ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Consolidated Financial Statements

June 30, 2018 and 2017

CRI CARR RIGGS & INGRAM

CPAs and Advisors

CRIcpa.com

Administrative Offices of the Archdiocese of Atlanta
Table of Contents
June 30, 2018 and 2017

Carr, Riggs & Ingram, LLC
4360 Chamblee Dunwoody Road
Suite 420
Atlanta, GA 30341

(770) 457-6606
(770) 451-2873 (fax)
www.cricpa.com

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, 2018 and 2017, 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 consolidated 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
December 17, 2018

Administrative Offices of the Archdiocese of Atlanta
Consolidated Statements of Financial Position

June 30,	**2018**				2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and cash equivalents	**$ 44,476,628**	**$ -**	**$ -**	**$ 44,476,628**	$ 36,380,699	$ -	$ -	$ 36,380,699
Investments at fair value	**157,919,428**	**36,467,415**	**70,818,354**	**265,205,197**	143,580,900	31,876,150	75,017,662	250,474,712
Accounts receivable	**5,429,051**	**-**	**-**	**5,429,051**	6,049,182	-	-	6,049,182
Promises to give	**4,908,013**	**-**	**-**	**4,908,013**	5,310,087	-	-	5,310,087
Loans receivable-parishes and agencies	**31,109,295**	**-**	**-**	**31,109,295**	38,076,128	-	-	38,076,128
Property and equipment, net	**158,325,503**	**-**	**-**	**158,325,503**	152,973,127	-	-	152,973,127
Other assets	**7,612,779**	**-**	**-**	**7,612,779**	7,109,554	-	-	7,109,554
Total assets	**$ 409,780,697**	**$ 36,467,415**	**$ 70,818,354**	**$ 517,066,466**	$ 389,479,677	$ 31,876,150	$ 75,017,662	$ 496,373,489
Liabilities and net assets								
Liabilities								
Accounts payable and accrued expenses	**$ 21,276,476**	**$ -**	**$ -**	**$ 21,276,476**	$ 22,884,910	$ -	$ -	$ 22,884,910
Custodian funds payable	**-**	**-**	**-**	**-**	-	-	7,380,656	7,380,656
Beneficiary endowments	**-**	**-**	**8,372,457**	**8,372,457**	-	-	6,976,162	6,976,162
Deposits payable	**118,754,856**	**-**	**-**	**118,754,856**	119,634,712	-	-	119,634,712
Interest rate swap liability	**1,870,714**	**-**	**-**	**1,870,714**	3,535,314	-	-	3,535,314
Deferred revenue	**13,250,148**	**-**	**-**	**13,250,148**	12,550,525	-	-	12,550,525
Refundable entrance fees	**47,295,574**	**-**	**-**	**47,295,574**	44,246,343	-	-	44,246,343
Bonds payable	**56,309,508**	**-**	**-**	**56,309,508**	59,907,856	-	-	59,907,856
Total liabilities	**258,757,276**	-	**8,372,457**	**267,129,733**	262,759,660	-	14,356,818	277,116,478
Net assets								
Designated								
Investment funds	**28,932,055**	**-**	**-**	**28,932,055**	24,246,684	-	-	24,246,684
Insurance funds	**36,683,311**	**-**	**-**	**36,683,311**	27,762,554	-	-	27,762,554
Plant funds	**97,184,843**	**-**	**-**	**97,184,843**	91,087,474	-	-	91,087,474
Undesignated	**(11,776,788)**	**-**	**-**	**(11,776,788)**	(16,376,695)	-	-	(16,376,695)
Restricted	**-**	**36,467,415**	**62,445,897**	**98,913,312**	-	31,876,150	60,660,844	92,536,994
Total net assets	**151,023,421**	**36,467,415**	**62,445,897**	**249,936,733**	126,720,017	31,876,150	60,660,844	219,257,011
Total liabilities and net assets	**$ 409,780,697**	**$ 36,467,415**	**$ 70,818,354**	**$ 517,066,466**	$ 389,479,677	$ 31,876,150	$ 75,017,662	$ 496,373,489

The accompanying notes are an integral part of these statement.

