Archdiocese of Atlanta

2011 Annual Report

Dear Friends:

The vitality of our beloved Church always finds its source in our Lord's Eucharistic Sacrifice and from His enduring presence among us, and because of the compelling commandment He has bequeathed us: "Love one another, as I have loved you." With these words to inspire us and filled with the love He gives us daily, we, His Church, strive constantly to serve one another and especially to serve the poor. Our wealth in the Lord is never measured in what we have, but in what we give.

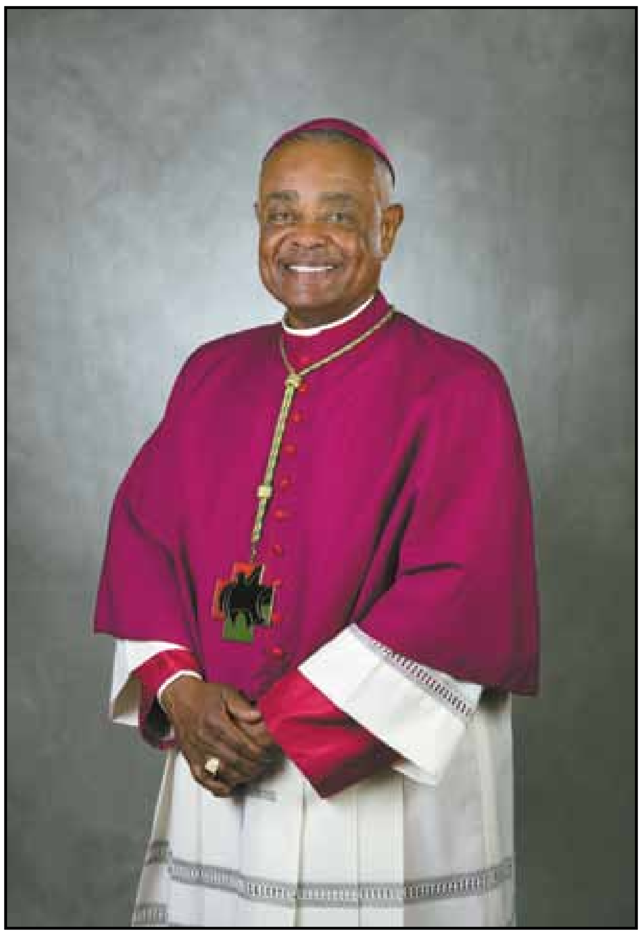
Part of the teaching mission of every bishop is to publish annually a summary of the Church's income and expenditures, in terms that can be appreciated by every Catholic in his diocese and that show clearly the scope and impact of our good works. I am happy, once again this year, to have called on the help of Mr. Brad Wilson, the chief financial officer of the Archdiocese of Atlanta, and the gifted staff who assist him, in order to present to you now, the Faithful of the Archdiocese, this official annual report summarizing the past year's financial activity. I hope you will study it carefully and become fully informed on the many operations and outreaches carried out within our local Church, as a sign of our love for Christ and the love we bear one another for His sake.

I thank God daily for your generosity, my dear friends, and I ask that He continue, in the name of His Son, and through the power of the Holy Spirit, to shed His goodness on this blessed Archdiocese of Atlanta and to draw us ever closer to one another in charity and in truth.

Sincerely yours in Christ,

+Wilton D. Gregory

Wilton D. Gregory
+*Archbishop of Atlanta*



The consolidated financial statements for the Administrative Offices of the Archdiocese of Atlanta for the fiscal years ended June 30, 2011 and 2010, are presented for your review. These statements include the operations of Chancery and several nonprofit corporations as disclosed in Note 1 of the report. Parishes, missions and parish schools publish results separately to their constituents. An unaudited compilation of the results of the parishes, missions and parish schools is included in the last three pages of this report.

The challenging economic conditions continue for individuals, families and communities. Even in these most difficult times, your generosity has been remarkable. As disclosed in the compilation report, offertory for the approximately 100 parishes and missions rose by 2.6 percent to $87.2 million. Only three parishes saw offertory decrease by more than 10 percent while 13 parishes saw offertory increase by more than 10 percent.

We continue to reduce the burden placed on the parishes to support the Archdiocese. Due to improved operational effectiveness, the Archdiocesan assessment rate was reduced for the fourth consecutive year. An additional decrease in the assessment rate is in place for fiscal year 2012.

Controlling operating expenses continues to be an area of concentration. This year, expenses rose 0.9 percent following an increase of less than 1 percent in fiscal year 2010 and a decrease of 3.2 percent in fiscal year 2009.

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 $15.5 million. The six schools comprising Catholic Education of North Georgia, Inc. account for $6.0 million of the increase with the funds being used for expansion, capital replacement and debt repayment. Our self-insurance fund had favorable results totaling $4.9 million with the funds being allocated to cover long term healthcare obligations starting in fiscal year 2012. Lastly, $2.1 million of the increase is due to contributions to the Catholic Foundation of North Georgia, Inc.

Our treasury operations remain strong. Liquidity is provided by lines of credit from Wells Fargo Bank and two regional banks. Repayment of debt continues with our school bond debt being reduced by $2.6 million to $60.8 million. Other bonds and notes payable were reduced by an additional $1.6 million. The draw on our lines of credit was reduced to zero. In total, our bonds and notes payable were reduced by almost $4.2 million. Our loans to parishes and other entities decreased by $3.5 million to $74.6 million.

