,743)**	**(15,765)**	9,108,371	7,509,377	984,156	17,601,904
Change in net assets	**8,799,044**	**(2,065,971)**	**1,476,619**	**8,209,692**	24,093,441	2,552,013	2,998,262	29,643,716
Other ASC 715 pension charge	**(2,602,975)**	**-**	**-**	**(2,602,975)**	(1,748,022)	-	-	(1,748,022)
Net assets transfers	**(3,560,923)**	**462,658**	**3,098,265**	**-**	(219,000)	-	219,000	-
Net assets at beginning of year	**114,856,217**	**27,444,139**	**53,463,293**	**195,763,649**	92,729,798	24,892,126	50,246,031	167,867,955
Net assets at end of year	**$ 117,491,363**	**$ 25,840,826**	**$ 58,038,177**	**$ 201,370,366**	$ 114,856,217	$ 27,444,139	$ 53,463,293	$ 195,763,649

The accompanying notes are an integral part of these statements.

Administrative Offices of the Archdiocese of Atlanta
Consolidated Statements of Cash Flows

Years ended June 30,	**2015**	2014
Operating activities		
Change in net assets	**$ 8,209,692**	$ 29,643,716
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization	**7,095,074**	6,731,203
Amortization of entrance fees	**(672,403)**	(681,371)
Loss on disposal of property and equipment	**239,387**	672,350
Realized and unrealized (gain) loss on investments	**52,296**	(17,066,121)
Gain on interest rate swap agreements	**(794,523)**	(1,208,133)
Loss on debt refinancing	**518,605**	-
Restricted contributions	**(1,522,629)**	(2,013,309)
(Increase) decrease in accounts receivable	**754,897**	(381,687)
Decrease in promises to give	**827,648**	292,852
Increase (decrease) in other assets	**(576,646)**	(2,054,193)
Increase (decrease) in accounts payable and accrued expenses	**(4,417,155)**	930,466
Increase (decrease) in deferred revenue	**435,532**	(46,369)
Net cash provided by operating activities	**10,149,775**	14,819,404
Investing activities		
Proceeds from sale and maturity of investments	**87,328,843**	27,829,656
Purchase of investments	**(122,125,124)**	(44,659,750)
Net increase in entrance fee escrow fund	**(757,517)**	(66)
Parish and mission loans	**(5,823,573)**	(2,153,120)
Parish and mission loan repayments	**10,118,142**	13,302,201
Proceeds from sale of property and equipment	**2,498,955**	2,351,030
Purchase of property and equipment	**(9,098,375)**	(9,668,737)
Net cash used in investing activities	**(37,858,649)**	(12,998,786)
Financing activities		
Payments on bonds and notes payable	**(3,235,000)**	(5,155,000)
Net proceeds (refunds) from residents entrance fees	**(610,822)**	1,100,638
Restricted contributions received	**1,522,629**	2,013,309
Payments on interest rate swap	**(1,734,600)**	-
Payments on debt issuance costs	**(262,813)**	-
Parish and mission deposits received	**41,155,845**	56,948,856
Parish and mission deposits paid	**(32,409,149)**	(51,740,901)
Increase (decrease) in custodial funds payable	**1,260,034**	(115,637)
Net cash provided by financing activities	**5,686,124**	3,051,265
Net increase (decrease) in cash and cash equivalents	**(22,022,750)**	4,871,883
Cash and cash equivalents, beginning of year	**35,663,780**	30,791,897
Cash and cash equivalents, end of year	**$ 13,641,030**	$ 35,663,780

The accompanying notes are an integral part of these statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting

The accompanying consolidated financial statements include the accounts and transactions of the Administrative Offices of the Archdiocese of Atlanta and the accounts and transactions of the following separate entities which are affiliated with or related to the Administrative Offices of the Archdiocese of Atlanta:

AoA Properties Holding, Inc.
Catholic Construction Services, Inc.
Catholic Continuing Care Retirement Communities, Inc.
Catholic Education of North Georgia, Inc.
The Catholic Foundation of North Georgia, Inc.

All of the consolidated organizations are collectively referred to in this report as the Archdiocese. All significant intercompany transactions have been eliminated in consolidation.

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 consolidated financial statements. Moreover, this report does not include the financial statements of the parishes and missions of the Archdiocese of Atlanta.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

A summary of the significant accounting principles the Archdiocese applied in the preparation of the accompanying consolidated financial statements follows.

Financial Statement Presentation

The Archdiocese is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets
Unrestricted net assets are utilized to account for support from parishes and missions and other revenues that are unrestricted in nature. Donor-restricted contributions whose restrictions are met in the year of contribution are reported as unrestricted support.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

Temporarily Restricted Net Assets
Temporarily restricted net assets are utilized to account for contributions that are donor-restricted for uses which have not yet been fulfilled either in time or by purpose.

Permanently Restricted Net Assets
Permanently restricted net assets are utilized to account for true endowments whereby the donor has permitted the Archdiocese to use the income for operations, but has prohibited the use of principal.