Years ended June 30,	**2018**				2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Parishes and missions								
Contributions	**$ 8,369,786**	**$ -**	**$ -**	**$ 8,369,786**	$ 8,138,970	$ -	$ -	$ 8,138,970
Assessments	**22,547,111**	**-**	**-**	**22,547,111**	21,268,183	-	-	21,268,183
Continuing care	**12,852,749**	**-**	**-**	**12,852,749**	11,845,634	-	-	11,845,634
Education	**41,257,616**	**-**	**-**	**41,257,616**	40,269,682	-	-	40,269,682
Insurance premiums	**22,202,281**	**-**	**-**	**22,202,281**	22,860,114	-	-	22,860,114
Other contributions	**7,545,932**	**556,441**	**786,154**	**8,888,527**	5,419,077	1,200,172	171,323	6,790,572
Investment return	**1,960,326**	**1,418,997**	**536**	**3,379,859**	1,771,165	1,268,523	671	3,040,359
Other	**3,177,939**	**-**	**-**	**3,177,939**	2,681,247	-	-	2,681,247
Net assets released from restrictions	**2,675,636**	**(2,675,636)**	**-**	**-**	3,354,800	(3,354,800)	-	-
Total revenues	**122,589,376**	**(700,198)**	**786,690**	**122,675,868**	117,608,872	(886,105)	171,994	116,894,761
Expenses								
Administrative support	**8,700,204**	**-**	**-**	**8,700,204**	7,811,092	-	-	7,811,092
Pastoral	**10,096,789**	**-**	**-**	**10,096,789**	9,617,787	-	-	9,617,787
Education	**51,110,958**	**-**	**-**	**51,110,958**	50,108,057	-	-	50,108,057
Insurance services	**16,683,610**	**-**	**-**	**16,683,610**	20,339,053	-	-	20,339,053
Continuing Care	**10,948,243**	**-**	**-**	**10,948,243**	10,654,362	-	-	10,654,362
Support Services	**3,396,913**	**-**	**-**	**3,396,913**	3,847,766	-	-	3,847,766
Depreciation and amortization	**6,946,257**	**-**	**-**	**6,946,257**	6,690,294	-	-	6,690,294
Total expenses	**107,882,974**	**-**	**-**	**107,882,974**	109,068,411	-	-	109,068,411
Excess of revenues over expenses before gains and (losses)	**14,706,402**	**(700,198)**	**786,690**	**14,792,894**	8,540,461	(886,105)	171,994	7,826,350
Gains and (losses)								
Investments - realized and unrealized	**8,393,215**	**4,291,463**	**566,539**	**13,251,217**	13,042,072	6,940,964	782,331	20,765,367
Interest rate swap agreements	**1,664,600**	**-**	**-**	**1,664,600**	2,410,499	-	-	2,410,499
Disposal of property and equipment	**(893,757)**	**-**	**-**	**(893,757)**	(227,649)	-	-	(227,649)
Total gains and (losses)	**9,164,058**	**4,291,463**	**566,539**	**14,022,060**	15,224,922	6,940,964	782,331	22,948,217
Change in net assets	**23,870,460**	**3,591,265**	**1,353,229**	**28,814,954**	23,765,383	6,054,859	954,325	30,774,567
Other ASC 715 pension benefit (charge)	**1,864,768**	**-**	**-**	**1,864,768**	(7,341,565)	-	-	(7,341,565)
Net assets transfers	**(1,431,824)**	**1,000,000**	**431,824**	**-**	(2,865,759)	2,191,648	674,111	-
Net assets at beginning of year	**126,720,017**	**31,876,150**	**60,660,844**	**219,257,011**	113,161,958	23,629,643	59,032,408	195,824,009
Net assets at end of year	**$ 151,023,421**	**$ 36,467,415**	**$ 62,445,897**	**$ 249,936,733**	$ 126,720,017	$ 31,876,150	$ 60,660,844	$ 219,257,011

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,	2018	2017
Operating activities		
Change in net assets	**$ 28,814,954**	$ 30,774,567
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization	**6,946,257**	6,690,294
Interest expense representing change in deferred bond costs	**56,652**	59,404
Amortization of entrance fees	**(997,326)**	(707,838)
ASC 715 pension costs	**1,864,768**	(7,341,565)
Loss on disposal of property and equipment	**889,734**	49,356
Realized and unrealized gain on investments	**(13,251,217)**	(18,943,247)
Gain on interest rate swap agreements	**(1,664,600)**	(2,410,498)
Restricted contributions	**(902,036)**	(1,167,615)
Decrease in accounts receivable	**1,448,854**	1,154,091
Decrease (increase) in promises to give	**402,074**	(418,965)
Decrease in other assets	**647,896**	3,765,095
Decrease in accounts payable and accrued expenses	**(1,358,625)**	(3,031,558)
Increase in deferred revenue	**362,090**	205,961
Net cash provided by operating activities	**23,259,475**	8,677,482
Investing activities		
Proceeds from sale and maturity of investments	**67,964,788**	42,483,940
Purchase of investments	**(69,607,772)**	(50,302,176)
Parish and mission loans	**(1,507,480)**	(5,184,509)
Parish and mission loan repayments	**7,901,388**	9,377,582
Beneficial interest in assets held by foundation	**(2,265,968)**	(1,782,380)
Proceeds from sale of property and equipment	**307,401**	306,995
Purchase of property and equipment	**(13,710,577)**	(8,549,110)
Net cash used in investing activities	**(10,918,220)**	(13,649,658)
Financing activities		
Payments on bonds and notes payable	**(3,655,000)**	(3,050,000)
Net proceeds from residents entrance fees	**4,128,292**	3,534,802
Restricted contributions received	**902,036**	1,167,615
Parish and mission deposits received	**36,580,914**	36,559,070
Parish and mission deposits paid	**(37,460,770)**	(22,648,746)
(Decrease) increase in custodial funds payable	**(4,740,798)**	1,736,432
Net cash (used in) provided by financing activities	**(4,245,326)**	17,299,173
Net increase in cash and cash equivalents	**8,095,929**	12,326,997
Cash and cash equivalents, beginning of year	**36,380,699**	24,053,702
Cash and cash equivalents, end of year	**$ 44,476,628**	$ 36,380,699

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 Canon 281.2 Trust
AoA Properties Holding, Inc.
AoA Deposit and Loan Fund Trust
Catholic Construction Services, Inc.
Catholic Continuing Care Retirement Communities, Inc. (CCCRC)
Catholic Education of North Georgia, Inc. (CENGI)
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 consolidated 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 2018 and 2017.