Our investments total $114 million. The majority of investments are related to Endowments and Designated Investment Funds as disclosed in Note 8. Our investment gain for the year was $13.4 million.

Our interest rate swaps show an accounting gain of $1.3 million. Our weighted average interest rate is below 4 percent.

Depreciation is nearly $6.0 million, of which half relates to physical plants of the six schools comprising Catholic Education of North Georgia, Inc. The other half is split evenly between the Chancery operations and St. George Village Retirement Community.

The sum of the additions in capital items is approximately $9.2 million. When combined with the change in net assets before capital items, the total change in net assets for the year is an increase of $24.6 million.

During the year, renovations were completed on the office building purchased in 2009 and the relocation of the Chancery offices took place in March. The location of the former Chancery building on West Peachtree Street is on the market to be sold.

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 through 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, Auxiliary Bishop, Vicar General, Pastors, School Principals and you for the unique opportunity to serve. I look forward to the challenges of the New Year.

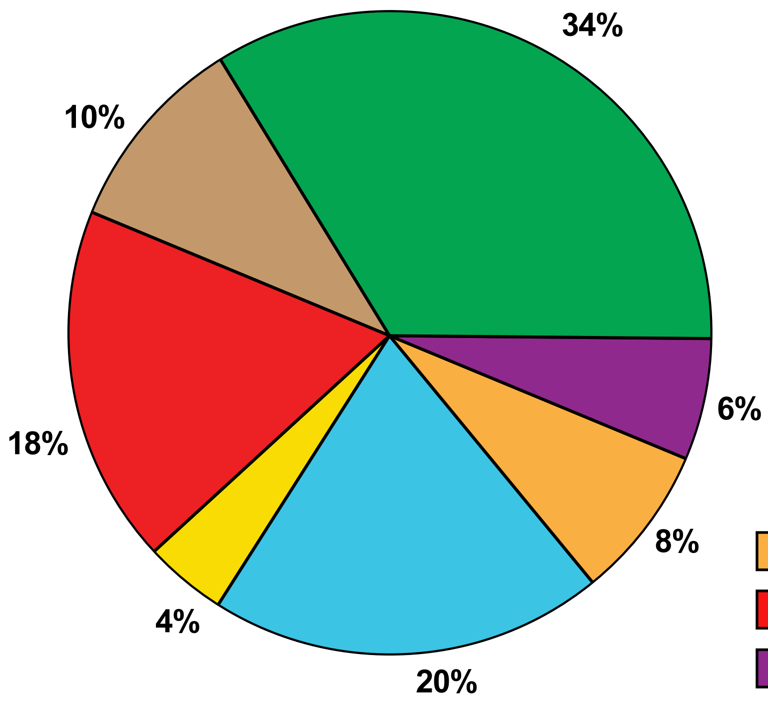
Sincerely,

Bradley Wilson

Bradley Wilson
Chief Financial Officer, Archdiocese of Atlanta

Archdiocese of Atlanta

2011 Annual Report

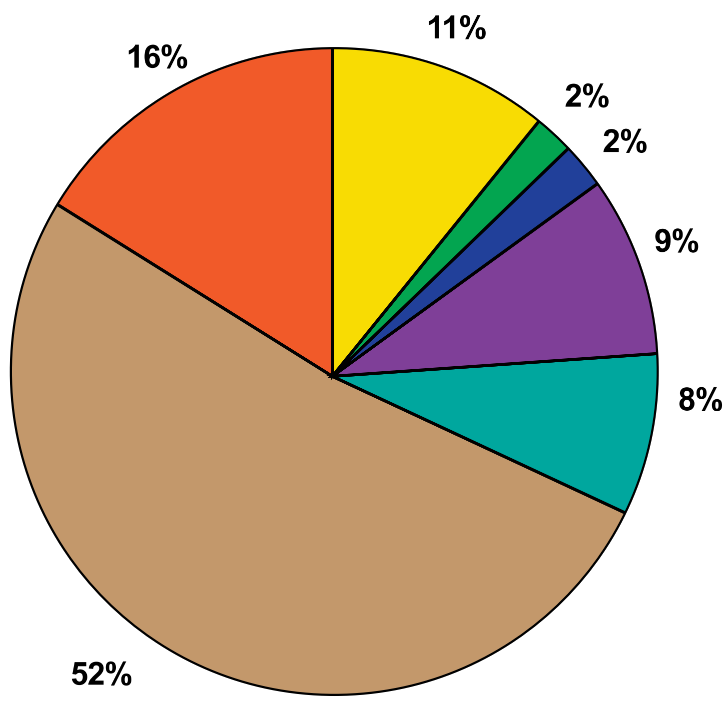


Sources Of Our Support

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

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, 2011 and 2010, 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, 2011 and 2010, 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.

As discussed in Note 1 to the financial statements, the Administrative Offices of the Archdiocese of Atlanta changed its policy regarding consolidating its subsidiary Catholic Education of North Georgia, Inc.

