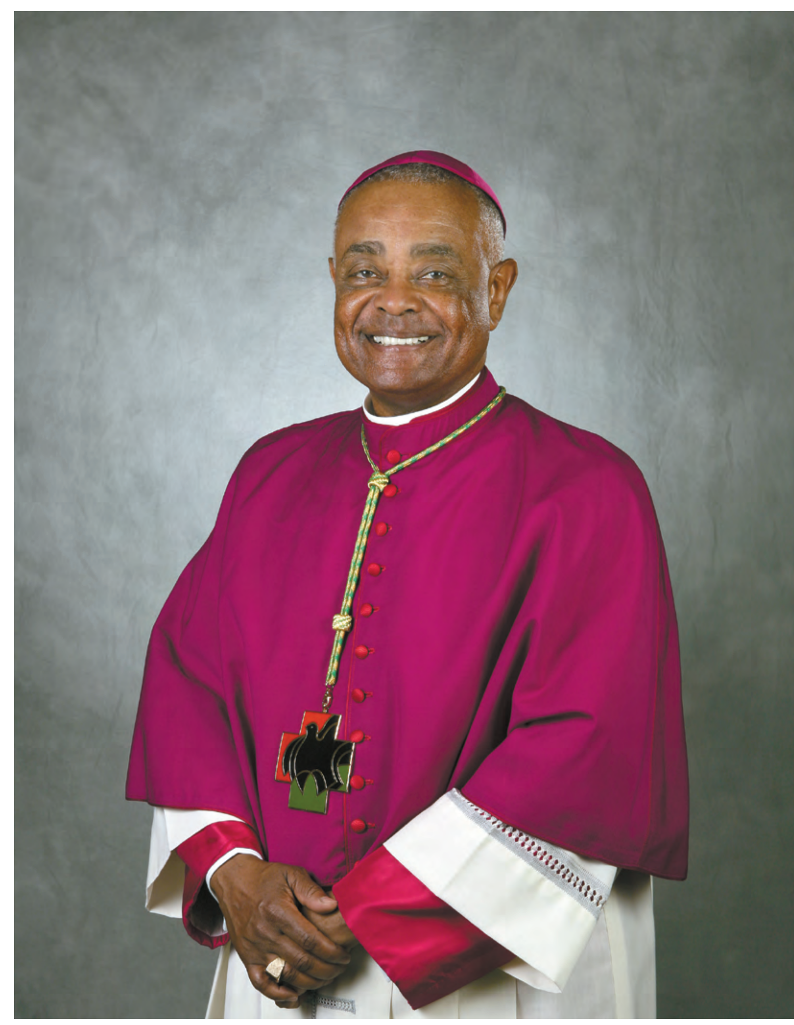
Archdiocese of Atlanta

2008 Annual Report

My Dear Brothers and Sisters in the Lord,

Every year at this time, the Archdiocese of Atlanta makes available for all to inspect, a general accounting of the income and expenditures of the Archdiocese during the previous fiscal year. This accounting report has passed the rigorous examination of our auditors, and I am satisfied that it is complete and accurate. I hope you will find it informative, and an indication of my ongoing desire, in cooperation with the Chief Financial Officer of the Archdiocese and his staff, to share with you the details of our operations.

From the heart, I am deeply grateful for your continued support of the mission and needs of the church in north and central Georgia – all the parishes, schools, ministries, agencies and institutions. For when we come together to apply the power of the Church to bring about charity and true love, then we are cooperating with Christ, and with the Holy Spirit, to do the work of the Gospel. Whether in support of vocations, or assistance for immigrants, defending the dignity of all human life, the socially displaced, the mentally impaired, or the sick and dying, or the protection of our children and families, or the general support of Catholic life in our parishes – all of these and many more good works witness the strength of our mutual love in Christ, and show to the world that the Catholic Church lives to be hospitable, to be a good neighbor and a good Samaritan – to share and to tend to the needs of others.



I hope this report will inspire you to a deeper appreciation of the life of the local Church – your Church – and that your generosity and prayers will be renewed in support of all our efforts.

With a grateful heart, may I remain,

Sincerely yours in Christ,

Wilton D. Gregory
Archbishop of Atlanta

Archdiocese of Atlanta

2008 Annual Report

The consolidated financial statements for the Administrative Offices of the Archdiocese of Atlanta for the fiscal years ended June 30, 2008 and 2007 are presented for your review. These statements include the operations of the Chancery and several nonprofit corporations as disclosed in Note 1 of the report. Parishes, missions and schools publish results separately to their constituents. An unaudited compilation of the results of the parishes, missions and schools is included in the last three pages of this report. Additionally, Catholic Charities of the Archdiocese of Atlanta reports its audited financial results separately.

I am pleased to report that the Catholic Archdiocese of Atlanta remains financially healthy due to your generosity. Increases in offertory at the parishes allowed for a reduction in the Archdiocesan assessment rate. An additional reduction in the assessment rate is anticipated for next year.