Cash and Cash Equivalents

For purposes of the consolidated 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

The Archdiocese carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated 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 consolidated statements of activities.

At June 30, 2018, a portion of the Archdiocese's investments are in a pooled investment fund known as the AoA Common Fund Trust. The investment allocation within the pooled investment fund includes equities and fixed income investments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $5,366,500 and $5,587,000 at June 30, 2018 and 2017, respectively.

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. Accretion 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

Depreciation is computed using the straight-line method. Property and equipment at June 30, 2018 and 2017, consisted of the following:

	Useful Lives (years)	2018	2017
Land		**$ 29,610,384**	$ 29,440,652
Land improvements	15	**12,319,073**	12,268,167
Buildings	40-50	**154,762,902**	154,036,534
Furniture and equipment	3-10	**31,416,641**	31,563,861
Automobiles	5-7	**1,763,483**	1,787,348
Construction in progress		**14,104,426**	6,059,197
		243,976,909	235,155,759
Less accumulated depreciation		**(85,651,406)**	(82,182,632)
Property and equipment, net		**$ 158,325,503**	$ 152,973,127

Depreciation expense for 2018 and 2017, was $6,911,257 and $6,655,294, respectively.

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 of $1,162,089 have been capitalized as of June 30, 2018 and 2017, and are being amortized over the life of the bonds using the interest method. Unamortized deferred bond costs are netted with the associated bonds payable and are being amortized to interest expense over the term of the bonds. Amortization of bond issuance costs for the years ended June 30, 2018 and 2017, totaled $56,651 and $59,404 and accumulated amortization at June 30, 2018 and 2017, totaled $736,597 and $679,946, respectively.

Interest Rate Swap Agreements

The Archdiocese 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 interest payments on bonds payable. In hedging the transactions, the Archdiocese, in the normal course of business, holds interest rate swap agreements whose purpose is to fix interest payments. Interest rate swaps are further discussed in Note 6.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $2,512,000 and $2,826,000 at June 30, 2018 and 2017, 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 were approximately $2,970,000 for each of the years ended June 30, 2018 and 2017.

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 or permanently restricted support. Temporarily restricted support is 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. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $225,000 to $600,000. The entrance fee is generally 80% or 90% refundable depending on the level of life care. 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 accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2: INVESTMENTS

At June 30, 2018 and 2017, investments consisted of the following:

	2018		2017	
	Fair Value	**Cost**	Fair Value	Cost
Short-term investments	**$ 7,555,880**	**$ 7,555,880**	$ 19,750,872	$ 19,136,565
Corporate obligations	**11,116,623**	**11,094,455**	8,173,432	8,774,713
Equity securities	**49,470,121**	**39,826,321**	51,568,279	45,354,019
Equity mutual funds	**95,334,089**	**75,125,031**	107,510,952	82,969,886
Debt mutual funds	**62,486,936**	**66,330,345**	39,483,537	42,509,534
U.S. Government obligation	**17,935,612**	**17,991,356**	17,518,157	18,812,496
Alternative investments	**11,318,463**	**11,193,855**	6,469,483	6,046,992
Archdiocese Common Fund	**9,987,473**	**6,096,571**	-	-
	$ 265,205,197	**$ 235,213,814**	$ 250,474,712	$ 223,604,205

NOTE 3: PROMISES TO GIVE

Promises to give of $4,908,013 and $5,310,087 at June 30, 2018 and 2017, 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, 2018 and 2017, have been reduced by a valuation allowance of $450,000.

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 Archdiocese. Interest rates ranged from 0% to 4.5%. Loans receivable have been reduced by an allowance for uncollectible loans of $697,000 and $1,245,000 as of June 30, 2018 and 2017, respectively.

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 1.75%.

NOTE 5: BONDS AND NOTES PAYABLE

Bonds payable consist of the following at June 30, 2018 and 2017:

	2018	2017
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated February 1, 1999, and maturing April 1, 2024.	**$ 12,700,000**	$ 12,800,000
Revenue Bonds dated March 1, 1999, and maturing April 1, 2024.	**7,800,000**	7,900,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.	**17,250,000**	17,350,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.	**835,000**	3,590,000
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (CCCRC bonds) dated September 1, 2014, and maturing April 1, 2034.	**18,150,000**	18,750,000
	56,735,000	60,390,000
Unamortized bond issuance costs	**425,492**	482,144
	$ 56,309,508	$ 59,907,856

NOTE 5: BONDS AND NOTES PAYABLE (CONTINUED)

Maturities of bonds payable are as follows:

Year ending June 30,		
2019	$	3,845,000
2020		4,010,000
2021		4,140,000
2022		4,270,000
2023		4,510,000
2024-2034		35,960,000
	$	56,735,000

Effective January 26, 2012, the CENGI 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% was payable monthly.