Laney, Boteler & Killinger

Atlanta, Georgia
November 8, 2011

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 2
Consolidated Statements of Financial Position
(Amounts in Thousands)

Assets

	June 30, 2011				June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash and cash equivalents	$4,165	$ -	$ -	$ 4,165	$ 3,899	$ -	$ -	$ 3,899
Investments at fair value	45,089	19,816	49,424	114,329	27,303	15,188	48,708	91,199
Escrowed deposits	208			208	208			208
Accounts receivable	10,377			10,377	8,386			8,386
Pledges receivable	6,843			6,843	4,892			4,892
Bequests receivable					7,652			7,652
Loans receivable-parishes and agencies	74,622			74,622	78,151			78,151
Property and equipment, net	156,756			156,756	147,142			147,142
Other assets	6,818			6,818	6,471	-	-	6,471
Total assets	304,878	19,816	49,424	374,118	284,104	15,188	48,708	348,000

Liabilities and Net Assets

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Accounts payable and accrued expenses	19,918			19,918	18,097	-	-	18,097
Custodial funds payable			5,388	5,388			5,865	5,865
Deposits payable	62,981			62,981	58,040			58,040
Interest rate swap liability	9,054			9,054	10,337			10,337
Deferred revenue	43,327			43,327	42,669			42,669
Demand notes payable					220			220
Bonds and notes payable	90,408	-	-	90,408	94,358	-	-	94,358
Total liabilities	225,688	-	5,388	231,076	223,721	-	5,865	229,586
Net assets								
Investment funds	20,401			20,401	17,396	-	-	17,396
Insurance funds	22,106			22,106	16,047			16,047
Plant funds	(1,396)			(1,396)	1,635			1,635
Undesignated	38,079			38,079	25,305			25,305
Restricted	-	19,816	44,036	63,852	-	15,188	42,843	58,031
Total net assets	79,190	19,816	44,036	143,042	60,383	15,188	42,843	118,414
Total liabilities and net assets	$304,878	$19,816	$49,424	$374,118	$284,104	$15,188	$48,708	$348,000

See notes to consolidated financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 3
Consolidated Statements of Activities
(Amounts in Thousands)

	Year Ended June 30, 2011				Year Ended June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues								
Parishes and missions								
Contributions	$ 8,090	$ -	$ -	$ 8,090	$ 8,238	$ -	$ -	$ 8,238
Assessments	20,015			20,015	21,636			21,636
Continuing care	10,378			10,378	9,837			9,837
Education	34,198			34,198	32,827			32,827
Insurance premiums	18,381			18,381	17,371			17,371
Other contributions	3,252	419	1,237	4,908	4,013	350	7,965	12,328
Investment income	2,314	1,332	1	3,647	2,519	796	1	3,316
Other	1,554			1,554	1,073			1,073
Net assets released from restrictions	4,327	(4,282)	(45)	-	3,181	(3,181)	-	-
Total revenues	102,509	(2,531)	1,193	101,171	100,695	(2,035)	7,966	106,626
Expenses								
Administrative support	7,696	-	-	7,696	7,204	-	-	7,204
Pastoral	6,969			6,969	7,793			7,793
Education	44,503			44,503	44,398			44,398
Social services	1,623			1,623	1,560			1,560
Insurance services	13,585			13,585	13,129			13,129
Continuing care	9,224			9,224	8,851			8,851
Other	2,104	-	-	2,104	2,040	-	-	2,040
Total expenses	85,704	-	-	85,704	84,975	-	-	84,975
Change in net assets before capital additions (reductions)	16,805	(2,531)	1,193	15,467	15,720	(2,035)	7,966	21,651
Capital additions (reductions)								
Realized and unrealized gain (loss) on investments	6,284	7,159	-	13,443	3,135	4,075	-	7,210
Loss on interest rate	1,283			1,283	(2,976)			(2,976)
Depreciation and amortization	(5,963)			(5,963)	(5,543)			(5,543)
Loss on disposal of property	(10)			(10)	(105)			(105)
Other FASB ASC 715 pension costs	408	-	-	408	(499)	-	-	(499)
Total capital additions (reductions)	2,002	7,159	-	9,161	(5,988)	4,075	-	(1,913)
Change in net assets	18,807	4,628	1,193	24,628	9,732	2,040	7,966	19,738
Reclassification of beginning net assets	-	-	-	-	-	-	-	-
Net assets at beginning of year	60,383	15,188	42,843	118,414	50,651	13,148	34,877	98,676
Net assets at end of year	$79,190	$19,816	$44,036	$143,042	$60,383	$15,188	$42,843	$118,414

See notes to consolidated financial statements.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Consolidated Statements of Cash Flows
(Amounts in Thousands)

	Year Ended June 30, 2011	Year Ended June 30, 2010
Cash flows from operating activities		
Change in net assets	$ 24,628	$19,738
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation and amortization	5,963	5,543
Amortization of entrance fees	(1,019)	(970)
Loss on disposal of property and equipment	10	105
Realized and unrealized (gain) loss on investments	(13,443)	(7,210)
Loss on interest rate swap agreements	(1,283)	2,976
Restricted contributions	(1,237)	(7,966)
In-kind contributions		(193)
Increase in accounts receivable	(1,167)	(599)
Increase in pledges receivable	(1,951)	(1,010)
Increase in bequest receivable	7,652	(7,652)
Increase in other assets	(543)	(11)
Increase (decrease) in accounts payable and accrued expenses	1,822	(2,265)
Deferred revenues	(327)	(1,037)
Net cash (used) provided by operating activities	19,105	(551)
Cash flows from investing activities		
Proceeds from sale and maturity of investments		
Purchase of investments	(130,627)	(72,540)
Net increase in entrance fee escrow fund	(0)	(0)
Parish and mission loans	(11,582)	(19,015)
Parish and mission loan repayments	15,111	17,988
Proceeds from sale of property and equipment	20	35
Proceeds from sale and maturity of investments	120,971	75,125
Purchase of property and equipment	(15,377)	(6,273)
Net cash used by investing activities	(21,484)	(4,680)
Cash flows from financing activities		
Decrease in demand notes payable	(220)	(4,607)
Proceeds from bonds and notes payable		-
Payments on bonds and notes payable	(3,950)	(3,840)
Proceeds from residents entrance fees	1,115	1,203
Restricted contribution received	1,237	7,966
Parish and mission deposits received	32,335	32,260
Parish and mission deposits paid	(27,395)	(30,694)
Increase (decrease) in custodial funds payable	(477)	867
Net cash provided by financing activities	2,645	3,155
Net increase (decrease) in cash and cash equivalents	266	(2,076)
Cash and cash equivalents, beginning of the year	3,899	5,975
Cash and cash equivalents, end of the year	$4,165	$ 3,899