Income Taxes

The Archdiocese is a religious organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements. Income from certain activities not directly related to the tax-exempt purpose of nonprofit entities is subject to taxation as unrelated business income. The Archdiocese considers all of its activities to be directly related to its exempt purpose in 2015 and 2014.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Archdiocese considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments in Marketable Securities

The Archdiocese carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are recognized as changes in net assets in the periods they occur. Investment income and realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Accounts Receivable

Accounts receivable are primarily due from Archdiocesan parishes, missions, and schools for insurance premiums and assessments owed to the Administrative Offices. The carrying amounts of receivables have been reduced by a valuation allowance of approximately $5,120,000 and $5,380,000 at June 30, 2015 and 2014, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Promises to give that are scheduled to be received after the end of the reporting period are shown as increases in temporarily restricted net assets and reclassified to unrestricted net assets when the purpose or time restriction is met. Promises to give subject to donor-imposed restrictions that the corpus is maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted and carried at the present value of estimated future cash flows. Amortization of the discount is recorded as contribution revenue.

The Archdiocese uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment

Property and equipment are recorded at cost if acquired by purchase and at fair market value at the date of receipt if acquired by gift. Maintenance and repairs are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the consolidated statements of activities.

Depreciation is computed using the straight-line method. Property and equipment at June 30, 2015 and 2014, consisted of the following:

	Useful Lives (years)	**2015**	2014
Land		**$ 28,002,346**	$ 25,460,326
Land improvements	15	**11,826,819**	11,430,840
Buildings	40-50	**151,294,308**	148,663,079
Furniture and equipment	3-10	**34,537,532**	33,200,950
Automobiles	5-7	**1,564,074**	1,539,986
Construction in progress		**2,518,642**	764,382
		229,743,721	221,059,563
Less accumulated depreciation		**(77,516,428)**	(71,156,449)
Property and equipment, net		**$ 152,227,293**	$ 149,903,114

Depreciation expense for 2015 and 2014 was $7,024,103 and $6,660,232, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

Land, buildings and equipment are pledged in part to secure bonds payable (Note 5).

Construction in progress consists of costs incurred on construction projects that have not been completed and placed in service as of year-end.

Deferred Charges

Costs incurred for issuance of bonds to finance schools and a life care facility are included in other assets in the consolidated statements of financial position. Bond issuance costs, totaling $1,162,089 and $1,896,540, as of June 30, 2015 and 2014, have been capitalized and are being amortized over the life of the bonds using the interest method. Amortization of bond issuance costs for the years ended June 30, 2015 and 2014, totaled $79,043 and $79,611 and accumulated amortization at June 30, 2015 and 2014, totaled $543,078 and $960,659, respectively.

Interest Rate Swaps

The Organization holds derivative financial instruments for the purpose of hedging the risk of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of LIBOR-based variable payments on bonds payable. In hedging the transactions, the Archdiocese, in the normal course of business, holds interest rate swaps whose purpose is to fix interest payments. Interest rate swaps are further discussed in Note 6.

Self-Insurance Program

The Archdiocese self-insures for certain levels of property, liability, workers' compensation and employee medical coverage. The self-insurance program is operated by the Administrative Offices and covers substantially all of the parishes and agencies within the Archdiocese. The Archdiocese collects premiums from the parishes and agencies to fund the program and limits its losses through the use of stop-loss policies through reinsurers. Self-insurance costs are accrued based on claims reported as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was approximately $1,666,000 and $1,657,000 at June 30, 2015 and 2014, respectively.

In order to help manage self-insurance risks related to property and liability the Archdiocese participates in a protected captive insurance cell within the Catholic Relief Insurance Company of America II (CRIC II). The Administrative office obtains insurance coverage from the protected cell and bears a risk of loss from claims in excess of premiums paid to the cell. Based on the control of the protected cell and the structure of CRIC II, the assets and liabilities of the captive cell have been consolidated within the Administrative offices. Insurance premium payments to the protected cell during the years ended June 30, 2015 and 2014, were approximately $2,970,000 and $4,170,000, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contribution revenues are recorded as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Contributions subject to donor-imposed restrictions are recorded as temporarily restricted support and are reclassified to unrestricted support when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed.

Revenue Recognition - Catholic Continuing Care Retirement Communities, Inc.

Revenues for Catholic Continuing Care Retirement Communities, Inc. (CCCRC) are primarily generated from monthly fees for the independent living units, amortization of entrance fees, and monthly fees and per diem charges for personal care units and skilled nursing beds. Additional revenue is also generated from ancillary services such as activity fees, additional housekeeping and dietary services.

Entrance fees that are expected to be non-refundable to the resident are recorded as deferred revenue and are amortized into revenue using the straight-line method over the estimated remaining life expectancy of the resident, as determined by actuarial life expectancy tables. The remaining life expectancy is re-evaluated annually and amortization periods adjusted accordingly.

Residency Agreements

All residents at Catholic Continuing Care Retirement Communities are required to sign a residency agreement that defines the terms of their residency at the Community. The residency agreement requires an entrance fee ranging from approximately $190,000 to $550,000. The entrance fee is 80%, 90%, or 95% refundable at the time the resident no longer lives at the Community. Except under special circumstances stipulated in the agreement, residents receive their refund after receipt of sufficient proceeds to fully refund the obligation from the next remarketing and occupancy of a similar residence.

Reclassifications

Certain reclassifications have been made to the 2014 consolidated financial statements in order to be in conformity with classifications used in the 2015 consolidated financial statements.