On November 1, 2016, all of the CENGI bonds were acquired by a different bank and the interest rate was changed to 68% of LIBOR plus .78%. Due to changes in the corporate income tax rate, beginning January 1, 2018, the calculation of interest changed to 82.65% of LIBOR plus .78%. The interest rate at June 30, 2018, was 2.59%. All of the educational bonds require monthly interest payments and mature in varying annual amounts through April 1, 2028.

CENGI entered into a revolving line of credit (LOC) with a financial institution during the year ended June 30, 2018. The LOC has a maximum borrowing limit of $3,000,000. Interest accrues at a variable rate of the 30 day Libor plus 1% and is payable monthly. There were no draws on the LOC during the year ended June 30, 2018. A security interest is on all of CENGI's deposit accounts held at the financial institution.

In September 2014, the proceeds of Series 2014 refunding bonds issued by the Development Authority of Fulton County (the Authority) were used to retire the 2004 series bonds. The Series 2014 Bonds include interest initially at 67% times the sum of 1-month LIBOR and 1.85% and annual principal payments, with final maturity in April 2034. Due to changes in the corporate income tax rate, beginning January 1, 2018, the calculation of interest changed to 81.4% times the sum of 1-month LIBOR plus 1.85%. The interest rate at June 30, 2018, was 3.12%. 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. CCCRC also entered into a Credit Agreement with the holder of the 2014 Bonds, which includes certain financial covenants to be maintained by CCCRC. As of June 30, 2018, CCCRC is in compliance with the required financial covenants.

NOTE 5: BONDS AND NOTES PAYABLE (CONTINUED)

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.

At June 30, 2018, the Archdiocese had two unsecured bank lines of credit totaling $8,000,000. One line of credit in the maximum amount of $5,000,000, matures April 2, 2019. The second line of credit in the maximum amount of $3,000,000, matures June 15, 2021. Both lines of credit bear interest at the one month LIBOR rate plus 1%. There were no amounts outstanding under either line of credit at June 30, 2018 or 2017.

Interest expense to the Archdiocese on bonds and interest rate swap agreements and interest paid on deposits from parishes and agencies (Note 4) totaled $5,038,382 and $4,973,968 for the years ended June 30, 2018 and 2017, respectively. Cash payments for interest totaled $4,689,938 and $4,991,280 for fiscal years 2018 and 2017, respectively.

Interest expense for the years ended June 30, 2018 and 2017, is reported in the consolidated statements of activities as follows:

		2018		2017
Interest included in school operations	**$**	**1,894,255**	$	2,179,346
Interest included in CCCRC operations		**471,845**		327,148
Interest charged against loan fund income (Note 4)		**2,672,282**		2,467,474
	$	**5,038,382**	$	4,973,968

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, 2018 and 2017.

NOTE 6: INTEREST RATE SWAP AGREEMENTS

In order to mitigate its exposure to interest rate fluctuations, the Archdiocese entered into interest rate swap agreements that provide for fixed rates of interest on the school 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.

NOTE 6: INTEREST RATE SWAP AGREEMENTS (CONTINUED)

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, 2018 and 2017 was $1,180,000.

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.

The table below summarizes the swap information reported in the consolidated financial statements as of June 30, 2018.

Year ended June 30, 2018

Issue	Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Liability in Statement of Financial Position	Gain on interest rate swap agreements in Statement of Activities
School Bonds	**1/26/2012**	**7/1/2020**	**$38,585,000**	**3.55%**	**2.20%**	**$(1,313,357)**	**$1,461,799**
School Bonds	**7/1/2020**	**7/1/2025**	**16,065,000**	**2.90%**	**2.20%**	**(557,357)**	**202,801**
			$54,650,000			**$(1,870,714)**	**$1,664,600**

NOTE 6: INTEREST RATE SWAP AGREEMENTS (CONTINUED)

The table below summarizes the swap information reported in the consolidated financial statements as of June 30, 2017.

Year ended June 30, 2017

Issue	Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Liability in Statement of Financial Position	Gain on interest rate swap agreements in Statement of Activities
School Bonds	1/26/2012	7/1/2020	$41,640,000	3.55%	0.83%	$(2,775,156)	$2,071,294
School Bonds	7/1/2020	7/1/2025	16,065,000	2.90%	0.83%	(760,158)	339,205
			$57,705,000			$(3,535,314)	$2,410,499

NOTE 7: CONTINGENCIES

The Archdiocese has been named defendant in various civil lawsuits. The Archdiocese considers all of these suits to be without merit and plans to vigorously contest the claims. The likely outcome of the various lawsuits cannot be determined.