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

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:

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

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

Subsidies to auxiliary services and programs are included but detailed operations of such subsidized activities are not included in the accounts of the Administrative Offices and, accordingly, are not included in the accompanying consolidated financial statements. Moreover, this report does not include the financial statements of the parishes and missions of the Archdiocese of Atlanta.

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, 2011 and 2010

Permanently Restricted Net Assets

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

Income Taxes

The Archdiocese is a religious organization exempt from income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements. The organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

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 recognized as changes in net assets in the periods they occur. Investment income and realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Accounts receivable

Accounts receivable are primarily due from Archdiocesan parishes, missions, and schools for insurance premiums and assessments owed to the Administrative Offices. The carrying amounts of receivables have been reduced by a valuation allowance of $1,790,000 and $1,770,000 at June 30, 2011 and 2010, respectively.

Pledges and bequests receivable

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

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

free rate and carried at the present value of estimated future cash flows. Amortization of the discount is recorded as contribution revenue.

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

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 statements of activities. Property and equipment at June 30, 2011 and 2010, consisted of the following:

	2011	2010
Land	$ 26,397,390	$ 21,713,219
Land improvements	4,596,249	4,288,128
Buildings	147,204,004	139,793,647
Furniture and equipment	28,023,471	23,936,703
Automobiles	1,306,179	1,323,756
Construction in progress	3,346,037	4,657,029
	210,873,330	195,712,482
Less accumulated depreciation	(54,117,169)	(48,570,870)
Property and equipment, net	$156,756,161	$147,141,612

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	3-10 years
Automobiles	5-7 years

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

Depreciation expense for 2011 and 2010 was $5,732,432 and $5,311,390, respectively.

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

Construction in progress consists of costs incurred on construction projects that have not been completed and placed in service as of year-end. At June 30,2011, construction in progress primarily consisted of the construction of baseball and practice fields and HVAC and electrical renovations at two schools. The estimated cost to complete the projects is $600,000. At June 30, 2010, construction in progress primarily consisted of renovations to an office building purchased by the Archdiocese in Smyrna, Georgia. The building was under renovation at June 30, 2010, and was completed in December 2010.

Deferred charges

Costs incurred for issuance of bonds to finance schools and a life care facility are included in other assets in the consolidated statements of financial position. Bond issuance costs, totaling $1,896,540, have been capitalized and are being amortized over the life of the bonds using the interest method. Amortization of bond issuance costs for the years ended June 30, 2011 and 2010 totaled $82,179 and $83,016, respectively, and accumulated amortization at June 30, 2011 and 2010, totaled $719,207 and $637,028, respectively.

Contributions

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

Revenue recognition - Catholic Continuing Care Retirement Communities, Inc.

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

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

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 approximately $191,000 to $540,000. The entrance fee is 80%, 90%, or 95% refundable at the time the resident no longer lives at the Community. Except under special circumstances stipulated in the agreement, residents receive their refund after receipt of sufficient proceeds to fully refund the obligation from the next remarketing and occupancy of a similar residence.

Note 2 - Investments

At June 30, 2011 and 2010, investments consisted of the following:

	2011		2010	
	Fair Value	Cost	Fair Value	Cost
Short-term investments	$ 31,901,353	$31,901,353	$ 5,648,154	$ 5,648,154
U. S. Treasury obligations	9,755,920	9,633,300	19,595,322	19,119,108
Marketable equity securities	28,478,765	24,526,070	34,556,957	37,537,384
Equity mutual funds	25,314,247	22,652,721	15,211,850	15,692,011
Marketable debt securities	16,044,863	15,815,636	15,957,596	15,041,104
Debt mutual funds	2,833,380	2,906,000	229,282	216,174
	$114,328,528	$107,435,080	$91,199,161	$93,253,935

Note 3 - Pledges receivable

Pledges receivable of $6,843,028 and $4,892,499 at June 30, 2011 and 2010, respectively, represent unconditional promises to give. Substantially all of the pledges are due in less than one year. Pledges receivable at June 30, 2011 and 2010, have been reduced by a valuation allowance of $600,000 and $625,000, respectively.

Note 4 - 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% for the years ended June 30, 2011 and 2010. Effective July 1, 2011, interest rates ranged from 0% to 5.5%. Loans receivable have been reduced by a $250,000 allowance for uncollectible loans at June 30, 2011 and 2010.

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

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% for the years ended June 30, 2011 and 2010. Effective July 1, 2011, the rate changed to 3.25%.