NOTE 2: INVESTMENTS

At June 30, 2015 and 2014, investments consisted of the following:

	2015		2014	
	Fair Value	**Cost**	Fair Value	Cost
Short-term investments	**$ 18,904,256**	**$ 18,902,345**	$ 25,071,658	$ 25,061,843
Corporate obligations	**6,782,649**	**6,912,608**	9,819,886	9,749,183
Equity securities	**59,122,401**	**51,551,573**	45,373,024	36,960,101
Equity funds	**50,242,022**	**42,213,857**	48,310,416	38,580,826
Debt mutual funds	**38,109,545**	**38,919,078**	36,985,821	37,178,745
U.S. Government obligations	**39,129,421**	**39,276,144**	11,039,937	11,016,051
	$ 212,290,294	**$ 197,775,605**	$ 176,600,742	$ 158,546,749

NOTE 3: PROMISES TO GIVE

Promises to give of $4,829,729 and $5,657,377 at June 30, 2015 and 2014, respectively, represent unconditional promises to give. Substantially all of the promises to give are due in less than one year. Promises to give at June 30, 2015 and 2014, have been reduced by a valuation allowance of $445,000 and $670,000, respectively.

NOTE 4: LOANS RECEIVABLE AND DEPOSITS PAYABLE

The amounts due from parishes relate primarily to interest-bearing loans made to parishes and agencies by the Administrative Offices. Interest rates ranged from 0% to 5.0% between July 1, 2013 and November 30, 2013, and from 0% to 4.5% between December 1, 2013 and June 30, 2015. Loans receivable have been reduced by an allowance for uncollectible loans of $472,000 for both years ended June 30, 2015 and 2014.

The Archdiocese administers a deposit and loan fund for the parishes. Parishes may deposit any excess funds with the Administrative Office. The Administrative Office uses the funds on deposit to loan to other parishes. Interest on these deposits is credited at the rate of 2.75% between July 1, 2013 and November 30, 2013, and 2.25% between December 1, 2013 and June 30, 2015.

NOTE 5: BONDS AND NOTES PAYABLE

Bonds payable consist of the following at June 30, 2015 and 2014:

		2015		2014
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated February 1, 1999, and maturing April 1, 2024.	**$**	**14,300,000**	$	15,600,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated March 1, 1999, and maturing April 1, 2024.		**9,000,000**		10,000,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.		**17,785,000**		18,120,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.		**6,340,000**		6,440,000
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (CCCRC bonds) dated April 1, 2004, and maturing April 1, 2034.		**-**		20,450,000
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (CCCRC bonds) dated September 1, 2014, and maturing April 1, 2034.		**19,950,000**		-
	$	**67,375,000**	$	70,610,000

Maturities of bonds payable are as follows:

Year ending June 30,		
2016	$	3,435,000
2017		3,550,000
2018		3,655,000
2019		3,845,000
2020		4,010,000
2021-2034		48,880,000
	$	67,375,000

NOTE 5: BONDS AND NOTES PAYABLE (CONTINUED)

Effective January 26, 2012, the educational bond debt was modified whereby the bank that originally issued a letter of credit securing the bonds, purchased the outstanding bonds. As part of the restructuring, the variable interest rate on the bonds was modified and the letter of credit was cancelled. Interest at 67% of LIBOR plus 1.25% is payable monthly. The bonds are secured by various school properties owned by Catholic Education of North Georgia, Inc. (CENGI). The total carrying amount of these properties was approximately $72,500,000 and $72,400,000 at June 30, 2015 and 2014, respectively. All of the educational bonds require monthly interest payments and mature in varying annual amounts through April 1, 2028. The rate at June 30, 2015, was 1.37%.

Effective November 1, 2011, the CCCRC restructured its Series 2004 bonds and the bond debt agreements were amended and restated. Included in the restructuring, the bank that originally issued a letter of credit securing the bonds purchased all of the outstanding bonds, cancelled the letter of credit, and replaced it with a continuing covenant agreement whereby CCCRC is required to meet certain operating covenants. In lieu of CCCRC paying the bond principal and interest and letter of credit fees, CCCRC was obligated to pay a note dated November 1, 2011, and maturing October 1, 2014, with an original principal amount equal to the outstanding bonds of $21,750,000. Interest at 67% of LIBOR plus 1.32% was payable monthly. In connection with the 2004 bonds, the Archdiocese of Atlanta signed a Keep Well Agreement whereby it committed to fund any operating deficits, as defined in the agreement, of CCCRC up to $3,000,000.

In September 2014, the above 2004 Series Bonds were refinanced with the proceeds of Series 2014 refunding bonds issued by the Development Authority of Fulton County (the Authority). The Series 2014 Bonds include interest initially at 67% times the sum of 1-month LIBOR and 1.85% (1.36% at June 30, 2015) and annual principal payments, with final maturity in September 2034. The Authority loaned the proceeds of the 2014 Bonds to CCCRC under a Loan Agreement, and CCCRC is required to make loan payments equal to debt service on the 2014 Bonds. CCCRC has pledged virtually all assets as collateral for its repayment obligations. The total carrying amount of these assets was approximately $54,800,000 and $58,300,000 at June 30, 2015 and 2014, respectively. CCCRC also entered into a Credit Agreement with the holder of the 2014 Bonds, which includes certain financial covenants to be maintained by CCCRC. At June 30, 2015, CCCRC was not in compliance with one such covenant which is measured annually at fiscal year-end, for which a waiver was obtained.

