



AoA Properties Holding, Inc.

FINANCIAL STATEMENTS

June 30, 2022 and 2021



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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, 2022 and 2021, 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, 2022 and 2021, 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 Properties 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 30, 2023



FINANCIAL STATEMENTS



AoA Properties Holding, Inc.
Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Property and equipment, net	\$ 24,344,763	\$ 19,852,000
Assets held for sale	750	251,625
Other assets	3,053,066	-
Due from related parties	-	109,421
Total assets	\$ 27,398,579	\$ 20,213,046
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 603,336	\$ 241,151
Note payable, AoA Deposit and Loan Fund Trust	6,000,000	2,000,000
Due to related parties	3,473,700	-
Total liabilities	10,077,036	2,241,151
Net assets without donor restrictions	17,321,543	17,971,895
Total liabilities and net assets	\$ 27,398,579	\$ 20,213,046

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>	2022	2021
Revenue		
Rental income	\$ 39,600	\$ 39,600
Other	-	840
<hr/>		
Total revenue	39,600	40,440
Expenses		
Program services	679,656	718,295
General and administrative	10,296	9,000
<hr/>		
Total expenses	689,952	727,295
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Change in net assets	(650,352)	(686,855)
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Net assets without donor restrictions at beginning of year	17,971,895	18,658,750
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Net assets without donor restrictions at end of year	\$ 17,321,543	\$ 17,971,895
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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, 2022

	Program Services	General and Administrative	Total
Depreciation	\$ 563,989	\$ -	\$ 563,989
Interest expense	115,667	-	115,667
Professional fees	-	10,296	10,296
Total expenses	\$ 679,656	\$ 10,296	\$ 689,952

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, 2021

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

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>	2022	2021
Operating Activities		
Change in net assets	\$ (650,352)	\$ (686,855)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	563,989	656,932
Changes in operating assets and liabilities		
Other assets	(2,449,730)	-
Net cash provided by (used in) operating activities	(2,536,093)	(29,923)
Investing Activities		
Purchases of property and equipment	(5,055,877)	(688,838)
Proceeds from sale of assets held for sale	461,739	-
Net cash provided by (used in) investing activities	(4,594,138)	(688,838)
Financing Activities		
Proceeds from note payable, AoA Deposit and Loan Fund Trust	4,000,000	-
Net advances (to) from related parties	3,130,231	718,761
Net cash provided by (used in) financing activities	7,130,231	718,761
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	\$ -	\$ -
Schedule of Noncash Transactions		
Assets held for sale capitalized into land	\$ 875	\$ -
Accounts payable incurred for other assets	\$ 603,336	\$ -
Land transferred to related party	\$ -	\$ 135,633

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 \$750 and \$251,625 as of June 30, 2022 and 2021, respectively. 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.

AoA Properties Holding, Inc. Notes to Financial Statements

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 years ended June 30, 2022 and 2021.

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, 2022 and 2021.

Revenue Recognition

Rental revenue is recognized on the straight-line basis over the contracted period of the lease agreement (Note 6) 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.

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 2022 and 2021.

AoA Properties Holding, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 30, 2023, 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.

Recently Adopted Accounting Guidance

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, and has been applied retrospectively to the disclosures relating to the year ended June 30, 2021 within these financial statements. There were no adjustments resulting from the adoption of this accounting policy.

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.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The following reflects 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>	2022	2021
Total assets at year end	\$ 27,398,579	\$ 20,213,046
Less non-financial assets:		
Property and equipment, net	(24,344,763)	(19,852,000)
Other assets	(3,053,066)	-
Assets held for sale	(750)	(251,625)
Financial assets available to meet cash needs for general expenditures within one year	\$ -	\$ 109,421

RCAA Administrative Services, Inc., a related party, funds Properties' obligations as they come due and has demonstrated the ability and intent to do so.

AoA Properties Holding, Inc.
Notes to Financial Statements

Note 4: PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2022 and 2021 are as follows:

	Estimated Useful Lives (in years)	2022	2021
Land improvements	20	\$ 1,866,640	\$ 1,866,640
Building	20-50	16,867,385	16,381,298
Furniture and equipment	5-10	2,638,511	2,625,624
		21,372,536	20,873,562
Less: accumulated depreciation		(8,510,724)	(7,946,735)
		12,861,812	12,926,827
Land		11,341,769	6,914,097
Construction in progress		141,182	11,076
		\$ 24,344,763	\$ 19,852,000
Property and equipment, net			

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$563,989 and \$656,932, respectively.

Note 5: OTHER ASSETS

During the year ended June 30, 2022, Properties commenced the build out of a new unincorporated parish, Divine Mercy Mission Catholic Church. The construction balance related to the building is held by the AoA Parish Real Estate Trust, an irrevocable charitable trust subject to the provisions of Canon Law, the purpose of which is to provide for the administration and management of parish real property for the benefit of the people of the respective parish. Once the project is complete, the total cost will be billed to the parish under the Special Projects Oversight Committee. At June 30, 2022, the total project cost incurred was \$3,053,066 which is recorded as an other asset on the statements of financial position. The project is expected to be completed in December 2022 (Note 8).