Note 5 - Bonds and notes payable

Bonds and notes payable consist of the following at June 30, 2011 and 2010:

	2011	2010
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated February 1, 1999, and maturing April 1, 2024	$19,400,000	$20,600,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated February 1, 1999, and maturing April 1, 2024.	3,000,000	3,200,000
Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds dated March 1, 1999, and maturing April 1, 2024.	12,800,000	13,700,000
Tax-Exempt Variable Rate Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.	18,885,000	19,035,000
Tax-Exempt Variable Rate Educational Facilities Revenue Bonds dated December 19, 2002, and maturing April 1, 2028.	6,740,000	6,840,000
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (CCCRC bonds) dated April 1, 2004, and maturing April 1, 2034.	21,750,000	22,150,000
Unsecured bank note payable in the original amount of $10,000,000 with interest at LIBOR plus 1.875%. The note requires monthly payments of $83,333 plus interest with a final balance of $6,833,333 due on June 30, 2012.	7,833,333	8,833,334
	$90,408,333	$94,358,334

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

Maturities of bonds and notes payable are as follows:

Year Ending June 30,	Amount
2012	$10,888,333
2013	3,155,000
2014	3,355,000
2015	3,435,000
2016	3,635,000
2017-2034	65,940,000
	$90,408,333

All of the educational bonds require monthly or quarterly interest payments and mature in varying annual amounts through April 1, 2028. The bonds are secured by bank letters of credit and various school properties owned by Catholic Education of North Georgia, Inc. The total carrying amount of these properties was approximately $73,000,000 and $72,250,000 at June 30, 2011 and 2010, respectively. Interest on the bonds varies weekly. The rate at June 30, 2011, was .19%. As discussed in Note 6, the Archdiocese has entered into various interest rate swap agreements that provide for fixed rates of interest on the bonds.

The CCCRC bonds are secured by a bank letter of credit, a Keep Well agreement and substantially all of the CCCRC assets. The total carrying amount of these assets was approximately $55,700,000 and $54,925,000 at June 30, 2011 and 2010, respectively. The bonds are subject to a variable interest rate which was .11% at June 30, 2011. Under the Keep Well agreement, the Archdiocese of Atlanta has committed to fund any operating deficits, as defined in the agreement, of CCCRC up to $3,000,000.

At June 30, 2011, the Archdiocese had available four unsecured bank lines of credit totaling $33,000,000. The notes are payable on demand and bear interest at LIBOR plus 1.00% to LIBOR plus 2.20%. The total outstanding under the demand note at June 30, 2011 and 2010, was $0 and $220,000, respectively.

Interest expense to the Archdiocese on bonds and notes payable and interest paid on deposits from parishes and agencies (Note 4) totaled $8,245,525 and $8,139,733 for the years ended June 30, 2011 and 2010, respectively. Cash payments for interest totaled $8,272,000 and $8,099,342 for fiscal years 2011 and 2010, respectively.

Interest expense for the years ended June 30, 2011 and 2010, is reported in the statements of activities as follows:

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

	2011	2010
Interest included in school operations	$2,994,671	$3,222,287
Interest included in CCCRC operations	1,214,206	1,253,351
Interest charged against loan fund income (Note 4)	4,036,648	3,664,095
	$8,245,525	$8,139,733

Under the letter of credit, line of credit, and swap agreements, the Archdiocese is required to maintain certain financial covenants, including ratios of unrestricted cash and marketable securities to consolidated funded debt and unrestricted net assets to consolidated funded debt. The Archdiocese is in compliance with these requirements as of June 30, 2011 and 2010.

Note 6 - Interest rate swap agreements

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

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

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

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

The table below summarizes the swap information reported in the financial statements as of June 30, 2011 and 2010, and for the years then ended.

Issue	Effective Date	Expiration Date	Notional Amount		Fixed Interest Rate	Variable Interest Rate as of		Fair Value of Asset (Liability) in Statement of Financial Position		Gain (loss) on interest rate Swap Agreements in Statement of Activities	
			June 30,			June 30,		June 30,		June 30,	
			2011	2010		2011	2010	2011	2010	2011	2010
School Bonds	4/1/2004	7/1/2010	$ -	$ 19,600,000	4.53%	0.00000%	0.20578%	$ -	$ (2,320)	$ 2,320	$ 818,169
School Bonds	1/1/2007	1/4/2010	-	-	3.87%	0.00000%	0.00000%	-	-	-	481,624
CCCRC Bonds	5/15/2007	5/1/2017	21,750,000	22,150,000	3.90%	0.12800%	0.29467%	(2,405,984)	(2,442,953)	36,969	(904,066)
School Bonds	10/1/2008	10/1/2017	16,750,000	17,900,000	3.58%	0.14000%	0.20578%	(1,698,027)	(1,936,369)	238,342	(426,043)
Note Payable	4/6/2009	6/30/2012	7,833,333	8,833,334	3.80%	0.19103%	2.22875%	(113,682)	(167,525)	53,843	(173,152)
School Bonds	1/4/2010	7/1/2020	25,705,000	25,910,000	3.25%	0.14000%	0.20578%	(2,799,007)	(3,304,103)	505,095	(1,856,449)
School Bonds	7/1/2010	10/1/2014	18,450,000	19,600,000	4.53%	0.14000%	0.20578%	(2,036,984)	(2,483,171)	446,187	(915,865)
			$90,488,333	$113,993,334				$(9,053,684)	$(10,336,441)	$1,282,756	$(2,975,782)

