



**AoA Properties Holding, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**



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# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

His Excellency  
The Most Reverend  
Archbishop of Atlanta  
Atlanta, Georgia

### **Opinion**

We have audited the accompanying financial statements of AoA Properties Holding, Inc. (Properties), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows, for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Properties as of June 30, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Properties ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Properties' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Properties' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Atlanta, Georgia  
January 12, 2022



# FINANCIAL STATEMENTS



**AoA Properties Holding, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2021</b>	2020
<b>Assets</b>		
Property and equipment, net	\$ 19,852,000	\$ 19,960,376
Assets held for sale	251,625	251,625
Due from related parties	109,421	687,900
<b>Total assets</b>	<b>\$ 20,213,046</b>	<b>\$ 20,899,901</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 241,151	\$ 241,151
Note payable, AoA Deposit and Loan Fund Trust	2,000,000	2,000,000
<b>Total liabilities</b>	<b>2,241,151</b>	<b>2,241,151</b>
<b>Net assets without donor restrictions</b>	<b>17,971,895</b>	<b>18,658,750</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,213,046</b>	<b>\$ 20,899,901</b>

*The accompanying notes are an integral part of these financial statements.*

**AoA Properties Holding, Inc.**  
**Statements of Activities**

<i>For the years ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Rental income	\$ 39,600	\$ 39,600
Other	840	-
Total revenue	<b>40,440</b>	39,600
<b>Expenses</b>		
Program services	<b>718,295</b>	780,774
General and administrative	<b>9,000</b>	276
Total expenses	<b>727,295</b>	781,050
Change in net assets before other gains (losses)	<b>(686,855)</b>	(741,450)
Loss on disposal of property	-	(54,061)
Change in net assets	<b>(686,855)</b>	(795,511)
Net assets without donor restrictions at beginning of year	<b>18,658,750</b>	19,454,261
Net assets without donor restrictions at end of year	<b>\$ 17,971,895</b>	\$ 18,658,750

*The accompanying notes are an integral part of these financial statements.*



**AoA Properties Holding, Inc.**  
**Statements of Functional Expenses**

*For the year ended June 30, 2021*

	Program Services	General and Administrative	Total
Depreciation	\$ 656,932	\$ -	\$ 656,932
Interest expense	61,363	-	61,363
Professional fees	-	9,000	9,000
<b>Total expenses</b>	<b>\$ 718,295</b>	<b>\$ 9,000</b>	<b>\$ 727,295</b>

*The accompanying notes are an integral part of these financial statements.*

**AoA Properties Holding, Inc.**  
**Statements of Functional Expenses (Continued)**

*For the year ended June 30, 2020*

	Program Services	General and Administrative	Total
Depreciation	\$ 780,774	\$ -	\$ 780,774
Miscellaneous	-	276	276
<b>Total expenses</b>	<b>\$ 780,774</b>	<b>\$ 276</b>	<b>\$ 781,050</b>

*The accompanying notes are an integral part of these financial statements.*

**AoA Properties Holding, Inc.**  
**Statements of Cash Flows**

<i>For the years ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Change in net assets	\$ (686,855)	\$ (795,511)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	656,932	780,774
Loss on disposal of property	-	54,061
Net cash provided by (used in) operating activities	<b>(29,923)</b>	39,324
<b>Investing Activities</b>		
Purchases of property and equipment	<b>(688,838)</b>	(1,315,991)
Payments for assets held for sale	-	(5,211)
Proceeds from sale of assets held for sale	-	85,925
Net cash provided by (used in) investing activities	<b>(688,838)</b>	(1,235,277)
<b>Financing Activities</b>		
Proceeds from note payable, AoA Deposit and Loan Fund Trust	-	2,000,000
Net advances (to) from related parties	<b>718,761</b>	(804,047)
Net cash provided by (used in) financing activities	<b>718,761</b>	1,195,953
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	\$ -	\$ -
<b>Schedule of Noncash Transactions</b>		
Land transferred to related party	\$ 135,633	\$ -
Write-down of assets held for resale and corresponding liability	\$ -	\$ 375,000

*The accompanying notes are an integral part of these financial statements.*

## **AoA Properties Holding, Inc.** **Notes to Financial Statements**

### **Note 1: DESCRIPTION OF THE ORGANIZATION**

The accompanying financial statements include the accounts and transactions of AoA Properties Holding, Inc. (Properties) which is a Georgia nonprofit corporation with one member, which has been granted exempt status under Section 501(c) 3 of the Internal Revenue Code.

The Archbishop (Archbishop) of the Roman Catholic Archdiocese of Atlanta (Archdiocese) is the sole member of the corporation and exercises control over Properties by appointing and approving the Board of Directors.