As discussed in Note 6, the Archdiocese has entered into various interest rate swap agreements that provide for fixed rates of interest on the bonds.

NOTE 5: BONDS AND NOTES PAYABLE (CONTINUED)

At June 30, 2015, the Archdiocese had one unsecured bank line of credit totaling $5,000,000. This line of credit is payable on demand and bears an interest rate of monthly LIBOR plus 1%. The applicable interest rate at June 30, 2015 was 1.15%. The line of credit also bears an annualized fee of 0.25% on the unused portion. There were no amounts due under the demand note at June 30, 2015 and 2014. There were outstanding letters of credit of approximately $707,000, associated with the line of credit as of June 30, 2015 and 2014. These letters of credit secure collateral requirements required by casualty insurance programs and a construction project.

In 2012, the Archdiocese received an interest free loan from a private foundation. The balance of this loan was $2,000,000 at June 30, 2013. During the year ended June 30, 2014, $1,000,000 was repaid and $1,000,000 was forgiven.

Interest expense to the Archdiocese on bonds and interest rate swaps and interest paid on deposits from parishes and agencies (Note 4) totaled $5,511,039 and $6,645,608 for the years ended June 30, 2015 and 2014, respectively. Cash payments for interest totaled $5,594,558 and $6,654,312 for fiscal years 2015 and 2014, respectively.

Interest expense for the years ended June 30, 2015 and 2014, is reported in the statements of activities as follows:

		2015		2014
Interest included in school operations	**$**	**2,367,772**	$	2,591,348
Interest included in CCCRC operations		**449,790**		1,110,809
Interest charged against loan fund income (Note 4)		**2,693,477**		2,943,451
	$	**5,511,039**	$	6,645,608

Under the debt and swap agreements, the Archdiocese is required to maintain certain financial covenants, including ratios of unrestricted cash and marketable securities to consolidated funded debt and unrestricted net assets to consolidated funded debt. The Archdiocese is in compliance with these requirements as of June 30, 2015 and 2014.

NOTE 6: INTEREST RATE SWAP AGREEMENTS

In order to mitigate its exposure to interest rate fluctuations, the Archdiocese entered into various interest rate swap agreements that provide for fixed rates of interest on the school bonds and CCCRC bonds. The purpose of entering into these swaps is to eliminate long-term interest rate variability by converting LIBOR-based variable-rate payments to fixed-rate payments. The Archdiocese's interest rate swap agreements have been designed and qualify as cash flow hedging instruments. The fair value of the liabilities represents the discounted amount the Archdiocese would have to pay the bank to terminate the agreements at the respective balance sheet dates. The change in fair value of the interest rate swap agreements is recorded in the consolidated statements of activities as a gain or loss on interest rate swap agreements. During the year, the CCCRC swap agreement was terminated as part of the debt refinancing (Note 5). CCCRC made a payment of $1,734,600 in order to terminate the agreement. The Archdiocese has no plans to terminate the other interest rate swap agreements prior to the expiration date of the agreements.

In 2014, CENGI entered into a forward swap with an effective date of July 1, 2020. The notional amount is for exactly half the expected bond payable amount on that date. Collateral cash for this swap at June 30, 2015 and 2014 was $800,000 and $220,000, respectively.

By using a derivative financial instrument to hedge its exposure to changes in interest rates, the Archdiocese exposes itself to credit and market risk. Credit risk is the failure of the counter party to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter party owes the Archdiocese, which creates credit risk for the Archdiocese. When the fair value of a derivative contract is negative the Archdiocese owes the counter party and, therefore, it does not possess credit risk. The Archdiocese minimized the credit risk in derivative instruments by entering into transactions with high-quality counter parties.

Market risk is an adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing the monitoring parameters that limit the types and degree of market risk may be undertaken.

NOTE 6: INTEREST RATE SWAP AGREEMENTS (CONTINUED)

The table below summarizes the swap information reported in the consolidated financial statements as of June 30, 2015.

Year ended June 30, 2015

Issue	Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Liability in Statement of Financial Position	Gain (loss) on interest rate swap agreements in Statement of Activities
CCCRC Bonds	5/15/2007	5/1/2017	$ -	-	-	$ -	$ 145,538
School Bonds	1/26/2012	7/1/2020	50,160,000	3.55%	0.11%	(5,124,467)	880,832
School Bonds	7/1/2020	7/1/2025	16,065,000	2.90%	0.11%	(470,474)	(231,847)
			$ 66,225,000			$(5,594,941)	$ 794,523

The table below summarizes the swap information reported in the consolidated financial statements as of June 30, 2014.

Year ended June 30, 2014

Issue	Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Liability in Statement of Financial Position	Gain (loss) on interest rate swap agreements in Statement of Activities
CCCRC Bonds	5/15/2007	5/1/2017	$ 20,450,000	3.90%	0.15%	$(1,880,138)	$ 523,628
School Bonds	1/26/2012	7/1/2020	50,160,000	3.55%	0.11%	(6,005,299)	923,132
School Bonds	7/1/2020	7/1/2025	16,065,000	2.90%	0.11%	(238,627)	(238,627)
			$ 86,675,000			$(8,124,064)	$ 1,208,133

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.

The Archdiocese has cash deposits and investment accounts with financial institutions, which fluctuate from time to time in excess of the insured limitation of the Federal Deposit Insurance Corporation. If these financial institutions were not to honor their contractual liability, the Archdiocese could incur losses. Management is of the opinion that there is no risk of loss because of the financial strength of these financial institutions.

