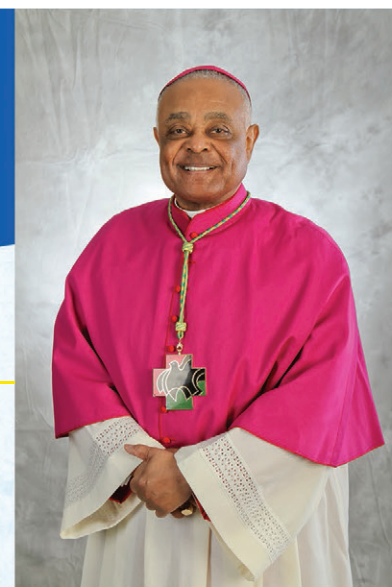




Archdiocese of Atlanta Annual Report 2013



*“We become fully human when we become more than human, when we let God bring us beyond ourselves in order to attain the fullest truth of our being. Here we find the source and inspiration of all our efforts at evangelization. For if we have received the love which restores meaning to our lives, how can we fail to share that love with others?” (Pope Francis, *The Joy of the Gospel*, 8.)*

Dear Friends in Christ,

With these stirring words, our Holy Father Pope Francis reminds us, not just of the great pleasure and joy we receive from the knowledge of our salvation, but also, of the great responsibilities that become ours when we embrace the Gospel of Jesus Christ. For if the sharing of God's love becomes our sacred duty, then that duty must be energized by its very inspiration—God's love, which we feel as grace.

The sharing of God's love, as expressed by the Church of which we are all a part, becomes visible in the holy works that we do: in the pastoral work by which the Sacraments are celebrated for the healing, the nurturing, and the guidance of all who would live the Faith; in the educational work by which the message of the Gospel, the message of Jesus Christ, is transmitted, to the Faithful and to all the world; and in the charitable work by which the Church, through her members, reaches out to all the suffering there is in the world, with the love and the resources that fulfill the promise of Christ: “Come to me, all you who labor and are burdened, and I will give you rest.”

In the Archdiocese of Atlanta, our own Church home, these good works are entirely supported by your generosity—by your own direct labor for the Gospel, and through the systematic giving which forms a vital part of the Church's life—the gifts of the people at the Offertory, the special donations to the Archbishop's Annual Appeal, and the myriad special acts of giving that spring forth spontaneously from your unselfish hearts. We are united by the many needs which require this funding, because these needs spring forth not just from our own hearts, but from the heart of Jesus Christ operating within us to inspire us. He comes in the Eucharist, and fills us with the need to be thankful, and the need to share.

Every year, it is my welcome duty to present to the People of God in the local Church, a report—a picture, or series of pictures—detailing both the receiving and the expending of your gifts, and how they are applied to all the good works of the Archdiocese. I do this with the expert consultation of the Archdiocesan Finance Office and the excellent publishing craft of *The Georgia Bulletin*, and I thank Brad Wilson, our Chief Financial Officer, and Mary Anne Castranio, the Executive Editor of the Bulletin, and their staffs for making this annual report informative and interesting. This year's report utilizes a new format, which I believe you will enjoy.

Finally, though I am always keenly aware of your generosity, I welcome specific opportunities such as this to thank you, the Catholic people of the Archdiocese of Atlanta, for so firmly supporting the many works which God has placed in my care, for His glory, and by which He has brought me to your service. The largeness of the task is sometimes daunting, but I benefit most effectively by the power of your prayers, and how those prayers are reflected back to me through the strength which comes from His Holy Spirit. It is a wonderful enterprise upon which our Baptism has set us journeying, dear friends, as we “let God bring us beyond ourselves in order to attain the fullest truth of our being.” May our Holy Father's words continue to inspire us, as we look back upon a year graced by the amplitude of our Church's good work, and as we embark upon our future, confident and safe, in the possession and the sharing of the love of Jesus Christ.

Sincerely yours in Christ,

✠ Wilton D. Gregory
Archbishop of Atlanta





“As each one has received a gift, use it to serve one another as good stewards of God’s varied grace.”

1 Peter 4:10

The **Life** Of The Church

While the recession may be officially over, challenging economic conditions continue for many individuals, families, and communities.

Only 5 parishes saw offertory decrease by more than 5%, while 38 parishes saw offertory increase by more than 5%.