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, 2018:

June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds				
Campus ministry	$ -	$ 69,162	$ 171,485	$ 240,647
Cemeteries	-	1,288,340	279,459	1,567,799
Community Service	-	1,674,868	3,344,156	5,019,024
Dependent children	-	727,962	387,207	1,115,169
Education	-	18,621,031	40,953,932	59,574,963
Elderly	-	641,033	1,213,585	1,854,618
Operations	-	5,309,709	7,775,911	13,085,620
Parishes	-	1,760,059	4,612,112	6,372,171
Seminary	-	3,974,451	3,708,050	7,682,501
	-	34,066,615	62,445,897	96,512,512
Board-designated endowment funds				
Charitable gift annuities	526,911	-	-	526,911
Clergy welfare	208,171	-	-	208,171
Donor-advised fund	8,498,425	-	-	8,498,425
Education	2,929,574	-	-	2,929,574
Operations	1,733,131	-	-	1,733,131
Parishes	12,075,786	-	-	12,075,786
Retired priests	422,033	-	-	422,033
Seminary	2,538,024	-	-	2,538,024
	28,932,055	-	-	28,932,055
	$ 28,932,055	$ 34,066,615	$ 62,445,897	$ 125,444,567

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

Endowment net assets composition by type of fund as of June 30, 2017:

June 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds				
Campus ministry	$ -	$ 59,805	$ 169,485	$ 229,290
Cemeteries	-	1,082,041	279,531	1,361,572
Community Service	-	1,502,078	3,288,117	4,790,195
Dependent children	-	657,121	387,207	1,044,328
Education	-	16,842,538	39,651,822	56,494,360
Elderly	-	529,161	1,213,060	1,742,221
Operations	-	3,707,309	7,652,944	11,360,253
Parishes	(1,665)	1,428,463	4,360,628	5,787,426
Seminary	-	3,697,649	3,658,050	7,355,699
	(1,665)	29,506,165	60,660,844	90,165,344
Board-designated endowment funds				
Charitable gift annuities	560,771	-	-	560,771
Clergy welfare	194,519	-	-	194,519
Donor-advised fund	4,080,053	-	-	4,080,053
Education	2,894,734	-	-	2,894,734
Operations	1,658,463	-	-	1,658,463
Parishes	12,057,559	-	-	12,057,559
Retired priests	393,819	-	-	393,819
Seminary	2,406,766	-	-	2,406,766
	24,246,684	-	-	24,246,684
	$ 24,245,019	$ 29,506,165	$ 60,660,844	$ 114,412,028

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2018:

Year ended June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 24,245,019	$ 29,506,165	$ 60,660,844	$ 114,412,028
Contributions	-	232,515	786,154	1,018,669
Transfers to increase board designated funds	4,820,099	-	-	4,820,099
Net assets transfer	-	1,000,000	431,824	1,431,824
Investment return				
Investment income	203,231	1,418,997	536	1,622,764
Net realized and unrealized appreciation	746,712	4,291,463	566,539	5,604,714
Appropriation of endowment net assets for expenditure	(1,083,006)	(2,387,739)	-	(3,470,745)
Reclassification of recoveries in donor-restricted endowment funds	-	5,214	-	5,214
Endowment net assets, end of year	$ 28,932,055	$ 34,066,615	$ 62,445,897	$ 125,444,567

NOTE 8: ENDOWMENT AND DESIGNATED INVESTMENT FUNDS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2017:

Year ended June 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 19,153,177	$ 21,241,214	$ 59,032,408	$ 99,426,799
Contributions	-	1,064,481	171,323	1,235,804
Transfers to increase board designated funds	5,114,947	-	-	5,114,947
Net assets transfer	-	2,191,648	674,111	2,865,759
Investment return				
Investment income	206,409	1,268,523	671	1,475,603
Net realized and unrealized appreciation	1,382,357	6,940,964	782,331	9,105,652
Appropriation of endowment net assets for expenditure	(1,720,647)	(3,091,889)	-	(4,812,536)
Reclassification of deficiencies in donor-restricted endowment funds	108,776	(108,776)	-	-
Endowment net assets, end of year	$ 24,245,019	$ 29,506,165	$ 60,660,844	$ 114,412,028

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, 2018:

June 30, 2018	Temporarily Restricted	Permanently Restricted	Total
Campus ministry	$ 69,162	$ 171,485	$ 240,647
Cemeteries	1,288,340	279,459	1,567,799
Community service	1,674,868	3,344,156	5,019,024
Dependent children	727,962	387,207	1,115,169
Education	18,621,031	40,953,932	59,574,963
Elderly	641,033	1,213,585	1,854,618
Operations	5,309,709	7,775,911	13,085,620
Parishes	1,760,059	4,612,112	6,372,171
Religious purposes	2,012,299	-	2,012,299
School operations	388,500	-	388,500
Seminary	3,974,452	3,708,050	7,682,502
	$ 36,467,415	$ 62,445,897	$ 98,913,312

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, 2017:

June 30, 2017	Temporarily Restricted	Permanently Restricted	Total
Campus ministry	$ 59,805	$ 169,485	$ 229,290
Cemeteries	1,082,041	279,531	1,361,572
Community service	1,502,078	3,288,117	4,790,195
Dependent children	657,121	387,207	1,044,328
Education	16,842,538	39,651,822	56,494,360
Elderly	529,161	1,213,060	1,742,221
Operations	3,707,309	7,652,944	11,360,253
Parishes	1,428,463	4,360,628	5,789,091
Religious purposes	2,012,299	-	2,012,299
School operations	357,686	-	357,686
Seminary	3,697,649	3,658,050	7,355,699
	$ 31,876,150	$ 60,660,844	$ 92,536,994

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.