Note 7 - Contingencies

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

Note 8 - Endowment and designated investment funds

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

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

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

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

Endowment net assets composition by type of fund as of June 30, 2011 and 2010:

June 30, 2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted				
endowment funds				
Campus ministry	$ -	$ 56,720	$ 135,000	$ 191,720
Cemeteries		188,459		188,459
Community service		454,913	1,003,896	1,458,809
Dependent children		1,181,750	387,207	1,568,957
Education	(20,221)	13,579,554	33,046,615	46,605,948
Elderly		279,811	441,368	721,179
Operations		448,056	5,119,994	5,568,050
Parishes		71,196	243,978	315,174
Seminary	-	2,515,705	3,657,900	6,173,605
	(20,221)	18,776,164	44,035,958	62,791,901
Board-designated				
endowment funds				
Charitable gift annuity	426,504			426,504
Clergy welfare	131,508			131,508
Dependent children	48,759			48,759
Donor-advised fund	2,544,967			2,544,967
Education	1,790,371			1,790,371
Operations	1,483,821			1,483,821
Parishes	8,737,640			8,737,640
Retired priests	1,221,434			1,221,434
Seminary	4,015,716	-	-	4,015,716
	20,400,720	-	-	20,400,720
Total	$20,380,499	$18,776,164	$44,035,958	$83,192,621

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

June 30, 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted				
endowment funds				
Campus ministry	$ (381)	$ 31,663	$ 135,000	$ 166,282
Community service	-	316,006	1,003,896	1,319,902
Dependent children	-	1,336,253	387,207	1,723,460
Education	(49,036)	9,667,393	32,115,065	41,733,422
Elderly	(1,118)	174,208	183,827	356,917
Operations	(184,973)	58,917	5,085,784	4,959,728
Parishes	(716)	30,942	274,409	304,635
Seminary	-	1,907,385	3,657,900	5,565,285
	(236,224)	13,522,767	42,843,088	56,129,631
Board-designated				
endowment funds				
Charitable gift annuity	383,301	-	-	383,301
Clergy welfare	111,650			111,650
Dependent children	114,436			114,436
Donor-advised fund	1,729,796			1,729,796
Education	1,564,743			1,564,743
Operations	1,274,210			1,274,210
Parishes	7,413,857			7,413,857
Retired priests	1,315,107			1,315,107
Seminary	3,489,223	-	-	3,489,223
	17,396,323	-	-	17,396,323
Total	$17,160,099	$13,522,767	$42,843,088	$73,525,954

Changes in endowment net assets for the years ended June 30, 2011 and 2010:

June 30, 2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$17,160,099	$13,522,767	$42,843,088	$73,525,954
Contributions		163,993	1,237,223	1,401,216
Transfers to increase board designated funds	615,530			615,530
Investment return				
Investment income	412,882	1,331,999	697	1,745,578
Net realized and unrealized appreciation	2,632,573	7,158,738		9,791,311
Appropriation of endowment net assets for expenditure	(656,588)	(3,185,330)	(45,050)	(3,886,968)
Restoration of deficiencies in donor-restricted endowment funds	216,003	(216,003)	-	-
Endowment net assets, end of year	$20,380,499	$18,776,164	$44,035,958	$83,192,621

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 16

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

June 30, 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 14,110,987	$10,418,073	$34,876,644	$59,405,704
Contributions	2,048,972	4,420	7,965,857	10,019,249
Transfers to increase board designated funds	303,218			303,218
Investment return				
Investment income	340,864	1,025,816	587	1,367,267
Net realized and unrealized appreciation	1,460,967	4,057,755		5,518,722
Appropriation of endowment net assets for expenditure	(1,348,336)	(1,739,870)		(3,088,206)
Restoration of deficiencies in donor-restricted endowment funds	243,427	(243,427)	-	-
Endowment net assets, end of year	$17,160,099	$13,522,767	$42,843,088	$73,525,954

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

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

Note 9 - Restrictions on net assets

Temporarily restricted net assets and permanently restricted net assets, including donor-restricted endowment funds, are available for the following purposes at June 30, 2011 and 2010:

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 17

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

	June 30, 2011			June 30, 2010		
	Temporarily Restricted	Permanently Restricted	Total	Temporarily Restricted	Permanently Restricted	Total
Campus ministry	$ 56,720	$ 135,000	$ 191,720	$ 31,663	$ 135,000	$ 166,663
Cemeteries	188,459	-	188,459	-	-	-
Community service	454,913	1,003,896	1,458,809	316,006	1,003,896	1,319,902
Dependent children	1,181,750	387,207	1,568,957	1,336,253	387,207	1,723,460
Education	13,579,554	33,046,615	46,626,169	9,667,393	32,115,065	41,782,458
Elderly	279,811	441,368	721,179	174,208	183,827	358,035
Operations	448,056	5,119,994	5,568,050	58,917	5,085,784	5,144,701
Parishes	71,196	243,978	315,174	30,942	274,409	305,351
Retired Priests	-	-	-	250,000	-	250,000
School operations	1,039,487	-	1,039,487	1,415,546	-	1,415,546
Seminary	2,515,705	3,657,900	6,173,605	1,907,385	3,657,900	5,565,285
	$19,815,651	$44,035,958	$63,851,609	$15,188,313	$42,843,088	$58,031,401

Note 10 - Financial Instruments

The Financial Accounting Standards Board (FASB) requires disclosure about financial instruments and related off-balance sheet risk and concentrations of credit risk. The activity of the Administrative Offices of the Archdiocese of Atlanta and its subsidiaries is primarily with the parishes and missions within the Archdiocese, which covers approximately fifty percent of the State of Georgia. The accounts, pledges, and loans receivable from parishes and bonds, notes and mortgages payable are all associated with the parishes or other Archdiocesan activities. Any off-balance sheet risk or credit risk is dependent on the financial support of the parishioners to their local parish and the parishes subsequent support of the Archdiocese.