Archdiocesan Administrative Services

- *Parish and School buildings are inspected annually for maintenance and safety concerns*
- *Operational Audits are performed on a two-year cycle*
- *Policies, Procedures and Best Practices are published:*

www.archatl.com/offices/finance

The parishes of the Archdiocese are a wonderful tapestry of God’s people. Each has a unique history of clergy and religious, parishioners, staff, and events, but all serve as the instrument to sustain and enrich the baptismal faith of their people through the celebration of the Eucharist and the Sacraments, while also providing spiritual growth through prayer, education, religious formation, charitable and social outreach, and fellowship.

Our parishes are supported through the stewardship of their parishioners. Beginning with the realization that all gifts are from God, parishioners contribute their time, talent, and treasure. The health of each parish has multiple facets and this report focuses only on one, finances.

Each pastor is aided by the Parish Finance Council to administer the financial affairs of the parish. Annually, each pastor and his Parish Finance Council submit and certify their financial statements to the Archbishop. Those reports are compiled to produce the results shown here.

Each pastor and his Parish Finance Council also render a report to their parishioners on the financial condition of their parish. As an Archdiocese, we collect these reports and post them on our website. Parishioners should take an active interest in understanding the administration of the temporal affairs of their parishes. Materials, including “Best Practices for Parish and School Accounting,” are available on the Archdiocesan website.

Please visit **www.archatl.com/offices/finance**

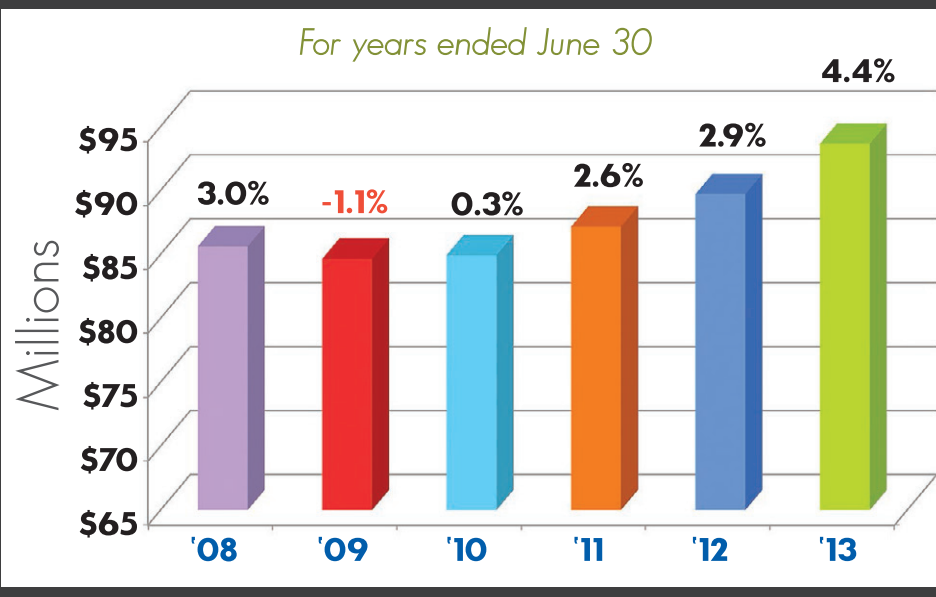




“Parishes, too, must be, or become, true communities of faith within which this Christian way of life is learned and practiced. Sound business practice is a fundamental of good stewardship, and stewardship as it relates to church finances must include the most stringent ethical, legal, and fiscal standards. That requires several things: pastors and parish staff must be open, consultative, collegial, and accountable in the conduct of affairs. And parishioners must accept responsibility for their parishes and contribute generously—both money and personal service—to their programs and projects. The success or failure of parish programs, the vitality of parish life or its absence, the ability or inability of a parish to render needed services to its members and the community depends upon all.”

Stewardship: A Disciple's Response
The U.S. Bishops' Pastoral Letter on Stewardship

Offertory Trends Parishes



For the year ended June 30, 2013
Amounts in Thousands

Compilation of Parish Reports

Parish Revenues:

Offertory	\$93,636
Other parish collections	\$3,215
	\$96,851
Investment Income	\$1,397
Other income	\$33,850
Total Parish Revenues	\$132,098
Parish Operating Expenses	\$114,112
Parish Operating Income	\$17,986
Parish-based School Operating Loss	\$(579)
Subsidies and Transfers from the Chancery	\$8,123
Parish Change in Net Assets	\$25,530



A Letter From The Chief Financial Officer

For many years, we have published the full audited financial statements, including footnotes, as our annual report. We thought this an appropriate way to ensure transparency to you. With footnotes, our audited financial statements are now 28 pages in length and much of the information is of limited use to most readers. For those wanting to review the full audit report, we continue to publish it on our website. www.archatl.com/offices/finance

This year, we are presenting the consolidated audited financial statements for the Administrative Offices of the Archdiocese of Atlanta for the fiscal years ended June 30, 2013 and 2012 in a condensed form, but have enhanced the report to show separately the major consolidated entities. We believe that the additional detail improves our financial transparency to you.