A positive change in net assets before capital items is our primary measure of annual operating performance. The Archdiocese reported an increase in net assets before capital items of approximately $3.4 million. Favorable results in our self-insurance fund account for virtually all the increase. We thank the Benefits Committee members for their guidance.

In our expense categories, administrative support costs grew by 7 percent. Measures were taken during the budgeting process to reduce the administrative burden in the coming year. Pastoral expense increased due to additional parish and mission support. Education expense increased due to additional grants and to increased tuition assistance, which now amounts to more than $3 million. Social services expense decreased as Catholic Charities became more self-sufficient and required a smaller operating grant.

Our continuing care retirement community, St. George Village, reported improvement in operations. This year, the change in net assets before capital items was positive $682,384 versus a negative $375,188 last year. The improvement in operations allowed the Archdiocesan guarantee on the bond debt of $23 million to be extinguished and replaced by a much less restrictive Keep Well Agreement with a maximum liability of $3 million.

In other treasury activities, the school bond debt was reduced by $2.1 million to approximately $68 million. In the current low interest rate environment, variable rates were converted to fixed rates on the majority of the school bond maturities. The loans to parishes remained steady at approximately $75 million. Subsequent to the end of the fiscal year, turmoil engulfed the banking industry. We have monitored the situation closely. Our primary banking relationships are with Wachovia Bank (soon to be Wells Fargo) and Bank of America. Our liquidity is maintained through two lines of credit. After the fiscal year ended, the letters of credit backing the various bond issues were renewed for three additional years.

The SFAS 158 pension cost for the Clergy plan is $1.8 million. The total unfunded balance for the Clergy defined-benefit pension plan has grown to approximately $4 million. Plans are in place to reduce the underfunding during the next fiscal year.

Of the $104 million reported as Investments, approximately $82 million is managed centrally in our Common Fund. The Common Fund is guided by our Investment Committee, which approves the asset allocation and selects various fund managers. The Fund's asset allocation target is 55 percent in equities and 45 percent in fixed income securities. For the year, the Fund's return was -9 percent versus -4 percent for our benchmark. The Investment Committee made changes to the fund managers subsequent to year-end.

The sum of the reductions in capital items is approximately $20 million, which is driven primarily by the investment losses already mentioned. When combined with the positive change in net assets before capital items, the total change in net assets for the year is negative $16.7 million.

The Finance Office is committed to the highest standards of fiscal integrity and accountability. It is our responsibility to ensure that accounting policies and procedures are being adhered to, and that internal controls are in place and operating so as to safeguard church assets and ensure that all financial activity is accounted for properly. Financial oversight is provided by routine audits and by the Finance Council which is responsible directly to the Archbishop.

The integrity of these financial statements and the integrity of the underlying financial systems are the responsibility of the Archdiocesan leadership. The public accounting firm of Laney, Boteler & Killinger was engaged to perform an independent audit of the financial statements. Their audit report is included.

I thank the Archbishop, Vicars General, Pastors, and School Principals for the unique opportunity to serve them. I look forward to the challenges of the New Year.