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 11: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be measured at fair value on a recurring basis. 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 promises to give.

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

Certain investments are valued at the net asset value practical expedient based on the fair value of the underlying investments.

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, 2018:

June 30, 2018	Level 1	Level 2	Level 3	Total
Investments				
Short-term investments	$ 7,555,880	$ -	$ -	$ 7,555,880
Corporate obligations - domestic bonds	-	11,116,623	-	11,116,623
Debt funds - domestic and international	57,469,708	5,017,228	-	62,486,936
Equity securities - domestic	45,678,888	-	-	45,678,888
Equity securities - international	2,174,283	-	-	2,174,283
Equity securities - REIT	1,616,950	-	-	1,616,950
Equity funds - domestic	22,872,656	28,435,234	-	51,307,890
Equity funds - international	44,026,199	-	-	44,026,199
U. S. agency funds	-	4,551,387	-	4,551,387
U. S. Treasury notes	-	13,384,225	-	13,384,225
Total Investment at FV	$ 181,394,564	$ 62,504,697	$ -	243,899,261
Investments measured at net asset value				
Alternative funds				11,318,463
AoA Common Fund Trust				9,987,473
				$ 265,205,197
Promises to give			$ 4,908,013	$ 4,908,013
Interest rate swap liability			$ (1,870,714)	$ (1,870,714)
Post retirement obligations			$ 3,760,894	$ 3,760,894

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, 2017:

June 30, 2017	Level 1	Level 2	Level 3	Total
Investments				
Short-term investments	$ 4,098,330	$ 15,652,542	$ -	$ 19,750,872
Corporate obligations - domestic bonds	-	8,173,432	-	8,173,432
Equity securities - domestic	47,759,319	-	-	47,759,319
Equity securities - international	1,774,809	-	-	1,774,809
Equity funds - domestic	4,222,019	18,398,828	-	22,620,847
Equity funds - international	70,527,060	-	-	70,527,060
Debt funds - domestic and international	32,924,811	-	-	32,924,811
U. S. agency funds	-	11,672,685	-	11,672,685
U. S. Treasury notes	5,845,472	-	-	5,845,472
Equity securities - REIT	2,034,151	-	-	2,034,151
Total Investment at FMV	$ 169,185,971	$ 53,897,487	$ -	223,083,458
Investments measured at net asset value				
Other investments measured at net asset value				20,921,771
Investments in limited partnership				6,469,483
				$ 250,474,712
Promises to give			$ 5,310,087	$ 5,310,087
Interest rate swap liability			$ (3,535,314)	$ (3,535,314)
Post retirement obligations			$ (7,091,364)	$ (7,091,364)

NOTE 11: FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of the change in fair value for the years ended June 30, 2018 and 2017, for Level 3:

Years ended June 30,	**2018**	2017
Interest rate swap liability		
Liability at beginning of year	**$ 3,535,314**	$ 5,945,813
Change in value	**(1,664,600)**	(2,410,499)
Liability at end of year	**$ 1,870,714**	$ 3,535,314
Promises to give		
Receivables at beginning of year	**$ 5,310,087**	$ 4,891,122
New pledges received	**8,767,737**	8,387,082
Payments on pledges	**(9,163,890)**	(7,963,488)
Change in value of pledges	**(5,921)**	(4,629)
Receivable at end of year	**$ 4,908,013**	$ 5,310,087
Post retirement obligation		
Balance at beginning of year	**$ 7,091,364**	$ 9,998,787
Increase in accumulated postretirement benefit obligation	**1,656,124**	10,928,284
Increase in fair value of assets	**(5,161,996)**	(13,835,707)
Post retirement obligation at end of year	**$ 3,585,492**	$ 7,091,364

The change in value of the interest rate swap agreements in 2018 and 2017, 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, 2018 and 2017.

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

Priests' 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 $960,000 to the Plan during the fiscal year ending June 30, 2019.

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

Years ended June 30,	**2018**	2017
Obligation and funded status		
Projected benefit obligation	**$ (29,627,926)**	$ (28,208,409)
Plan assets at fair value	**24,943,697**	23,336,965
Funded status	**$ (4,684,229)**	$ (4,871,444)
Accumulated benefit obligation	**$ 29,627,926**	$ 28,208,409
Employer contribution	**$ 891,186**	$ 1,482,410
Benefits paid	**$ 904,380**	$ 1,188,220
Amounts recognized in the consolidated statements of financial position		
Noncurrent liabilities	**$ (4,684,229)**	$ (4,871,444)
Amounts recognized in the consolidated statements of activities		
Service cost	**$ 1,226,676**	$ 1,270,948
Interest cost	**1,048,805**	1,014,089
Expected return on plan assets	**(1,534,185)**	(1,334,823)
Amortization of net loss	**640,200**	878,061
Net periodic pension cost	**$ 1,381,496**	$ 1,828,275
Other changes in net assets		
Actuarial gain	**$ 37,325**	$ 3,306,851
Amortization of net loss	**640,200**	878,061
	$ 677,525	$ 4,184,912