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS

Permanently restricted net assets include donor-restricted endowment funds. Unrestricted net assets include funds that have been designated by the Archbishop (board-designated) to function as endowments. The donor-restricted endowment funds and the board designated funds are collectively referred to as endowment funds. The endowment funds are restricted or designated for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Archdiocese has interpreted Georgia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Archdiocese classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Archdiocese in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Archdiocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Archdiocese and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Archdiocese
7. The investment policies of the Archdiocese

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

Endowment net assets composition by type of fund as of June 30, 2015:

June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds				
Campus ministry	$ -	$ 56,064	$ 167,835	$ 223,899
Cemeteries	-	356,840	50,000	406,840
Community Service	(8,015)	1,033,077	3,690,267	4,715,329
Dependent children	-	892,865	387,207	1,280,072
Education	-	14,527,992	37,177,982	51,705,974
Elderly	-	493,997	1,209,235	1,703,232
Operations	-	1,348,981	7,486,172	8,835,153
Parishes	(2,924)	1,098,028	4,211,429	5,306,533
Seminary	-	3,617,004	3,658,050	7,275,054
	(10,939)	23,424,848	58,038,177	81,452,086
Board-designated endowment funds				
Charitable gift annuity	581,632	-	-	581,632
Clergy welfare	173,486	-	-	173,486
Dependent children	66,312	-	-	66,312
Donor-advised fund	2,456,673	-	-	2,456,673
Education	2,580,739	-	-	2,580,739
Operations	1,639,893	-	-	1,639,893
Parishes	8,877,117	-	-	8,877,117
Retired priests	349,693	-	-	349,693
Seminary	3,507,980	-	-	3,507,980
	20,233,525	-	-	20,233,525
	$ 20,222,586	$ 23,424,848	$ 58,038,177	$ 101,685,611

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

Endowment net assets composition by type of fund as of June 30, 2014:

June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds				
Campus ministry	$ -	$ 28,184	$ 105,445	$ 133,629
Cemeteries	-	247,057	-	247,057
Community Service	-	1,198,723	4,487,237	5,685,960
Dependent children	-	971,718	387,207	1,358,925
Education	-	15,868,364	36,287,728	52,156,092
Elderly	-	522,093	1,205,159	1,727,252
Operations	-	1,439,382	5,236,565	6,675,947
Parishes	-	689,420	2,095,902	2,785,322
Seminary	-	3,744,809	3,658,050	7,402,859
	-	24,709,750	53,463,293	78,173,043
Board-designated endowment funds				
Charitable gift annuity	584,688	-	-	584,688
Clergy welfare	170,697	-	-	170,697
Dependent children	65,256	-	-	65,256
Donor-advised fund	2,606,951	-	-	2,606,951
Education	2,089,865	-	-	2,089,865
Operations	1,670,782	-	-	1,670,782
Parishes	11,350,569	-	-	11,350,569
Retired priests	1,590,371	-	-	1,590,371
Seminary	4,785,085	-	-	4,785,085
	24,914,264	-	-	24,914,264
	$ 24,914,264	$ 24,709,750	$ 53,463,293	$ 103,087,307

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2015:

Year ended June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 24,914,264	$ 24,709,750	$ 53,463,293	$ 103,087,307
Contributions	-	201,013	1,522,629	1,723,642
Transfers to increase board designated funds	578,423	-	-	578,423
Net assets transfer	-	462,658	3,098,265	3,560,923
Investment return				
Investment income	392,870	1,674,930	733	2,068,533
Net realized and unrealized appreciation	73,194	(44,660)	(46,743)	(18,209)
Appropriation of endowment net assets for expenditure	(5,725,226)	(3,589,782)	-	(9,315,008)
Restoration of deficiencies in donor-restricted endowment funds	(10,939)	10,939	-	-
Endowment net assets, end of year	$ 20,222,586	$ 23,424,848	$ 58,038,177	$ 101,685,611

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2014:

Year ended June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 21,707,034	$ 20,725,002	$ 50,246,031	$ 92,678,067
Contributions	-	71,541	2,013,309	2,084,850
Transfers to increase board designated funds	293,421	-	-	293,421
Net assets transfer	-	-	219,000	219,000
Investment return				
Investment income	305,843	1,056,003	797	1,362,643
Net realized and unrealized appreciation	2,957,394	7,509,377	984,156	11,450,927
Appropriation of endowment net assets for expenditure	(361,563)	(4,640,038)	-	(5,001,601)
Recovery of deficiencies in donor-restricted endowment funds	12,135	(12,135)	-	-
Endowment net assets, end of year	$ 24,914,264	$ 24,709,750	$ 53,463,293	$ 103,087,307

The Archdiocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Archdiocese must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy the endowment assets are invested in a manner that is intended to produce a reasonable rate of return under current market conditions with minimal risk.