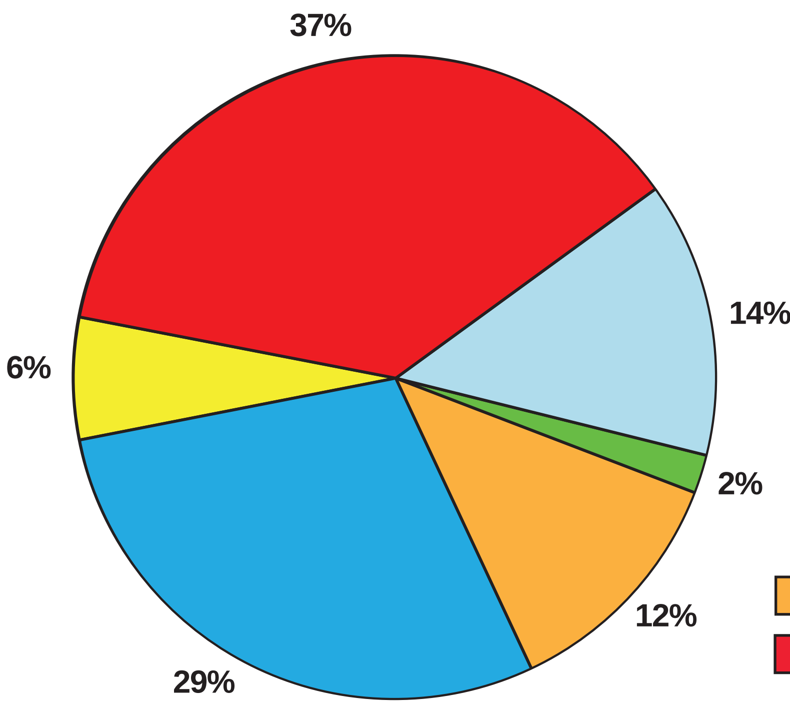
Sincerely,

Bradley Wilson

Bradley Wilson
Chief Financial Officer, Archdiocese of Atlanta

Archdiocese of Atlanta

2008 Annual Report

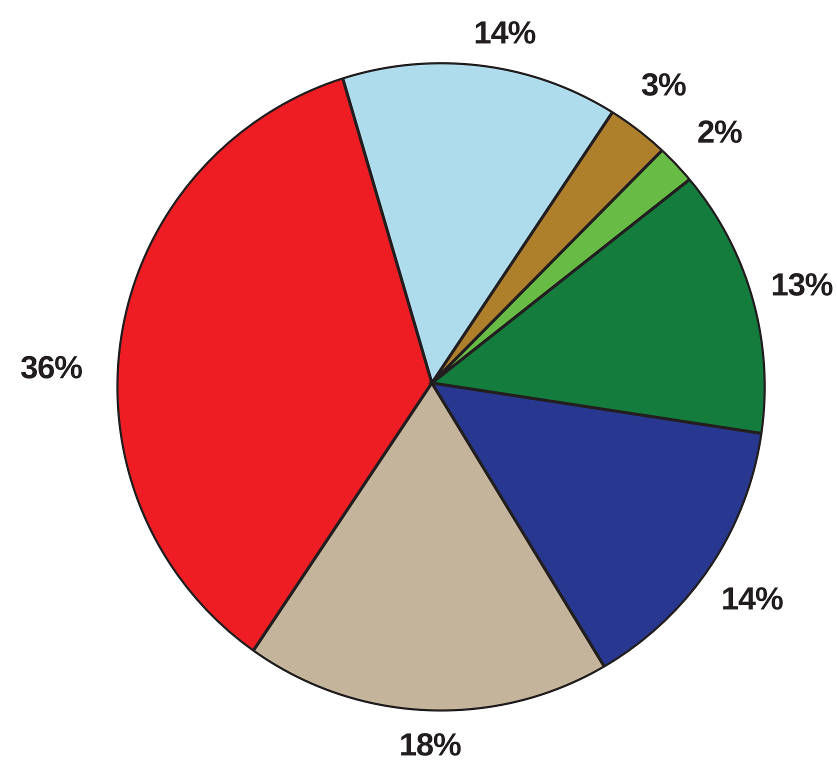


Sources Of Our Support

- Parish Contributions
- Self Insurance Program
- Parish Assessments
- Continuing Care Facility
- Investments
- Other

Uses Of Our Support

- Administrative Support
- Self Insurance Program
- Pastoral
- Other
- Continuing Care Facility
- Education
- Social Services



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

Independent Auditors' Report

LANEY BOTELER & KILLINGER
Certified Public Accountants

We have audited the accompanying consolidated statements of financial position of the Administrative Offices of the Archdiocese of Atlanta and subsidiaries as of June 30, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of management. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of the Administrative Offices of the Archdiocese of Atlanta and subsidiaries as of June 30, 2008 and 2007, and the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Laney, Boteler & Killinger

Atlanta, Georgia
October 15, 2008

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 2
Consolidated Statements of Financial Position

Assets

	June 30, 2008				June 30, 2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash and cash equivalents	$ 1,220,882	$ -	$ -	$ 1,220,882	$ 3,827,635	$ -	$ -	$ 3,827,635
Investments at market value	73,110,180	461,452	31,162,358	104,733,990	80,895,305	461,452	32,662,636	114,019,393
Escrowed deposits	206,335			206,335	166,230			166,230
Accounts receivable (net of allowance for doubtful accounts of $500,000)	6,444,689			6,444,689	7,027,145			7,027,145
Pledges receivable (net of allowance for doubtful pledges of $500,000)	1,914,544			1,914,544	1,656,879			1,656,879
Loans receivable - parishes and agencies (net of allowance for doubtful loans of $90,000)	74,515,022			74,515,022	75,806,360			75,806,360
Property and equipment, net	131,829,204			131,829,204	134,201,088			134,201,088
Other assets	3,346,375	-	-	3,346,375	2,939,634	-	-	2,939,634
Total assets	292,587,231	461,452	31,162,358	324,211,041	306,520,276	461,452	32,662,636	339,644,364
Liabilities and Net Assets								
Accounts payable and accrued expenses	10,160,163	-	-	10,160,163	7,435,924	-	-	7,435,924
Accounts payable-parishes and agencies	290,386			290,386	310,054			310,054
Custodial funds payable	-		6,077,515	6,077,515	-		7,651,942	7,651,942
Deposits payable	75,298,885			75,298,885	70,413,092			70,413,092
Interest rate swap liability	3,868,250			3,868,250	531,025			531,025
Deferred revenue	36,205,129			36,205,129	35,881,508			35,881,508
Demand notes payable	8,695,000			8,695,000	14,963,000			14,963,000
Bonds payable	91,090,000	-	-	91,090,000	93,305,000	-	-	93,305,000
Total liabilities	225,607,813	-	6,077,515	231,685,328	222,839,603	-	7,651,942	230,491,545
Net assets								
Investment funds	31,378,640	-	-	31,378,640	34,842,161	-	-	34,842,161
Insurance funds	11,193,944			11,193,944	10,322,719			10,322,719
Plant funds	(8,516,573)			(8,516,573)	(4,185,690)			(4,185,690)
Undesignated	32,923,407			32,923,407	42,701,483			42,701,483
Restricted	-	461,452	25,084,843	25,546,295	-	461,452	25,010,694	25,472,146
Total net assets	66,979,418	461,452	25,084,843	92,525,713	83,680,673	461,452	25,010,694	109,152,819
Total liabilities and net assets	$292,587,231	$461,452	$31,162,358	$324,211,041	$306,520,276	$461,452	$32,662,636	$339,644,364