The major consolidated entities shown separately include:

- Administrative Offices
- Catholic Education of North Georgia, Inc.
- Archdiocesan Insurance Captive
- Catholic Continuing Care Retirement Communities, Inc.
- The Catholic Foundation of North Georgia, Inc.

It is very important to understand that the parishes, missions, and parish schools are not included in our consolidated financial results. These entities publish results separately to their constituents, and we include their individual reports on the Archdiocesan website. We recommend that parishioners take the time to review the online reports and understand the financial health of their parishes. An unaudited compilation of the results of the parishes, missions, and parish schools is shown on page three of this report.

Several significant financial events are included in this year's results:

- A gift of \$1.5 million was made to help establish Cristo Rey Atlanta Jesuit High School.
- Our actuarial valuation of the Priests' Pension Plan and the Priests' Long Term Care Plan resulted in a gain of \$2.7 million versus a loss of \$4.1 million in the prior year.
- We began utilizing an insurance captive structure to help manage self-insurance risks. First year premiums were \$4 million and claims were less than \$1 million.
- The burden placed on parishes via assessments to support the services of the Archdiocese was reduced for the sixth consecutive year.
- The surging stock market resulted in an investment gain of \$10 million.
- Repayment of debt continues with our school bond debt being reduced by \$2.6 million to \$52.8 million.
- Our interest rate swaps show an accounting gain of \$3.3 million versus a loss of \$3.6 million in the prior year. Our weighted average interest rate is below 4%.
- In comparing results to last year, please remember that in 2012 the Archdiocese was the sole beneficiary of the estate of Joseph R. Mitchell.



Our primary measure of annual operating performance is the subtotal: Excess of Revenues over Expenses. The Archdiocese revenues exceeded expenses by \$5.9 million. The six schools comprising Catholic Education of North Georgia, Inc. account for \$5.3 million of the excess with the funds being used for expansion, capital replacement, and debt repayment.

I thank the Archbishop, Auxiliary Bishops, Vicar General, Pastors, School Principals, and you for the opportunity to serve. If you have questions or comments about the financial results or the new presentation of the material, I am happy to hear from you via email at bwilson@archatl.com or via phone at **404-920-7404**.

Sincerely,

Bradley Wilson

Chief Financial Officer, The Archdiocese of Atlanta



Archdiocesan Services as of and for the years ended June 30, 2013 and 2012
 Condensed Balance Sheet Condensed Statement of Activities

	2013	2012
Assets:		
Cash and Investments	174,590,534	134,529,284
Pledges receivable	5,950,229	6,519,773
Loans and accounts receivable primarily from parishes and affiliates	68,400,413	79,050,411
Fixed assets	152,458,136	156,910,375
Other assets	10,081,126	10,431,148
Total assets	411,480,438	387,440,991
Liabilities:		
Accounts payable and accrued expenses	20,964,980	23,232,492
Custodial funds payable	14,645,621	14,437,763
Deposits payable	71,390,964	63,866,537
Interest rate swap liability	9,332,197	12,685,279
Deferred revenue	47,417,407	42,777,480
Bonds and notes payable	75,765,000	80,548,257
Total liabilities	239,516,169	237,547,808
Net assets:		
Investment funds	21,719,169	19,650,199
Insurance funds	26,380,825	17,705,537
Undesignated	48,726,118	43,267,374
Restricted	75,138,157	69,270,073
Total net assets	171,964,269	149,893,183
Total liabilities and net assets	411,480,438	387,440,991