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

The Archdiocese's spending policy reflects the fundamental objective of preserving and enhancing the resources of the Archdiocese, both at present and in the future. Current spending and the long term objectives of preserving and enhancing the assets are balanced by considerations given to reasonable expectations of investment returns, contributions, operating expenses, and inflation. The Archdiocese has a policy of appropriating for distribution each year amounts that are required to be distributed under the terms of donor-restricted endowment agreements and amounts needed to fund and subsidize Archdiocesan programs and agencies. In establishing this policy, the Archdiocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Archdiocese expects the current spending policy to allow its endowment to grow at a rate that will maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

NOTE 9: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets and permanently restricted net assets, including donor-restricted endowment funds, are available for the following purposes at June 30, 2015:

June 30, 2015

	Temporarily Restricted	Permanently Restricted	Total
Campus ministry	$ 56,064	$ 167,835	$ 223,899
Cemeteries	356,840	50,000	406,840
Community service	1,033,077	3,690,267	4,723,344
Dependent children	892,865	387,207	1,280,072
Education	14,527,992	37,177,982	51,705,974
Elderly	493,997	1,209,235	1,703,232
Operations	1,348,981	7,486,172	8,835,153
Parishes	1,098,028	4,211,429	5,309,457
Religious purposes	2,012,299	-	2,012,299
School operations	403,679	-	403,679
Seminary	3,617,004	3,658,050	7,275,054
	$ 25,840,826	$ 58,038,177	$ 83,879,003

NOTE 9: RESTRICTIONS ON NET ASSETS (CONTINUED)

Temporarily restricted net assets and permanently restricted net assets, including donor-restricted endowment funds, are available for the following purposes at June 30, 2014:

June 30, 2014

	Temporarily Restricted	Permanently Restricted	Total
Campus ministry	$ 28,184	$ 105,445	$ 133,629
Cemeteries	247,057	-	247,057
Community service	1,198,723	4,487,237	5,685,960
Dependent children	971,718	387,207	1,358,925
Education	15,868,364	36,287,728	52,156,092
Elderly	522,093	1,205,159	1,727,252
Operations	1,439,382	5,236,565	6,675,947
Parishes	689,420	2,095,902	2,785,322
Religious purposes	2,012,299	-	2,012,299
School operations	722,090	-	722,090
Seminary	3,744,809	3,658,050	7,402,859
	$ 27,444,139	$ 53,463,293	$ 80,907,432

NOTE 10: FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board (FASB) 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 and its subsidiaries is primarily with the parishes and missions within the Archdiocese, which covers approximately fifty percent of the State of Georgia. The accounts receivable, promises to give, and loans receivable from parishes and bonds 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.

NOTE 11: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be measured at fair value on a recurring basis. For the Archdiocese, the assets and liabilities that are adjusted to fair value on a recurring basis are investments in marketable securities, promises to give and bequests receivable, charitable gift annuities payable and interest rate swap agreements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and cash equivalents, accounts receivable, loans receivable, accounts payable, and deposits payable - carrying amounts approximate fair value based upon the nature of the instrument.

Promises to give are valued at estimated net realizable value discounted to present value at 5.0%. Change in value includes changes in discount and adjustments to the allowance for uncollectible pledges.

Interest rate swap - fair value determined using a discounted cash flow method based on forward interest rates and expected cash flows.

NOTE 11: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Archdiocese's fair value hierarchy for the financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2015:

June 30, 2015	Total	Level 1	Level 2	Level 3
Investments				
Short-term investments	$ 18,377,886	$ -	$ 18,377,886	$ -
Corporate obligations - domestic bonds	5,415,178	-	5,415,178	-
Corporate obligations - international bonds	778,452	778,452	-	-
Equity securities - domestic	53,041,124	53,041,124	-	-
Equity securities - international	508,195	508,195	-	-
Equity funds - domestic	21,554,280	4,651,966	16,902,314	-
Equity securities - international	26,762,040	26,762,040	-	-
Debt funds - domestic and international	36,302,153	36,302,153	-	-
Mutual funds	12,997,226	-	12,997,226	-
U. S. agency funds	13,072,781	-	13,072,781	-
U. S. agency securities	6,066,548	6,066,548	-	-
U. S. treasury notes	12,010,968	12,010,968	-	-
Equity Securities - REIT	822,421	822,421	-	-
Alternative Funds	4,581,042	-	-	4,581,042
	$ 212,290,294	$ 140,943,867	$ 66,765,385	$ 4,581,042
Promises to give	$ 4,829,729	$ -	$ -	$ 4,829,729
Interest rate swap liability	$ 5,594,941	$ -	$ -	$ 5,594,941
Post retirement obligation	$ 5,787,517	$ -	$ -	$ 5,787,517

NOTE 11: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the Archdiocese's fair value hierarchy for the financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2014:

June 30, 2014	Total	Level 1	Level 2	Level 3
Investments				
Short-term investments	$ 25,071,658	$ 11,147,830	$ 13,923,828	$ -
Corporate obligations -				
domestic bonds	7,532,380	-	7,532,380	-
Corporate obligations -				-
international bonds	898,791	898,791	-	-
Corporate obligations -				
asset backed securities	1,388,715	1,388,715	-	-
Equity securities - domestic	44,998,765	44,998,765	-	-
Equity securities -				
international	374,259	374,259	-	-
Equity funds - domestic	27,940,665	11,641,992	16,298,673	-
Equity securities -				
international	20,369,751	20,369,751	-	-
Debt funds - domestic				
and international	36,985,821	36,985,821	-	-
U. S. agency funds	3,993,334	-	3,993,334	-
U. S. agency securities	1,677,149	1,677,149	-	-
U. S. treasury notes	5,369,454	5,369,454	-	-
	$ 176,600,742	$ 134,852,527	$ 41,748,215	$ -
Promises to give	$ 5,657,377	$ -	$ -	$ 5,657,377
Interest rate swap liability	$ 8,124,064	$ -	$ -	$ 8,124,064
Post retirement obligation	$ 6,812,972	$ -	$ -	$ 6,812,972