See notes to consolidated financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 3
Consolidated Statements of Activities

	Year Ended June 30, 2008				Year Ended June 30, 2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Parishes and missions								
Contributions	$ 7,477,079	$ -	$ 74,149	$ 7,551,228	$ 6,506,701	$ -	$ -	$ 6,506,701
Assessments	18,536,865			18,536,865	17,789,437			17,789,437
Continuing care	9,012,380			9,012,380	7,983,188			7,983,188
Insurance premiums	24,662,833			24,662,833	22,636,414			22,636,414
Other contributions	354,132			354,132	612,797			612,797
Investment income	3,651,740			3,651,740	3,304,909			3,304,909
Other	900,668			900,668	795,216			795,216
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total revenues	64,595,697	-	74,149	64,669,846	59,628,662	-	-	59,628,662
Expenses								
Administrative support	8,111,048			8,111,048	7,569,927			7,569,927
Pastoral	8,579,835			8,579,835	7,278,119			7,278,119
Education	11,281,836			11,281,836	10,406,657			10,406,657
Social services	2,019,831			2,019,831	2,570,701			2,570,701
Continuing care	8,329,996			8,329,996	8,358,376			8,358,376
Insurance services	21,544,294			21,544,294	20,344,219			20,344,219
Other	1,441,417	-	-	1,441,417	1,105,452	-	-	1,105,452
Total expenses	61,308,257	-	-	61,308,257	57,633,451	-	-	57,633,451
Change in net assets before capital additions (reductions)	3,287,440	-	74,149	3,361,589	1,995,211	-	-	1,995,211
Capital additions (reductions)								
Realized and unrealized gain (loss) on investments	(10,531,980)			(10,531,980)	11,183,551			11,183,551
Loss on interest rate swap agreements	(3,337,225)			(3,337,225)	(306,750)			(306,750)
Depreciation and amortization	(4,179,098)			(4,179,098)	(4,243,957)			(4,243,957)
Loss on disposal of property and equipment	(118,046)			(118,046)	(47,128)	-	-	(47,128)
Other SFAS 158 pension costs	(1,822,346)	-	-	(1,822,346)	(2,137,191)	-	-	(2,137,191)
Total capital additions (reductions)	(19,988,695)	-	-	(19,988,695)	4,448,525	-	-	4,448,525
Change in net assets	(16,701,255)	-	74,149	(16,627,106)	6,443,736	-	-	6,443,736
Net assets at beginning of year	83,680,673	461,452	25,010,694	109,152,819	77,236,937	461,452	25,010,694	102,709,083
Net assets at end of year	$ 66,979,418	$461,452	$25,084,843	$ 92,525,713	$83,680,673	$461,452	$25,010,694	$109,152,819

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Year Ended June 30, 2008	2007
Cash flows from operating activities		
Change in net assets	$(16,627,106)	$ 6,443,736
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	4,179,098	4,243,957
Amortization of entrance fees	(1,082,739)	(1,081,557)
Loss on disposal of property and equipment	118,046	47,128
Realized and unrealized gain (loss) on investments	10,531,980	(11,183,551)
Loss on interest rate swap agreements	3,337,225	306,750
Restricted contributions	(74,149)	-
(Increase) decrease in accounts receivable	582,456	(688,305)
(Increase) decrease in pledges receivable	(257,665)	320,561
(Increase) decrease in other assets	(639,836)	1,859,319
Increase in accounts payable and accrued expenses	2,704,571	2,523,787
Net cash provided by operating activities	2,771,881	2,791,825
Cash flows from investing activities		
Purchase of investments	(7,482,997)	(8,143,986)
Decrease in entrance fee escrow fund	(40,105)	1,641,948
Parish and mission loans	(13,808,032)	(12,359,097)
Parish and mission loan repayments	15,099,370	11,449,865
Proceeds from sale of property and equipment	30,353	1,221,055
Proceeds from sale and maturity of investments	6,595,216	315,366
Purchase of property and equipment	(1,596,755)	(5,594,553)
Net cash used by investing activities	(1,202,950)	(11,469,402)
Cash flows from financing activities		
(Decrease) increase in demand notes payable	(6,268,000)	2,396,000
Payments on bonds and notes payable	(2,215,000)	(3,833,333)
Proceeds from residents entrance fees	995,950	4,116,865
Parish and mission deposits received	40,387,411	26,219,900
Parish and mission deposits paid	(35,501,618)	(24,299,391)
Increase in custodial funds payable	(1,574,427)	4,199,655
Net cash provided (used) by financing activities	(4,175,684)	8,799,696
Net increase (decrease) in cash and cash equivalents	(2,606,753)	122,119
Cash and cash equivalents, beginning of the year	3,827,635	3,705,516
Cash and cash equivalents, end of the year	$ 1,220,882	$ 3,827,635