The Archdiocese 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 11 - Fair value measurements

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

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 18

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

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

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

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

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

Pledges receivable are valued at estimated net realizable value discounted to present value at 3.75%. Change in value includes changes in discount and adjustments to the allowance for uncollectible pledges.

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

The following table presents the Archdiocese's fair value hierarchy for the financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010:

June 30, 2011	Total	Level 1	Level 2	Level 3
Investments				
Short-term investments	$ 31,901,353	$31,901,353	$ -	$ -
U.S. Treasury obligations	9,755,920	5,717,969	4,037,951	-
Marketable equity securities	28,478,765	28,478,765	-	-
Equity mutual funds	25,314,247	25,314,247	-	-
Marketable debt securities	16,044,863	974,014	15,070,849	-
Debt mutual funds	2,833,380	2,833,380	-	-
	$114,328,528	$95,219,728	$19,108,800	$ -
Receivables	$ 6,843,028	-	-	$6,843,028
Charitable gift annuities payable	$ 48,360	-	-	$ 48,360
Interest rate swap liability	$ 9,053,684	$ -	$ -	$9,053,684

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA 19

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

June 30, 2010	Total	Level 1	Level 2	Level 3
Investments				
Short-term investments	$ 5,648,154	$ 5,648,154	$ -	$ -
U. S. Treasury obligations	19,595,322	15,231,254	4,364,068	-
Marketable equity securities	34,556,957	34,556,957	-	-
Equity mutual funds	15,211,850	15,211,850	-	-
Marketable debt securities	15,957,596	2,572,631	13,384,965	-
Debt mutual funds	229,282	229,282	-	-
	$91,199,161	$73,450,128	$17,749,033	$ -
Receivables				
Pledges	$ 4,892,499	$ -	$ -	$ 4,892,499
Bequest	7,652,172	-	-	7,652,172
	$12,544,671	$ -	$ -	$12,544,671
Charitable gift annuities payable	$ 49,732	$ -	$ -	$ 49,732
Interest rate swap liability	$10,336,441	$ -	$ -	$10,336,441

The following is a reconciliation of the change in fair value for the years ended June 30, 2011 and 2010 for Level 3:

	Year Ended June 30, 2011	2010
Interest rate swap liability		
Liability at beginning of year	$10,336,441	$ 7,360,659
Change in value	(1,282,757)	2,975,782
Liability at end of year	$ 9,053,684	$10,336,441
Pledges receivable		
Receivable at beginning of year	$ 4,892,499	$ 3,882,559
New pledges received	10,514,804	5,424,876
Payments on pledges	(5,823,234)	(4,676,849)
Change in value of pledges	(2,741,041)	261,913
Receivable at end of year	$ 6,843,028	$ 4,892,499
Bequest receivable		
Receivable at beginning of year	$ 7,652,172	$ -
New bequest received	-	7,652,172
Collections	(7,652,172)	-
Receivable at end of year	$ -	$7,652,172
Charitable gift annuities payable		
Payable at beginning of year	$ 49,732	$ 20,375
New contracts issued	5,381	30,193
Payments made to annuitants	(6,753)	(5,364)
Change in value of charitable gift annuities	-	4,528
Payable at end of year	$ 48,360	$ 49,732

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

The change in value of the interest rate swap agreements in 2011 and 2010, is attributable to the revaluation of the interest rate swap agreements based on the current market conditions and is included in the change in net assets for the years ended June 30, 2011 and 2010.

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

Note 12 - Retirement plans

Clergy retirement plan

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests within the Archdiocese. The Archdiocese's funding policy is to make contributions to the plan at such times and in such amounts required to keep the plan actuarially sound. Benefits are based on years of service. Contributions are intended to provide not only for benefits attributed to service to-date, but also for those expected to be earned in the future. The Archdiocese expects to contribute approximately $750,000 to the Plan during the fiscal year ending June 30, 2012.

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

	2011	2010
Obligation and Funded Status		
Projected benefit obligation	$(14,229,528)	$(13,107,816)
Plan assets at fair value	8,420,105	6,945,467
Funded status	$ (5,809,423)	$ (6,162,349)
Accumulated benefit obligation	$ 14,229,528	$ 13,107,816
Employer contributions	883,949	716,974
Benefits paid	803,776	850,619

Amounts recognized in the consolidated statements of financial position:

Liabilities	$5,809,423	$ 6,162,349

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

Amounts recognized in the consolidated statements of activities:

	2011	2010
Service cost with interest	$ 398,425	$ 351,465
Interest cost	763,473	742,598
Expected return on plan assets	(492,165)	(445,579)
Amortization of prior service cost (credit) and net (gain)/loss	269,076	247,986
Net periodic pension cost (income)	$ 938,809	$ 896,470
Other changes in net assets:		
Actuarial (gain) loss	(407,786)	499,319
	$(407,786)	$ 499,319

The estimated net loss and prior service cost that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2012 are $239,655 and $0, respectively.