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2019 is $607,680.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Priests' Retirement Plan (continued)

The following assumptions were used in accounting for the plan:

Weighted-average assumptions used to determine benefit obligations:	**2018**	2017
Discount rate	**4.1%**	3.8%
Expected return on plan assets	**6.8%**	6.8%
Future cost of living adjustments	**2.5%**	2.5%

Weighted-average assumptions used to determine net periodic benefit cost	**2018**	2017
Discount rate	**3.8%**	3.6%
Expected return on plan assets	**6.8%**	6.8%
Future cost of living adjustments	**2.5%**	2.5%

Retirement Age: Age based on retirement rates are given below

Age	Probability of Retirement
65	100.00%

Mortality Rates (per 1,000 lives)- IRS Static Mortality Table for Males for the applicable year:

Age	**2018**	2017
20	**0.18**	0.19
35	**0.66**	0.66
50	**1.28**	1.30
60	**4.34**	4.41

Disability: Rates varying by age and service:

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

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.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Priests' Retirement Plan (continued)

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, 2019.

The following benefits are expected to be paid:

Year ending June 30,	
2019	$ 960,165
2020	998,806
2021	1,029,713
2022	1,066,150
2023	1,137,140
2024-2028	6,918,309
	$ 12,110,283

Billings to the parishes and agencies for priests' retirement are reported in insurance revenues and totaled $971,422 and $832,410 for the years ended June 30, 2018 and 2017, respectively.

Years ended June 30,	**2018**	2017
Pension and administrative expenses	**$ 1,395,287**	$ 1,841,982
Billings to parishes and agencies	**(971,422)**	(832,410)
	$ 423,865	$ 1,009,572

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Priests' Retirement Plan (continued)

The fair values of the Archdiocese's priests' retirement plan assets at June 30, 2018 and 2017, by asset category are as follows:

June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments				
Short-term investments	**$ 1,001,514**	**$ -**	**$ -**	**$ 1,001,514**
U.S. Treasury obligations	**2,144,010**	**332,701**	**-**	**2,476,711**
Marketable debt securities	**-**	**1,739,976**	**-**	**1,739,976**
Marketable equity securities	**7,285,992**	**-**	**-**	**7,285,992**
Equity mutual funds	**10,963,948**	**-**	**-**	**10,963,948**
	$ 21,395,464	**$ 2,072,677**	**$ -**	**23,468,141**
Investments measured at net asset value				
Alternative Funds				**1,475,556**
				$ 24,943,697

June 30, 2017	Level 1	Level 2	Level 3	Total
Investments				
Short-term investments	$ 772,144	$ -	$ -	$ 772,144
U.S. Treasury obligations	1,906,486	590,964	-	2,497,450
Marketable debt securities	-	971,940	-	971,940
Marketable equity securities	6,922,706	-	-	6,922,706
Equity mutual funds	11,372,323	-	-	11,372,323
	$ 20,973,659	$ 1,562,904	$ -	22,536,563
Investments measured at net asset value				
Alternative Funds				800,402
				$ 23,336,965

Priests' 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 priests' retirement plan. There are no minimum age or service requirements to qualify for benefits under the plan.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Priests' long-term care plan (continued)

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

Years ended June 30,	**2018**	2017
Obligation and funded status		
Projected benefit obligation	**$ (6,283,659)**	$ (6,111,264)
Plan assets at fair value	**7,294,695**	6,608,958
Funded status	**$ 1,011,036**	$ 497,694
Accumulated benefit obligation	**$ 6,283,659**	$ 6,111,264
Employer contribution	**$ 227,067**	$ 648,124
Benefits paid	**$ 132,471**	$ 204,914
Amounts recognized in the consolidated statements of financial position:		
Current liabilities	**$ (147,437)**	$ (152,864)
Noncurrent assets	**$ 1,158,473**	$ 650,588
Amounts recognized in the consolidated statements of activities:		
Service cost	**$ 172,168**	$ 175,670
Interest cost	**231,782**	246,504
Expected return on plan assets	**(435,786)**	(368,903)
Amortization of net loss	**9,296**	62,201
Net periodic pension cost (income)	**$ (22,540)**	$ 115,472
Other changes in net assets:		
Actuarial gain	**$ 254,439**	$ 1,191,137

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Priests' long-term care plan (continued)

The following assumptions were used in accounting for the plan:

Weighted-average assumptions used to determine benefit obligations:	**2018**	2017
Discount rate	**4.2%**	3.9%
Expected return on plan assets	**6.8%**	6.8%
Future cost of living adjustments	**2.4%**	2.5%

Weighted-average assumptions used to determine net periodic benefit cost:	**2018**	2017
Discount rate	**3.7%**	3.7%
Expected return on plan assets	**6.8%**	6.8%
Future cost of living adjustments	**2.4%**	2.5%

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	0.17	N/A
35	0.31	N/A
50	1.13	76.12
60	3.61	150.42

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2019.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Priests' long-term care plan (continued)

The following benefits are expected to be paid:

Year ending June 30,	
2019	$ 147,437
2020	152,169
2021	158,884
2022	164,694
2023	177,952
2024-2028	1,103,081
	$ 1,904,217

Billings to parishes and agencies for priests' long-term care are reported in insurance revenues and totaled $227,067 and $198,120 for the years ended June 30, 2018 and 2017, respectively.