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

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 legal entities which are affiliated with or related to the Administrative Offices of the Archdiocese of Atlanta:

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

All of the consolidated organizations are collectively referred to in this report as the Archdiocese. Catholic Education of North Georgia operates various schools within the Archdiocese. The accompanying financial statements include operating subsidies provided to the schools but do not include the operating activities of the various schools. 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 financial statements. Moreover, this report does not include the financial statements of the parishes and missions of the Archdiocese of Atlanta.

Revenues, expenses, gains, losses, and net assets of the Archdiocese are classified based on the existence or absence of donor-imposed restrictions and are reported as follows:

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.

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.

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

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.

The Archdiocese is a religious organization exempt from income taxes under Section 501(a) of the Internal Revenue Code.

Change in Accounting Principle

As discussed in Note 10, effective June 30, 2007, the Archdiocese has adopted SFAS No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires the recognition of the funded status of the retirement-related benefit plans in the Consolidated Statement of Financial Position and the recognition of the changes in that funded status in the year in which the changes occur. The provisions of SFAS No. 158 were adopted pursuant to the transition provisions therein. The Archdiocese measures defined benefit plan assets and obligations as of June 30 and SFAS No. 158 did not affect existing valuation practices. See Note 10 for additional information, including the incremental effect of the adoption on the Consolidated Statement of Financial Position.

Cash and Cash Equivalents

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

Investments in marketable securities

The Archdiocese carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Pledges receivable

Unconditional promises to give are recognized as pledges receivable and revenue in the period received.

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from the estimates.

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 statement of activities. Property and equipment at June 30, 2008 and 2007, consisted of the following:

	2008	2007
Land	$ 15,740,213	$ 15,740,213
Land improvements	612,130	-
Buildings	128,056,679	127,058,631
Furniture and equipment	23,181,887	23,653,263
Automobiles	482,697	316,363
Construction in progress	298,665	72,735
	168,372,271	166,841,205
Less accumulated depreciation	(36,543,067)	(32,640,117)
Property and equipment, net	$131,829,204	$134,201,088

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

Land improvements	15 years
Buildings	40-50 years
Furniture and equipment	5-10 years
Automobiles	5-7 years

Depreciation expense for 2008 and 2007 was $3,946,003 and $3,987,359, respectively.

Land, buildings and equipment are pledged in part to secure bonds payable (Note 6).

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Deferred charges

Costs incurred for issuance of bonds to finance schools and a life care facility are included in other assets in the consolidated statements of financial position and are being amortized over the term of the related bonds.

Revenue recognition - Catholic Continuing Care Retirement Communities, Inc.

Revenues for Catholic Continuing Care Retirement Communities, Inc. (CCCRC) are primarily generated from monthly fees for the independent living units, amortization of entrance fees, and monthly fees and per diem charges for assisted living units and nursing beds. Additional revenue is also generated from ancillary services such as guest meals, additional housekeeping, or beauty 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. Entrance fees that are refundable to the resident to the extent of subsequent re-occupancy proceeds are recorded as deferred revenue and are amortized into revenue using the straight-line method over the estimated remaining useful life of the facility.

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 $164,255 to $481,125. The entrance fee is 80%, 90%, or 95% refundable at the time the resident no longer lives at the Community. Except under special circumstances stipulated in the agreement, residents receive their refund after receipt of sufficient proceeds to fully refund the obligation from the next remarketing and occupancy of a similar residence.

Note 2 - Financial instruments

The Financial Accounting Standards Board requires disclosure about financial instruments and related off-balance sheet risk and concentrations of credit risk. The activity of the Administrative Offices of the Archdiocese of Atlanta 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, pledges, and loans receivable from parishes and bonds, notes and mortgages payable are all associated

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

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's interest rate swap agreements associated with bonds payable are recorded at fair value. Fair value of the interest rate swap agreements has been determined using a discounted cash flow method based on forward interest rates and expected future cash flows.