	2013	2012
Revenues:		
Parish and Mission:		
Contributions	7,318,783	7,133,904
Assessments	20,511,347	20,016,388
Retirement community	11,289,333	10,659,324
Education	37,314,848	36,440,440
Insurance premiums	19,139,161	19,042,570
Other contributions	6,095,084	26,272,556
Investment income	3,446,522	3,405,314
Other	1,126,248	1,192,043
Total revenues	106,241,326	124,162,539
Expenses:		
Administrative	8,233,117	8,439,690
Pastoral	13,050,044	15,513,948
Education	45,714,451	45,475,501
Social services	837,919	2,369,455
Insurance services	13,886,243	19,431,181
Retirement community	9,935,400	9,555,347
Other	2,015,484	2,131,622
Depreciation and amortization	6,636,122	6,338,712
Total expenses	100,308,780	109,255,456
Excess of revenue over expenses	5,932,546	14,907,083
Gains and (Losses):		
Investments:		
Realized and unrealized	10,082,854	(288,724)
Interest rate swap agreements	3,353,082	(3,631,595)
Pension and other	2,702,604	(4,134,691)
Increase in net assets	22,071,086	6,852,073
Net assets at beginning of year	149,893,183	143,041,110
Net assets at the end of the year	171,964,269	149,893,183

Administrative Services Condensed Balance Sheet and Statement of Activities include the following entities:

- Roman Catholic Archdiocese of Atlanta,
- Catholic Education of North Georgia, Inc.,
- Catholic Continuing Care Retirement Communities, Inc.,
- The Catholic Foundation of North Georgia, Inc.,
- AoA Properties Holding, Inc.,
- Catholic Construction Services, Inc.,
- Archdiocese Insurance Captive


ARCHDIOCESE SERVICES COMBINING BALANCE SHEETS AS OF JUNE 30, 2013

	Total	Administrative Offices	Catholic Education of North Georgia, Inc.	Catholic Continuing Care Retirement Communities, Inc.	Insurance Captive	The Catholic Foundation of North Georgia, Inc.	Consolidating Adjustments
Assets:							
Cash and Investments	174,590,534	92,583,924	60,720,447	15,198,207	3,981,993	42,450,089	(40,344,126)
Pledges receivable	5,950,229	4,757,614	1,192,615	-	-	-	-
Loans and accounts receivable primarily from parishes and affiliates	68,400,413	69,438,832	170,781	282,503	-	8,252	(1,499,955)
Fixed assets	152,458,136	40,522,873	70,649,039	41,267,693	-	18,531	-
Other assets	10,081,126	12,044,140	1,861,767	936,311	-	216,046	(4,977,138)
Total assets	411,480,438	219,347,383	134,594,649	57,684,714	3,981,993	42,692,918	(46,821,219)
Liabilities:							
Accounts payable and accrued expenses	20,964,980	16,245,839	4,785,824	793,882	690,901	164,535	(1,716,001)
Custodial funds payable	14,645,621	17,723,332	-	-	-	6,933,081	(10,010,792)
Deposits payable	71,390,964	101,724,298	-	-	-	-	(30,333,334)
Interest rate swap liability	9,332,197	-	6,928,431	2,403,766	-	-	-
Deferred revenue	47,417,407	-	7,771,038	41,116,369	-	-	(1,470,000)
Bonds and notes payable	75,765,000	2,000,000	52,815,000	20,950,000	-	-	-
Total liabilities	239,516,169	137,693,469	72,300,293	65,264,017	690,901	7,097,616	(43,530,127)
Net assets:							
Investment funds	21,719,169	15,861,403	1,668,152	-	-	4,189,614	-
Insurance funds	26,380,825	26,380,825	-	-	3,291,092	-	(3,291,092)
Undesignated	48,726,118	35,856,135	19,960,387	(7,579,303)	-	488,899	-
Restricted	75,138,157	3,555,551	40,665,817	-	-	30,916,789	-
Total net assets	171,964,269	81,653,914	62,294,356	(7,579,303)	3,291,092	35,595,302	(3,291,092)
Total liabilities and net assets	411,480,438	219,347,383	134,594,649	57,684,714	3,981,993	42,692,918	(46,821,219)

- **Administrative Offices:** The Administrative Offices house the departments and services of the Archdiocese through three primary funds, Operating, Insurance, and Deposit and Loan. The Operating Fund includes the departments of the Chancery. A limited listing includes the Archbishop's Office, Vocations, Communications, Pro-Life, Permanent Diaconate, Tribunal, Faith Formation, Human Resources, and Finance. The Insurance Fund includes the activities related to our self-insured health plan, property and liability insurance, and post-retirement benefits. The Deposit and Loan Fund is the mechanism by which parishes and schools deposit cash and, in turn, the deposits are loaned to parishes and schools needing financing for expansion.
- **Catholic Education of North Georgia, Inc. (CENGI):** The Archdiocese has 18 schools. Twelve are parish-based or regional grade schools. The other six schools were financed, in part, by the issuance of municipal bonds and are included in this separately incorporated nonprofit entity. The six schools include three high schools, St. Pius X, Our Lady of Mercy, and Blessed Trinity, and three grade schools, Holy Redeemer, Our Lady of Victory, and Queen of Angels. The tuition assistance endowment established in the 1997 Building the Church of Tomorrow Campaign has grown to more than \$30 million and is housed in CENGI. Through CENGI, the Archdiocese distributes tuition aid of more than \$3 million annually to students with financial need.