The fair values of the Archdiocese's long-term care plan assets at June 30, 2018 and 2017, by asset category are as follows:

June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Short-term investments	**$ 93,749**	**$ -**	**$ -**	**$ 93,749**
Marketable equity securities	**7,200,946**	**-**	**-**	**7,200,946**
	$ 7,294,695	**$ -**	**$ -**	**$ 7,294,695**

June 30, 2017	Level 1	Level 2	Level 3	Total
Short-term investments	$ 1,174,846	$ -	$ -	$ 1,174,846
Marketable equity securities	5,434,112	-	-	5,434,112
	$ 6,608,958	$ -	$ -	$ 6,608,958

Senior Priest Welfare Plan

On June 21, 2017, the Archdiocese adopted a welfare plan which covers all priests eligible for Medicare incardinated in the Archdiocese of Atlanta. There are no minimum service requirements. Medical benefits are provided to retirees in the form of a $6,000 annual payment applied toward premiums set to increase annually according to the Social Security Index. Future benefits are funded through a Grantor Trust currently managed by SunTrust Bank.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Senior Priest Welfare Plan (continued)

The following table provides further information about the senior priest welfare plan:

Years ended June 30,	**2018**	2017
Obligation and funded status		
Projected benefit obligation	**$ (12,781,826)**	$ (12,717,614)
Plan assets at fair value	**12,869,527**	10,000,000
Funded status	**$ 87,701**	$ (2,717,614)
Accumulated benefit obligation	**$ 12,781,826**	$ 12,717,614
Employer contribution	**$ 2,377,985**	$ 10,000,000
Benefits paid	**$ 189,330**	$ -
Amounts recognized in the consolidated statements of financial position		
Current liabilities	**$ (294,000)**	$ (306,000)
Noncurrent assets (liabilities)	**$ 381,701**	$ (2,411,614)
Amounts recognized in the consolidated statements of activities		
Special accounting entry for establishing plan	**$ -**	$ 12,159,969
Service cost	**394,915**	380,165
Interest cost	**481,571**	460,813
Expected return on plan assets	**(654,345)**	-
Net periodic pension cost	**$ 222,141**	$ 13,000,947
Other changes in net assets		
Actuarial gain	**$ 932,804**	$ 283,333

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Senior Priest Welfare Plan (continued)

The following assumptions were used in accounting for the plan:

Weighted-average assumptions used to determine benefit obligations:	**2018**	2017
Discount rate	**4.1%**	3.9%
Expected return on plan assets	**6.8%**	6.8%
Future cost of living adjustments	**2.5%**	2.5%

Weighted-average assumptions used to determine net periodic benefit cost	**2018**	2017
Discount rate	**3.9%**	3.9%
Expected return on plan assets	**6.8%**	6.8%
Future cost of living adjustments	**2.5%**	2.5%

Retirement Age: Age based on retirement rates are given below

Age	Probability of Retirement
65	100.00%

Mortality Rates (per 1,000 lives)- IRS Static Mortality Table for the applicable year:

Age	**2018**	2017
20	**0.17**	0.19
35	**0.31**	0.66
50	**1.13**	1.30
60	**3.61**	4.41

Disability: Rates varying by age and service:

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

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2019.

NOTE 12: POST RETIREMENT BENEFITS (CONTINUED)

Senior Priest Welfare Plan (continued)

The following benefits are expected to be paid:

Year ending June 30,	
2019	$ 294,000
2020	310,368
2021	332,805
2022	348,938
2023	364,882
2024-2028	2,320,897
	$ 3,971,890

The fair values of the Archdiocese's Senior Priest Welfare plan assets at June 30, 2018 and 2017, by asset category, are as follows:

June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Total investments				
Short-term investments	**$ 139,140**	**$ -**	**$ -**	**$ 139,140**
Marketable equity securities	**9,978,854**	**-**	**-**	**9,978,854**
Mutual funds-fixed income	**2,751,533**	**-**	**-**	**2,751,533**
	$ 12,869,527	**$ -**	**$ -**	**$ 12,869,527**

June 30, 2017	Level 1	Level 2	Level 3	Total
Total investments				
Short-term investments	$ 10,000,000	$ -	$ -	$ 10,000,000
	$ 10,000,000	$ -	$ -	$ 10,000,000

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,	**2018**	2017
Pension and administrative expenses	**$ 3,891,292**	$ 3,310,380
Billings to parishes and agencies	**(3,438,120)**	(4,198,047)
	$ 453,172	$ (887,667)

NOTE 13: DEVELOPMENT AND FUNDRAISING COST

The Archdiocese incurred fund raising costs related to the annual appeal campaign of $520,967 and $530,105 for the years ended June 30, 2018 and 2017, respectively. Catholic Education of North Georgia incurred development and fundraising costs totaling $608,164 and $885,025 for the years ended June 30, 2018 and 2017, respectively.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 17, 2018, which is the date that the consolidated financial statements were available to be issued.