The Archdiocese places its cash and investments with various financial institutions. However, at times during the year, cash balances exceed the federally insured limits of the Federal Deposit Insurance Corporation. Other financial instruments are reported at amounts which the Archdiocese believes are not materially different from fair value.

Note 3 - Investments

At June 30, 2008 and 2007, investments consisted of the following:

	2008		2007	
	Market Value	Cost	Market Value	Cost
Short-term investments	$ 5,655,469	$ 5,655,469	$ 4,391,239	$ 4,391,239
U. S. Treasury obligations	18,510,713	18,493,341	27,200,511	27,677,131
Marketable equity securities	51,947,672	54,082,128	61,742,332	51,839,193
Marketable debt securities	28,620,136	28,913,916	20,685,311	20,797,505
	$104,733,990	$107,144,854	$114,019,393	$104,705,068

Note 4 - Pledges receivable

Pledges receivable of $1,914,544 and $1,656,879 at June 30, 2008 and 2007, respectively, represent unconditional promises to give. Substantially all of the pledges are due in less than one year.

Note 5 - Loans receivable and deposits payable

The amounts due from parishes relate primarily to interest-bearing loans made to the parishes and agencies by the Administrative Offices. Interest rates range from 0% to 6%.

The Archdiocese administers a deposit and loan plan 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 3.75%.

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Note 6 - Bonds payable

	2008	2007
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated February 1, 1999, and maturing April 1, 2024	$22,800,000	$23,900,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated February 1, 1999, and maturing April 1, 2024.	3,600,000	3,800,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated March 1, 1999, and maturing April 1, 2024.	15,300,000	16,100,000
Tax-Exempt Variable Rate Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.	19,295,000	19,295,000
Tax-Exempt Variable Rate Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.	6,960,000	6,960,000
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (CCCRC bonds) dated April 1, 2004, and maturing April 1, 2034.	23,135,000	23,250,000
	$91,090,000	$93,305,000

Maturities of bonds payable are as follows:

Year Ending June 30,	Amount
2009	$ 2,125,000
2010	2,420,000
2011	2,505,000
2012	2,645,000
2013	2,745,000
2014-2034	78,650,000
	$91,090,000

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

All of the educational bonds require monthly or quarterly interest payments and mature in varying annual amounts through April 1, 2028. The bonds may be redeemed earlier at the option of the Archdiocese. Interest on the bonds varies weekly. The rates at June 30, 2008, were 1.47% to 1.52%. As discussed in Note 7, the Archdiocese has entered into various interest rate swap agreements that provide for fixed rates of interest on the bonds. The bonds are secured by bank letters of credit. Bond proceeds were used for construction of new schools and additions to an existing school.

Initially, $8,950,000 principal of the 2004 CCCRC Bonds were issued on April 28, 2004. The Bond Agreement allowed for subsequent issuances up to a maximum principal of $50,000,000. A total of $48,450,000 was issued. The Letter of Credit and Reimbursement agreement required a mandatory principal redemption of the lesser of fifty percent (50%) of the total principal issued or $24,000,000 by April 1, 2008. The CCCRC met this requirement during the year ended June 30, 2006. The bonds are secured by a letter of credit which expires on April 29, 2009, unless extended or earlier terminated upon the attainment of certain occupancy and other financial ratios.

At June 30, 2008, the Archdiocese had available two unsecured bank lines of credit totaling $29,000,000. Both of the notes are payable on demand and bear interest at LIBOR plus .70% (3.16% at June 30, 2008). The total outstanding under the demand notes at June 30, 2008 and 2007, was $8,695,000 and $14,963,000, respectively.

Interest expense to the Archdiocese on bonds and demand notes payable and interest paid on deposits from parishes and agencies (Note 5) totaled $7,782,487 and $8,042,020 for the years ended June 30, 2008 and 2007, respectively. Cash payments for interest totaled $7,874,477 and $8,021,496 for fiscal years 2008 and 2007, respectively.

Interest expense for the years ended June 30, 2008 and 2007, is reported in the statement of activities as follows:

	2008	2007
Interest included in subsidized school operations	$3,176,429	$3,111,104
Interest included in CCCRC operations	1,313,154	1,328,182
Interest charged against loan fund income (Note 5)	3,292,904	3,602,734
	$7,782,487	$8,042,020

Note 7 - Interest rate swap agreements

In order to mitigate its exposure to interest rate fluctuations, the Archdiocese has entered into various interest rate swap agreements that provide for fixed rates of interest on the school bonds and CCCRC bonds (Note 6). The bonds outstanding at June 30, 2008 and 2007, are covered under interest rate swap agreements as follows:

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Issue	Interest Rate	Effective Date	Expiration Date	Notional Amount
School Bonds	3.10%	January 1, 2004	October 1, 2008	$20,000,000
School Bonds	3.87%	January 1, 2007	January 4, 2010	26,255,000
School Bonds	4.53%	April 1, 2004	July 1, 2010	21,700,000
CCCRC Bonds	3.90%	May 15, 2007	May 1, 2017	22,950,000
				$90,905,000