The following assumptions were used in accounting for the plan:

	2011	2010
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	5.5%	6.0%
Expected return on plan assets	7.5%	7.5%
Future cost of living adjustments	3.0%	3.0%
Weighted-average assumptions used to determine the net periodic benefit cost:		
Discount rate	6.0%	6.5%
Expected return on plan assets	7.5%	7.5%
Future cost of living adjustments	3.0%	3.0%

Retirement age: Age based retirement rates are given below:

Age	Probability of Retirement
65	33.33%
66-74	15.00%
75+	100.00%

Mortality rates (per 1,000 lives): RP-2000 combined mortality table

Age	Male	Female
20	0.35	0.19
35	0.77	0.48
50	2.14	1.68
60	6.75	5.06

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

Disability: Rates varying by age and service:

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

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

The fair values of the Archdiocese's pension plan assets at June 30, 2011 and 2010, by asset category as follows:

June 30, 2011	Total	Level 1	Level 2	Level 3
Short-term investments	$ 964,654	$ 964,654	$ -	$ -
U.S. Treasury obligations	475,647	331,794	143,853	-
Marketable debt securities	517,855	-	517,855	-
Marketable equity securities	4,418,147	4,418,147	-	-
Equity mutual funds	2,043,802	2,043,802	-	-
	$8,420,105	$7,758,397	$ 661,708	$ -

June 30, 2010	Total	Level 1	Level 2	Level 3
Short-term investments	$ 280,447	$ 280,447	$ -	$ -
U.S. Treasury obligations	1,324,955	1,118,541	206,414	-
Marketable debt securities	859,192	-	859,192	-
Marketable equity securities	3,578,520	3,578,520	-	-
Equity mutual funds	902,353	902,353	-	-
	$6,945,467	$5,879,861	$1,065,606	$ -

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

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2012.

The following benefits are expected to be paid:

Year Ending June 30,	Amount
2012	$ 804,704
2013	809,185
2014	817,271
2015	820,974
2016	828,055
2017-2021	4,264,124
	$8,344,313

Notes to Consolidated Financial Statements
June 30, 2011 and 2010

Billings to the parishes and agencies and related pension and administrative expenses, excluding the effects of adopting FASB ASC 715, for clergy retirement are reported in insurance revenues and expenses as follows:

	Year Ended June 30,	
	2011	2010
Pension contributions and administrative expenses	$ 979,285	$ 896,470
Billings to parishes and agencies	(882,118)	(551,974)
	$ 97,167	$ 344,496

Lay employee retirement plan

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

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,	
	2011	2010
Pension contributions and administrative expenses	$ 3,854,383	$ 3,154,443
Billings to parishes and agencies	(3,815,352)	(3,784,171)
	$ 39,031	$ (629,728)

Note 13 - Fund raising cost

The Archdiocese incurred fund raising costs related to the annual appeal campaign of $488,281 in 2011 and $373,962 in 2010.

Note 14 - Subsequent events

Management has evaluated subsequent events through November 22, 2011, which is the date the financial statement were available to be issued.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Parishes, Missions, and Parish Schools

In addition to the financial statements of the Archdiocese, which were audited by our independent accountants, we also present statements of financial position at June 30, 2011 and 2010, and statements of activities for the years ended June 30, 2011 and 2010, of the parishes, missions, and parish schools of the Archdiocese of Atlanta.

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

As reported in the statements of financial position, total assets of $559,258,000 increased by $19,696,000 during the year ended June 30, 2011. The major portion of this increase is reflected in purchases of land, buildings, and equipment. Land, buildings, and equipment accounts for 87% ($487,634,000) of the total assets of parishes, missions, and parish schools at June 30, 2011.

The amount due to the Administrative Offices of the Archdiocese of Atlanta totaled $74,387,000 at June 30, 2011, a decrease of $4,114,000 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 financial institutions.

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Parishes, Missions, and Parish Schools
Statements of Financial Position - Unaudited

(Amounts in Thousands)

Assets

	June 30, 2011	June 30, 2010
Cash in banks	$12,173	$ 9,593
Funds on deposit with Administrative Office - Archdiocese of Atlanta	54,436	55,712
Investments at fair value	4,650	4,250
Property and equipment	487,634	469,525
Other assets	365	482
Total assets	$559,258	$539,562
Liabilities and Net Assets		
Accounts payable	$ 22,794	$ 19,730
Due to Administrative Offices - Archdiocese of Atlanta	74,387	78,501
Total liabilities	97,181	98,231
Net assets		
Balance, beginning of the year	441,331	419,551
Change in net assets	20,746	21,780
Balance, end of the year	462,077	441,331
Total liabilities and net assets	$559,258	$539,562

ADMINISTRATIVE OFFICES OF THE ARCHDIOCESE OF ATLANTA

Parishes, Missions, and Parish Schools
Statements of Activities - Unaudited

(Amounts in Thousands)

	Year Ended June 30, 2011	Year Ended June 30, 2010
Church revenues		
Offertory	$ 87,161	$ 84,931
Other parish collections	1,708	1,114
	88,869	86,045
Investment income	1,476	1,441
Other income	35,775	36,646
Total revenues	126,120	124,132
Church operating expenses	108,369	105,437
Church net operating income	17,751	18,695
Cost of school operations	(1,025)	(1,298)
Excess of revenues over expenses before subsidies and transfers from Administrative Office	16,726	17,397
Subsidies and transfers from Administrative Office	4,020	4,383
Change in net assets	$20,746	$21,780