Properties was established on July 18, 2007, to support the Archdiocese by carrying on activities that benefit the Archdiocese, including holding and maintaining property, buildings, furniture, fixtures, and equipment for the Archdiocese.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

#### ***Property and Equipment***

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

#### ***Assets Held for Sale***

Assets held for sale, total \$251,625 as of June 30, 2021 and 2020. Assets held for sale represent assets acquired through purchase of the underlying asset either by Properties or through donation made to Properties. Assets held for sale are either recorded at historical cost, if purchased by Properties, or fair value if donated. Subsequently, assets held for sale are recorded at the lesser of historical cost or net realizable value.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Long-lived Assets***

Properties reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset are less than its carrying amount, an impairment loss is recognized. Long-lived assets and certain intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. There were no adjustments for impairment during the year ended June 30, 2021. Certain assets held for sale were evaluated and deemed impaired during the year ended June 30, 2020, resulting in a reduction in assets held for sale and the corresponding liability in accounts payable in the amount of \$375,000.

***Net Assets***

Properties reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of Properties, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

There were no net assets with donor restrictions at June 30, 2021 and 2020.

***Revenue Recognition***

Rental revenue is recognized on the straight-line basis over the contracted period of the lease agreement (Note 5) in accordance with the provisions of FASB ASC Topic 840, *Leases* (ASC 840). Rent is due monthly from the lessee.

***Functional Allocation of Expenses***

Directly identifiable expenses are charged to programs and supporting services. Other expenses that are common to several functions are allocated based on estimates of asset usage.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Income Taxes***

Properties 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. Properties considers all of its activities to be directly related to its exempt purpose in 2021 and 2020.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 12, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Accounting Guidance Not Yet Adopted***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU is effective for fiscal years beginning after December 15, 2021. Properties is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU specifies requirements for the recognition and initial measurement of contributions and disclosure requirements for contributed services. The ASU is effective for fiscal years beginning after June 15, 2021. Properties is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**AoA Properties Holding, Inc.**  
**Notes to Financial Statements**

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

Properties maintains its financial assets to provide liquidity to ensure funds are available as Properties' expenditures come due. The following reflects the Properties' financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	<b>2021</b>	2020
Total assets at year end	<b>\$ 20,213,046</b>	\$ 20,899,901
Less non-financial assets:		
Property and equipment, net	<b>(19,852,000)</b>	(19,960,376)
Assets held for sale	<b>(251,625)</b>	(251,625)
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 109,421</b>	\$ 687,900

**Note 4: PROPERTY AND EQUIPMENT**

The components of property and equipment at June 30, 2021 and 2020 are as follows:

<i>June 30,</i>	Estimated Useful Lives (in years)	<b>2021</b>	2020
Land improvements	20	<b>\$ 1,866,640</b>	\$ 1,866,640
Building	20-50	<b>16,381,298</b>	16,210,277
Furniture and equipment	5-10	<b>2,625,624</b>	2,625,624
		<b>20,873,562</b>	20,702,541
Less: accumulated depreciation		<b>(7,946,735)</b>	(7,289,803)
		<b>12,926,827</b>	13,412,738
Land		<b>6,914,097</b>	6,539,827
Construction in progress		<b>11,076</b>	7,811
Property and equipment, net		<b>\$ 19,852,000</b>	\$ 19,960,376

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$656,932 and \$780,774, respectively.

**Note 5: LEASE OF REAL PROPERTY**

In 2012, the Archdiocese purchased real property to be used by and leased to a Catholic Mission (the Mission). The original lease agreement was for a term of three years with a monthly payment of \$4,100. The lease agreement ultimately expired and is carried month-to-month at a rate of \$3,300 per month, until the Mission either vacates the property or purchases it outright. The lease payments are designed to cover the carrying cost of the property. All other costs, including but not limited to insurance, legal fees, property taxes and fees, maintenance and utilities, are the responsibility of the Mission.

The original lease agreement was serviced through the Archdiocese. As of July 1, 2019, lease revenue associated with the property was assigned to Properties which will service the agreement going forward. Lease revenue totaled \$39,600 during each of the years ended June 30, 2021 and 2020.

**Note 6: RELATED PARTIES**

***Note Payable – AoA Deposit and Loan Fund Trust***

During the year ended June 30, 2020, Properties signed a promissory note with AoA Deposit and Loan Fund Trust for the purpose of purchasing land bank properties. The unsecured note is dated June 16, 2020, in the maximum principal amount of \$2,000,000 and interest accruing at 3%. Principal payments are due as Properties receives funds from the sale of land bank properties. For the year ended June 30, 2021, interest expense was \$61,363 and the outstanding balance totaled \$2,000,000.