The Archdiocese has also entered into additional interest rate swap agreements that have future effective dates as follows:

Issue	Interest Rate	Effective Date	Expiration Date	Notional Amount
School Bonds	3.58%	October 1, 2008	October 1, 2017	$20,000,000
School Bonds	3.25%	January 4, 2010	July 1, 2020	26,230,000
School Bonds	4.53%	July 1, 2010	October 1, 2014	19,600,000
				$65,830,000

At June 30, 2008 and 2007, the fair value of the interest rate swap agreements was a net payable to the bank of $3,868,250 and $531,025, respectively. The fair values represent the discounted amount the Archdiocese would pay to the bank to terminate the agreements as of June 30, 2008 or 2007. The Archdiocese has no plans to terminate the interest rate swap agreements prior to the expiration date of the agreements.

The change in fair value of the interest rate swap agreements is recorded in the consolidated statements of activities as loss on interest rate swap agreements. The change in fair value resulted in a loss of $3,337,225 and $306,750 for the years ended June 30, 2008 and 2007, respectively.

Note 8 - Contingencies

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

Note 9 - Restrictions on net assets

Temporarily restricted net assets at June 30, 2008 and 2007, are available for the following purposes:

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

	2008	2007
College Catholic Centers	$211,452	$211,452
Retired priests	250,000	250,000
	$461,452	$461,452

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the Archdiocese's activities. Permanently restricted net assets consist of endowments restricted for the following purposes:

	2008	2007
Campus ministry	$ 35,000	$ 35,000
Community service	1,000,000	1,000,000
Dependent children	387,207	387,207
Education	20,457,809	20,383,660
Elderly	183,827	183,827
Other	5,100	5,100
Seminary	3,015,900	3,015,900
	$25,084,843	$25,010,694

Note 10 - Retirement plans

Clergy retirement plan

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests within the Archdiocese. The Archdiocese 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 $620,000 during the fiscal year ending June 30, 2008.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. SFAS No. 158 requires an employer that sponsors a defined benefit postretirement plan to report the current economic status (the overfunded or underfunded status) of the plan in its statement of financial position, to measure the plan assets and plan obligations as of the statement of financial position date, and to include enhanced disclosures about the plan.

The Archdiocese was required to adopt the recognition and disclosure provisions of SFAS No. 158 for the fiscal year ended June 30, 2007. The incremental effects of applying FASB Statement 158 on individual line items in the statement of financial position as of that date are as follows:

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Pension liability	$ -	$ 2,137,191	$ 2,137,191
Total liabilities	228,354,354	2,137,191	230,491,545
Unrestricted net assets	85,817,884	(2,137,191)	83,680,693
Total net assets	111,290,010	(2,137,191)	109,152,819

The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008, although the Archdiocese adopted the measurement date provision as of the fiscal year ended June 30, 2007. Application of this provision resulted in a $3,959,537 and $2,137,191 decrease in unrestricted net assets as of June 20, 2008 and 2007, respectively.

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

	2008	2007
Obligation and Funded Status		
Benefit obligation	$(10,382,893)	$(9,357,850)
Plan assets at fair value	6,423,356	7,220,659
Funded status	$ (3,959,537)	$(2,137,191)
Accumulated benefit obligation	$ 9,474,675	$ 8,450,057
Employer contributions	476,218	479,000
Benefits paid	659,808	484,014

Amounts recognized in the consolidated statement of financial position:

Current liabilities	$ -	$ -
Noncurrent liabilities	3,959,537	2,137,191

Amounts recognized in the consolidated statements of activities:

	2008	2007
Net Loss recognized in changes in unrestricted net assets	$1,866,568	$2,137,191
Amortization of net gain	(59,476)	-
Total recognized in unrestricted net assets	$1,807,092	$2,137,191

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

	2008	2007
Total recognized in unrestricted net assets	$1,807,092	$2,137,191
Net periodic pension cost	491,471	479,700
Total recognized in unrestricted net assets and net periodic pension cost	$2,298,563	$2,616,891

The estimated net loss for the defined benefit pension plan that will be amortized from changes in unrestricted net assets into net periodic benefit cost over the next fiscal year is $147,288.

The following assumptions were used in accounting for the plan:

Weighted-average assumptions used to determine benefit obligations at June 30, 2008 and 2007:

Discount rate	7.0%
Future cost of living adjustments	3.0%

Weighted-average assumptions used to determine the net periodic benefit cost for the fiscal year ended June 30, 2008:

Discount rate	7.0%
Expected return on plan assets	7.5%
Future cost of living adjustments	3.0%
Mortality:	RP2000 Combined Mortality Table
Withdrawal:	None
Disability:	None
Retirement Age:	Age based on retirement rates:

Retirement Rates

Age	Rate
65	33.33%
66-74	15.00%
75+	100.00%

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.