Note 6: ASSETS HELD FOR SALE

During the year ended June 30, 2022, Properties sold land held on behalf of St. Theresa Catholic Church for total proceeds of \$461,739. The proceeds generated from the sale were used to reduce the church's assessment payable balance owed to the Roman Catholic Archdiocese of Atlanta, Inc. (Chancery).

Note 7: 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, 2022 and 2021.

Note 8: COMMITMENTS

During the year ended June 30, 2022, AoA Parish Real Estate Trust, through Properties, entered into a contract with a general contractor related to the build out of the Divine Mercy Mission Catholic Church in Atlanta, Georgia (Note 5). At June 30, 2022, the total project cost incurred was \$3,053,066. Amounts owed to the contractor related to this project totaled \$603,336 at June 30, 2022. The project is expected to be completed in December 2022. As of June 30, 2022, remaining costs to complete the project are estimated at \$750,000 and unpaid commitments totaled approximately \$1,355,000.

Note 9: RELATED PARTY TRANSACTIONS

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 which is land to be used for future development. 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. At June 30, 2022 and 2021, the outstanding balance totaled \$2,000,000.

During the year ended June 30, 2022, Properties signed an additional promissory note with AoA Deposit and Loan Fund Trust for the purpose of purchasing land bank properties. The unsecured note is dated November 30, 2021, in the maximum principal amount of \$4,000,000 and interest accruing at 3%. Interest accrued through June 30, 2023 will be added to the loan balance. Principal payments are due as Properties receives funds from the sale of land bank properties. At June 30, 2022, the outstanding balance totaled \$4,000,000.

For the years ended June 30, 2022 and 2021, interest expense was \$115,667 and \$61,363, respectively.

Note 10: 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, 2022 and 2021, and our report thereon dated January 30, 2023, 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 15 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
January 30, 2023

AoA Properties Holding, Inc.
Schedule of Property and Equipment

For the year ended June 30, 2022

	2021		2022	
	Balance	Additions	Reductions	Balance
Land				
Clayton County, Georgia				
San Felipe de Jesus Mission	\$ 103,000	\$ -	\$ -	\$ 103,000
San Felipe de Jesus Mission	359,992	-	-	359,992
Cobb County, Georgia				
Catholic Center - Smyrna	1,965,984	-	-	1,965,984
St. Francis de Sales	191,967	82	-	192,049
Dekalb County, Georgia				
Divine Mercy Mission	-	4,033,327	-	4,033,327
Floyd County, Georgia				
St. Mary Lot	429,923	-	-	429,923
Forsyth County, Georgia				
St. Brendan	-	374,043	-	374,043
Fulton County, Georgia				
Saint Jude the Apostle Church	434,202	-	-	434,202
Gilmer County, Georgia				
Good Samaritan	167,603	875	-	168,478
Gwinnett County, Georgia				
Mission Divino Niño	567,188	-	-	567,188
Our Lady of Americas	920,214	560	-	920,774
St. Oliver Plunkett	483,424	-	-	483,424
Habersham County, Georgia	190,850	-	-	190,850
Murray County, Georgia				
St. Toribo Romo	277,500	-	-	277,500
Polk County, Georgia				
St Bernadette	419,113	-	-	419,113
Taliaferro County, Georgia				
Locust Grove Cemetery	10,000	-	-	10,000
Purification Cemetery	10,000	-	-	10,000
Purification Church	80,000	13,800	-	93,800
Upton County, Georgia				
St. Peter the Rock	10,384	520	-	10,904
Whitfield County, Georgia				
St. Joseph, Dalton	185,394	4,465	-	189,859
Other	107,359	-	-	107,359
Total land	6,914,097	4,427,672	-	11,341,769
Land improvements				
Catholic Center - Smyrna	320,688	-	-	320,688
Our Lady of America	565,506	-	-	565,506
St. Paul Education Building	980,446	-	-	980,446
Total improvements	1,866,640	-	-	1,866,640
Buildings				
Archbishop's residence	464,741	-	-	464,741
Ardmore Court Townhomes	760,064	-	-	760,064
Borromeo House - Sandy Springs	1,119,527	56,820	-	1,176,347
Catholic Center - Smyrna	6,115,358	-	-	6,115,358
Fontana House - Tucker	-	429,267	-	429,267
Mission Del Divino Nino	1,215,513	-	-	1,215,513
Our Lady of Americas	4,755,553	-	-	4,755,553
St. Francis de Sales	169,526	-	-	169,526
St. Mary Toccoa	212,951	-	-	212,951
San Felipe de Jesus Mission	853,368	-	-	853,368
St. Toribo Romo	714,697	-	-	714,697
Total buildings	16,381,298	486,087	-	16,867,385
Furniture, fixtures, and equipment				
Archbishop's residence	127,058	-	-	127,058
Ardmore Court Townhomes	53,282	-	-	53,282
Borromeo House - Sandy Springs	-	12,887	-	12,887
Chancery Offices	2,445,284	-	-	2,445,284
Total furniture, fixtures and equipment	2,625,624	12,887	-	2,638,511
Construction in progress	11,076	141,182	11,076	141,182
Total land, buildings, improvements and equipment	\$ 27,798,735	\$ 5,067,828	\$ 11,076	\$ 32,855,487