NOTE 11: FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of the change in fair value for the years ended June 30, 2015 and 2014 for Level 3:

Years ended June 30,	**2015**	2014
Interest rate swap liability		
Liability at beginning of year	**$ 8,124,064**	$ 9,332,197
Settlement on interest rate swap	**(1,734,600)**	-
Change in value	**(794,523)**	(1,208,133)
Liability at end of year	**$ 5,594,941**	$ 8,124,064
Promises to give		
Receivables at beginning of year	**$ 5,657,377**	$ 5,950,229
New pledges received	**6,279,596**	6,467,427
Payments on pledges	**(6,777,939)**	(6,776,180)
Change in value of pledges	**(329,305)**	15,901
Receivable at end of year	**$ 4,829,729**	$ 5,657,377
Alternative funds		
Balance at beginning of year	**$ -**	$ -
Purchases of investments	**4,561,178**	-
Change in value of alternative funds	**19,864**	-
Alternative funds at end of year	**$ 4,581,042**	$ -
Post retirement obligation		
Balance at beginning of year	**$ 6,812,972**	$ 6,678,308
Increase in accumulated postretirement benefit obligation	**2,627,470**	4,063,644
Increase in fair value of assets	**(3,652,925)**	(3,928,980)
Post retirement obligation at end of year	**$ 5,787,517**	$ 6,812,972

The change in value of the interest rate swap agreements in 2015 and 2014, is attributable to the revaluation of the interest rate swap agreements based on the current market conditions and is included in the change in net assets for the years ended June 30, 2015 and 2014.

Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amount that the Archdiocese could realize in a current market exchange.

NOTE 12: POST RETIREMENT BENEFITS

Clergy Retirement Plan

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests incardinated in the Archdiocese of Atlanta. The Archdiocese's funding policy is to make contributions to the plan at such times and in such amounts required to keep the plan actuarially sound. Benefits are based on years of service. Contributions are intended to provide not only for benefits attributed to service to-date, but also for those expected to be earned in the future. The Archdiocese expects to contribute approximately $957,000 to the Plan during the fiscal year ending June 30, 2016.

The annual measurement date is June 30, for the pension benefits. The following table provides further information about the Archdiocese's clergy retirement plan:

Years ended June 30,	**2015**	2014
Obligation and funded status		
Projected benefit obligation	**$ (23,534,616)**	$ (21,094,695)
Plan assets at fair value	**17,502,959**	13,885,038
Funded status	**$ (6,031,657)**	$ (7,209,657)
Accumulated benefit obligation	**$ 23,534,616**	$ 21,094,695
Employer contribution	**4,344,796**	2,287,077
Benefits paid	**954,151**	910,811
Amounts recognized in the consolidated statements of financial position		
Noncurrent liabilities	**6,031,657**	7,209,657
Amounts recognized in the consolidated statements of activities		
Service cost	**756,545**	579,092
Interest cost	**862,625**	798,770
Expected return on plan assets	**(1,007,048)**	(770,218)
Amortization of prior service cost and net (gain)/loss	**390,718**	335,229
Net periodic pension cost	**$ 1,002,840**	$ 942,873
Other changes in net assets		
Actuarial gain (loss)	**$ (2,554,674)**	$ (1,887,944)
Amortization of prior service cost	**390,718**	335,229
	$ (2,163,956)	$ (1,552,715)

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

The estimated net loss and prior service cost that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2016 are $571,424 and $0, respectively.

The following assumptions were used in accounting for the plan:

Weighted-average assumptions used to determine benefit obligations:	**2015**	2014
Discount rate	**4.3%**	4.2%
Expected return on plan assets	**7.5%**	7.5%
Future cost of living adjustments	**2.5%**	3.0%

Weighted-average assumptions used to determine net periodic benefit cost	**2015**	2014
Discount rate	**4.2%**	4.6%
Expected return on plan assets	**7.5%**	7.5%
Future cost of living adjustments	**2.5%**	3.0%

Retirement Age: Age based on retirement rates are given below

Age	Probability of Retirement
65	100.00%

Mortality Rates (per 1,000 lives)- RP-2000 combined mortality rate table (projected to 2015):

Age	**2015**	2014
20	**0.26**	0.26
35	**0.72**	0.72
50	**1.63**	1.66
60	**5.30**	5.38

Disability: Rates varying by age and service:

Age	Male	Female
N/A	N/A	N/A

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

The Archdiocese's overall investment strategy is to achieve a mix of investments for long-term growth and near-term benefit payments with a diversification of asset types, fund strategies, and fund managers. The target allocation for plan assets is 65% equity securities and 35% corporate bonds and U.S. Treasury securities.

The Archdiocese's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2016.