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2008.

The following benefits are expected to be paid:

Years Ending June 30,	Amount
2009	$ 610,653
2010	642,534
2011	661,355
2012	691,515
2013	719,380
2014-2017	4,053,421
	$7,378,858

Billings to the parishes and agencies and related pension and administrative expenses, excluding the effects of adopting SFAS 158, for clergy retirement are reported in insurance revenues and expenses, as follows:

	Year Ended June 30,	
	2008	2007
Pension and administrative expenses	$ 493,286	$ 560,046
Billings to parishes and agencies	(476,000)	(474,050)
	$ 17,286	$ 85,996

Lay employee retirement plan

Effective July 1, 1982, the Archdiocese amended its plan to change from a defined benefit retirement plan to a defined contribution plan. The plan covers all lay employees within the Archdiocese. Contributions to the amended plan are predetermined amounts based on compensation paid to each lay employee. Benefits under the amended plan are computed based on the pension fund assets. The defined benefit plan was terminated during the year ended June 30, 2008.

No expense or contributions were required under the defined benefit portion of the plan. The parishes and agencies were billed for their respective share of pension and administrative costs which are included in insurance revenue and expenses as follows:

	Year Ended June 30,	
	2008	2007
Pension and administrative expenses	$2,661,054	$3,525,824
Billings to parishes and agencies	(3,558,497)	(2,991,210)
	$ (897,443)	$ 534,614

Notes to Consolidated Financial Statements
June 30, 2008 and 2007

Note 11 - Fund raising cost

The Archdiocese incurred fund raising cost related to the annual appeal campaign of $447,688 in 2008 and $381,765 in 2007.

Parishes and Missions

In addition to the financial statements of the Chancery Office, which were audited by our independent accountants, we also present statements of financial position at June 30, 2008 and 2007, and statements of activities for the years ended June 30, 2008 and 2007, of the parishes and missions of the Archdiocese of Atlanta.

It is important to note that these statements were prepared by the Chancery, from records maintained by the various parishes and missions, and were not audited by independent accountants.

As reported in the statements of financial position, total assets of $512,212,371 increased by $27,115,396 during the year ended June 30, 2008. The major portion of this increase is reflected in purchases of land, buildings, and equipment. Land, buildings, and equipment accounted for 82% ($420,068,241) of the total assets of parishes and missions at June 30, 2008.

The amount due to the Administrative Offices of the Archdiocese of Atlanta totaled $74,430,021 at June 30, 2008, a decrease of $1,335,575 when compared with the previous year. This debt represents amounts lent to parishes and missions from the “Deposit and Loan Fund” of the administrative offices. The “Deposit and Loan Fund” is funded by parish deposits and amounts borrowed from banks and other financial institutions.

Summary

Your continued contribution to the various Archdiocesan programs is most gratifying. We must continue to reduce the substantial debt while at the same time fulfill our responsibilities of service to our people. We trust that the foregoing accounting of the stewardship of funds administered during the year has increased the awareness of the many who provide support.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Parishes and Missions
Statements of Financial Position - Unaudited

Assets

	June 30,	
	2008	2007
Cash in banks	$ 16,348,471	$ 20,485,908
Funds on deposit with Administrative Office - Archdiocese of Atlanta	69,877,390	64,580,980
Investments at market value	3,785,386	2,995,387
Accounts and notes receivable	-	281,861
Property and equipment	420,068,241	395,995,823
Other assets	2,132,883	757,016
Total assets	$512,212,371	$485,096,975

Liabilities and Net Assets

	2008	2007
Accounts payable	$ 27,854,669	$ 23,841,621
Due to Administrative Offices - Archdiocese of Atlanta	74,430,021	75,765,596
Total liabilities	102,284,690	99,607,217
Net assets		
Balance, beginning of the year	385,489,758	354,071,891
Change in net assets	24,437,923	31,417,867
Balance, end of the year	409,927,681	385,489,758
Total liabilities and net assets	$512,212,371	$485,096,975

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Parishes and Missions
Statements of Activities - Unaudited

	Year Ended June 30,	
	2008	2007
Church revenues		
Offertory	$ 85,613,570	$ 83,108,179
Other parish collections	1,998,952	1,986,540
	87,612,522	85,094,719
Investment income	1,602,679	1,314,524
Other income	38,575,452	38,262,253
Total revenues	127,790,653	124,671,496
Church operating expenses	107,006,547	96,520,854
Church net operating income	20,784,106	28,150,642
School operations excess (cost)	(10,065,237)	(9,389,716)
Excess of revenues over expenses before subsidies and transfers from Administrative Office	10,718,869	18,760,926
Subsidies and transfers from Administrative Office	13,719,054	12,656,941
Change in net assets	$24,437,923	$31,417,867