**Note 7: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of Properties. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.





# ACCOMPANYING INFORMATION





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## INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

His Excellency  
The Most Reverend  
Archbishop of Atlanta  
Atlanta, Georgia

We have audited the financial statements of AoA Properties Holding, Inc. as of and for the years ended June 30, 2021 and 2020, and our report thereon dated January 12, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on page 14 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Carr, Riggs & Ingram, LLC*

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia  
January 12, 2022

**AoA Properties Holding, Inc.**  
**Schedule of Property and Equipment**

<i>For the year ended June 30,</i>	2020	2021		
	Balance	Additions	Reductions	Balance
<b>Land</b>				
Carrol County				
University of W. Georgia	\$ 135,633	\$ -	\$ 135,633	\$ -
Clayton County, Georgia				
San Felipe de Jesus Mission	103,000	-	-	<b>103,000</b>
San Felipe de Jesus Mission	359,992	-	-	<b>359,992</b>
Cobb County, Georgia				
Catholic Center - Smyrna	1,965,984	-	-	<b>1,965,984</b>
St. Francis de Sales	158,357	33,611	-	<b>191,968</b>
Floyd County, Georgia				
St. Mary Lot	429,923	-	-	<b>429,923</b>
Fulton County, Georgia				
Our Lady of Lourdes	539	-	539	-
Saint Jude the Apostle Church	434,202	-	-	<b>434,202</b>
Gilmer County, Georgia				
Good Samaritan	167,603	-	-	<b>167,603</b>
Gwinnett County, Georgia				
Mission Divino Niño	567,188	-	-	<b>567,188</b>
Our Lady of Americas	918,200	2,014	-	<b>920,214</b>
St. Oliver Plunkett	35,557	447,867	-	<b>483,424</b>
Habersham County	190,850	-	-	<b>190,850</b>
Murray County, Georgia				
St. Toribo Romo	277,500	-	-	<b>277,500</b>
Polk County, Georgia				
St Bernadette	419,113	-	-	<b>419,113</b>
Taliaferro County, Georgia				
Locust Grove Cemetery	10,000	-	-	<b>10,000</b>
Purification Cemetery	10,000	-	-	<b>10,000</b>
Purification Church	80,000	-	-	<b>80,000</b>
Upton County				
St. Peter the Rock	5,143	5,241	-	<b>10,384</b>
Whitfield County, Georgia				
St. Joseph, Dalton	163,684	21,710	-	<b>185,394</b>
Other	107,359	-	-	<b>107,359</b>
<b>Total land</b>	<b>6,539,827</b>	<b>510,442</b>	<b>136,172</b>	<b>6,914,097</b>
<b>Land improvements</b>				
Catholic Center - Smyrna	320,688	-	-	<b>320,688</b>
Our Lady of America	565,506	-	-	<b>565,506</b>
St. Paul Education Building	980,446	-	-	<b>980,446</b>
<b>Total improvements</b>	<b>1,866,640</b>	<b>-</b>	<b>-</b>	<b>1,866,640</b>
<b>Buildings</b>				
Archbishop's residence	464,741	-	-	<b>464,741</b>
Ardmore Court Townhomes	760,064	-	-	<b>760,064</b>
Borromeo House - Sandy Springs	1,119,527	-	-	<b>1,119,527</b>
Catholic Center - Smyrna	6,115,358	-	-	<b>6,115,358</b>
Mission Del Divino Nino	1,215,513	-	-	<b>1,215,513</b>
Our Lady of Americas	4,755,553	-	-	<b>4,755,553</b>
St. Francis de Sales	-	169,526	-	<b>169,526</b>
St. Mary Toccoa	211,456	1,495	-	<b>212,951</b>
San Felipe de Jesus Mission	853,368	-	-	<b>853,368</b>
St. Toribo Romo	714,697	-	-	<b>714,697</b>
<b>Total buildings</b>	<b>16,210,277</b>	<b>171,021</b>	<b>-</b>	<b>16,381,298</b>
<b>Furniture, fixtures, and equipment</b>				
Archbishop's residence	127,058	-	-	<b>127,058</b>
Ardmore Court Townhomes	53,282	-	-	<b>53,282</b>
Chancery Offices	2,445,284	-	-	<b>2,445,284</b>
<b>Total furniture, fixtures and equipment</b>	<b>2,625,624</b>	<b>-</b>	<b>-</b>	<b>2,625,624</b>
Construction in progress	7,811	7,375	4,110	<b>11,076</b>
<b>Total land, buildings, improvements and equipment</b>	<b>\$ 27,250,179</b>	<b>\$ 688,838</b>	<b>\$ 140,282</b>	<b>\$ 27,798,735</b>