The following benefits are expected to be paid:

Year ending June 30,	
2016	$ 957,317
2017	965,055
2018	971,684
2019	984,815
2020	1,026,644
2021-2025	5,821,225
	$ 10,726,740

Billings to the parishes and agencies for clergy retirement are reported in insurance revenues and totaled $844,796 and $847,913 for the years ended June 30, 2015 and 2014, respectively.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

The fair values of the Archdiocese's clergy retirement plan assets at June 30, 2015 and 2014, by asset category are as follows:

June 30, 2015	Total	Level 1	Level 2	Level 3
Short-term investments	$ 1,052,287	$ 1,052,287	$ -	$ -
U.S. Treasury obligations	2,582,820	1,494,528	1,088,292	-
Marketable debt securities	433,664	-	433,664	-
Marketable equity securities	7,833,990	7,833,990	-	-
Equity mutual funds	4,853,362	4,853,362	-	-
Alternative funds	746,836	-	-	746,836
	$ 17,502,959	$ 15,234,167	$ 1,521,956	$ 746,836

June 30, 2014	Total	Level 1	Level 2	Level 3
Short-term investments	$ 946,690	$ 946,690	$ -	$ -
U.S. Treasury obligations	802,445	411,041	391,404	-
Marketable debt securities	855,904	-	855,904	-
Marketable equity securities	6,558,258	6,558,258	-	-
Equity mutual funds	4,721,741	4,721,741	-	-
	$ 13,885,038	$ 12,637,730	$ 1,247,308	$ -

Clergy long-term care plan

On January 1, 2012, the Archdiocese adopted a long-term care plan covering priests within the Archdiocese. To be eligible for the plan, a priest must be incardinated within the Archdiocese and must be an active participant in the clergy retirement plan. There are no minimum age or service requirements to qualify for benefits under the plan.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

The following table provides further information about the clergy long-term care plan:

Years ended June 30,		**2015**		2014
Obligation and funded status				
Projected benefit obligation	**$**	**(5,244,123)**	$	(5,056,574)
Plan assets at fair value		**5,488,263**		5,453,259
Funded status	**$**	**244,140**	$	396,685
Accumulated benefit obligation	**$**	**5,244,123**	$	5,056,574
Employer contribution		**214,200**		210,500
Benefits paid		**178,050**		129,290
Amounts recognized in the consolidated statements of financial position:				
Noncurrent asset		**244,140**		396,685
Amounts recognized in the consolidated statements of activities:				
Service cost		**108,989**		80,104
Interest cost		**212,699**		206,385
Expected return on plan assets		**(393,962)**		(342,706)
Net periodic pension cost (income)	**$**	**(72,274)**	$	(56,217)
Other changes in net assets:				
Actuarial gain (loss)	**$**	**(439,019)**	$	(195,307)

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

The following assumptions were used in accounting for the plan:

Weighted-average assumptions used to determine benefit obligations:	**2015**	2014
Discount rate	**4.46%**	4.38%
Expected return on plan assets	**7.50%**	7.50%
Future cost of living adjustments	**2.60%**	2.60%

Weighted-average assumptions used to determine net periodic benefit cost:	**2015**	2014
Discount rate	**4.38%**	4.86%
Expected return on plan assets	**7.50%**	7.50%
Future cost of living adjustments	**2.60%**	2.60%

Long-term care incidence rates:

Age	Probability of
60-64	0.49%
65-69	0.62%
70-74	1.01%
75-79	2.09%
80-84	4.60%
85-89	8.00%
90-99	11.55%
100+	100.00%

Mortality Rates (per 1,000 lives):

Age	Not on long term care	On long-term care
20	0.26	N/A
35	0.72	N/A
50	1.63	76.12
60	5.3	150.42

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2016.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

The following benefits are expected to be paid:

Year ending June 30,		
2016	$	209,663
2017		188,989
2018		180,050
2019		176,822
2020		177,429
2021-2025		966,790
	$	1,899,743

Billings to parishes and agencies for clergy long-term care are reported in insurance revenues and totaled $214,200 and $210,500 for the years ended June 30, 2015 and 2014, respectively.

The fair values of the Archdiocese's long-term care plan assets at June 30, 2015 and 2014, by asset category are as follows:

June 30, 2015		Total		Level 1		Level 2		Level 3
Short-term investments	$	331,882	$	331,882	$	-	$	-
Marketable equity securities		5,156,381		5,156,381		-		-
	$	5,488,263	$	5,488,263	$	-	$	-

June 30, 2014		Total		Level 1		Level 2		Level 3
Short-term investments	$	315,839	$	315,839	$	-	$	-
Marketable equity securities		5,137,420		5,137,420		-		-
	$	5,453,259	$	5,453,259	$	-	$	-

Lay employee retirement plan

The Archdiocese sponsors a defined contribution retirement plan that covers substantially all lay employees within the Archdiocese. Contributions to the plan are predetermined amounts based on compensation paid to each lay employee. Benefits under the plan are computed based on the pension fund assets.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Lay employee retirement plan (continued)

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

Years ended June 30,	**2015**	2014
Pension and administrative expenses	**$ 3,767,579**	$ 3,520,882
Billings to parishes and agencies	**(3,727,311)**	(3,730,163)
	$ 40,268	$ (209,281)

NOTE 13: DEVELOPMENT AND FUNDRAISING COST

The Archdiocese incurred fund raising costs related to the annual appeal campaign of $563,871 and $526,371 for the years ended June 30, 2015 and 2014, respectively. Catholic Education of North Georgia incurred development and fundraising costs totaling $1,166,422 and $1,012,347 for the years ended June 30, 2015 and 2014.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 9, 2015, which is the date that the consolidated financial statements were available to be issued.