ARCHDIOCESE SERVICES COMBINING STATEMENTS OF ACTIVITIES AS OF JUNE 30, 2013

	Total	Administrative Offices	Catholic Education of North Georgia, Inc.	Catholic Continuing Care Retirement Communities, Inc.	Insurance Captive	The Catholic Foundation of North Georgia, Inc.	Consolidating Adjustments
Revenues:							
Parishes and Missions:							
Contributions	7,318,783	7,318,783	-	-	-	-	-
Assessments	20,511,347	11,985,123	8,526,224	-	-	-	-
Retirement community	11,289,333	-	-	11,384,840	-	-	(95,507)
Education	37,314,848	-	37,314,848	-	-	-	-
Insurance premiums	19,139,161	29,491,552	-	-	4,000,000	-	(14,352,391)
Other contributions	6,095,084	1,846,271	2,911,555	-	-	1,547,258	(210,000)
Investment income	3,446,522	1,195,165	1,271,821	252,871	195,011	726,665	(195,011)
Other	1,126,248	437,341	688,907	-	-	70,000	(70,000)
Total revenues	106,241,326	52,274,235	50,713,355	11,637,711	4,195,011	2,343,923	(14,922,909)
Expenses:							
Administrative	8,233,117	8,235,254	18,878	-	-	-	(21,015)
Pastoral	13,050,044	13,404,536	-	-	-	-	(354,492)
Education	45,714,451	2,358,609	42,355,519	-	-	1,000,323	-
Social services	837,919	837,919	-	-	-	-	-
Insurance services	13,886,243	24,238,634	-	-	903,919	-	(11,256,310)
Retirement community	9,935,400	-	-	9,935,400	-	-	-
Other	2,015,484	1,439,226	-	-	-	576,258	-
Depreciation and amortization	6,636,122	2,207,835	3,054,361	1,369,243	-	4,683	-
Total expenses	100,308,780	52,722,013	45,428,758	11,304,643	903,919	1,581,264	(11,631,817)
Excess of revenue over expenses	5,932,546	(447,778)	5,284,597	333,068	3,291,092	762,659	(3,291,092)
Gains and (Losses):							
Net realized and unrealized on investments	10,082,854	4,081,513	2,893,840	173,198	-	2,934,303	-
Interest rate swap agreements	3,353,082	-	2,668,130	684,952	-	-	-
Pension and other	2,702,604	2,702,604	-	-	-	-	-
Increase in net assets	22,071,086	6,336,339	10,846,567	1,191,218	3,291,092	3,696,962	(3,291,092)
Net assets at beginning of year	149,893,183	75,317,575	51,447,789	(8,770,521)	-	31,898,340	-
Net assets at the end of the year	171,964,269	81,653,914	62,294,356	(7,579,303)	3,291,092	35,595,302	(3,291,092)

- Catholic Continuing Care Retirement Communities, Inc. is a separately incorporated nonprofit entity operating St. George Village Retirement Community with 153 independent living units (10 reserved for Catholic priests), 39 assisted living units and 30 licensed skilled nursing beds. When first constructed, the Archdiocese guaranteed the debt, but that guarantee has since been extinguished. The Archdiocese remains obligated to fund up to \$3 million in operating shortfalls, if any were to occur.
- Archdiocesan Insurance Captive: To help manage the self-insurance risks related to property and liability, we participate in a protected captive insurance cell within the Catholic Relief Insurance Company II. This structure helps to capture savings associated with higher self-insurance retention and to ensure that the premiums and savings are used for insurance related claims.
- The Catholic Foundation of North Georgia, Inc. (Foundation): The Foundation is a separately incorporated nonprofit entity established in 1992 to support the parishes, ministries, and schools of the Archdiocese of Atlanta and has the expertise and resources to well manage and invest endowments in perpetuity. The Foundation's Board of Directors guides the activities of the organization.