Catholic Continuing Care Retirement Communities, Inc.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

Table of Contents

REPORT

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4004 Summit Boulevard NE
Suite 800
Atlanta, GA 30319

770.394.8000
770.451.2873 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Continuing Care Retirement Communities, Inc.

Opinion

We have audited the accompanying financial statements of Catholic Continuing Care Retirement Communities, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Continuing Care Retirement Communities, Inc. (CCCRC) as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCCRC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCCRC's ability to continue as a going concern for a reasonable period of time.

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

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
October 27, 2021

FINANCIAL STATEMENTS

Catholic Continuing Care Retirement Communities, Inc.
Statements of Financial Position

June 30,		**2021**		2020
Assets				
Cash and cash equivalents	**$**	**4,137,409**	$	4,906,918
Entrance fee escrow fund		**1,640,855**		723,916
Funds on deposit with AoA Deposit and Loan Fund Trust		**3,745,111**		3,724,513
Accounts receivable		**2,241,841**		367,779
Investments, at fair value		**19,557,505**		16,561,409
Other assets		**78,352**		94,493
Property and equipment, net		**39,933,846**		40,294,914
Total assets	**$**	**71,334,919**	$	66,673,942
Liabilities and Net Assets (Deficit)				
Liabilities				
Accounts payable	**$**	**135,937**	$	361,789
Accrued expenses		**789,164**		705,326
Accrued interest		**14,303**		14,497
Entrance fee deposits		**179,700**		192,155
Contract liabilities		**6,871,080**		6,142,733
Refundable entrance fees		**51,871,371**		48,620,646
Bonds payable, less unamortized deferred bond costs		**15,848,279**		16,629,914
Paycheck Protection Program loan		**-**		983,700
Interest rate swap liability		**23,192**		262,320
Total liabilities		**75,733,026**		73,913,080
Net assets (deficit)				
Without donor restrictions		**(4,398,107)**		(7,239,138)
Total liabilities and net assets (deficit)	**$**	**71,334,919**	$	66,673,942

Catholic Continuing Care Retirement Communities, Inc.
Statements of Activities

For the years ended June 30,	**2021**	2020
Revenue, Income, and Other Support		
Resident service revenue	**$ 12,022,421**	$ 12,435,826
Entrance fee amortization	**832,217**	903,699
Investment income	**334,801**	450,550
Other income	**21,742**	22,955
Total revenue, income, and other support	**13,211,181**	13,813,030
Expenses		
Program services		
Resident services	**6,601,028**	6,441,589
Dining	**2,478,318**	2,614,593
Housekeeping	**879,162**	815,754
Security	**495,546**	464,235
Plant operations and maintenance	**1,086,692**	994,920
Total program services	**11,540,746**	11,331,091
Supporting services		
Administrative	**1,530,087**	1,414,133
Marketing	**649,454**	643,107
Total supporting services	**2,179,541**	2,057,240
Total expenses	**13,720,287**	13,388,331
Excess (deficit) of revenues over expenses before other changes in net assets	**(509,106)**	424,699
Other Changes in Net Assets		
Realized and unrealized gain on investments	**2,667,380**	990,278
Gain (loss) on interest rate swap	**239,128**	(262,320)
Loss on disposal of property and equipment	**(540,071)**	(700,615)
Forgiveness of Paycheck Protection Program loan	**983,700**	-
Total other changes in net assets	**3,350,137**	27,343
Change in net assets	**2,841,031**	452,042
Net deficit without donor restrictions at beginning of year	**(7,239,138)**	(7,691,180)
Net deficit without donor restrictions at end of year	**$ (4,398,107)**	$ (7,239,138)

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

For the year ended June 30, 2021

	Program Services						Supporting Services		
	Resident Services	Dining	Housekeeping	Security	Plant Operations and Maintenance	Programs Subtotal	Administrative	Marketing	**Total**
Salaries and benefits	$ 3,120,977	$ 1,503,881	$ 757,274	$ 362,875	$ 327,123	$ 6,072,130	$ 384,858	$ 293,947	**$ 6,750,935**
Advertising and public relations	-	-	-	-	-	-	-	71,975	**71,975**
Contract services	73,701	102,479	31,710	100,349	262,832	571,071	662,870	159,901	**1,393,842**
Depreciation and						-			
amortization	2,258,607	65,618	6,182	7,664	16,072	2,354,143	12,286	16,026	**2,382,455**
Insurance	153,277	2,388	225	279	2,160	158,329	138,313	583	**297,225**
Interest	320,217	9,303	876	1,087	2,279	333,762	1,742	2,272	**337,776**
Other expenses	47,615	21,520	4,740	1,964	1,955	77,794	35,921	80,472	**194,187**
Professional services	-	-	-	-	-	-	68,756	-	**68,756**
Repairs and maintenance	33,878	16,694	2,648	13,310	370,923	437,453	124,068	9,269	**570,790**
Supplies	142,521	741,632	73,593	6,507	58,054	1,022,307	30,036	9,550	**1,061,893**
Utilities	450,235	14,803	1,914	1,511	45,294	513,757	71,237	5,459	**590,453**
Total expenses	$ 6,601,028	$ 2,478,318	$ 879,162	$ 495,546	$ 1,086,692	$ 11,540,746	$ 1,530,087	$ 649,454	**$ 13,720,287**

For the year ended June 30, 2020

	Program Services						Supporting Services		
	Resident Services	Dining	Housekeeping	Security	Plant Operations and Maintenance	Programs Subtotal	Administrative	Marketing	Total
Salaries and benefits	$ 2,994,121	$1,508,404	$ 664,044	$ 328,079	$ 298,870	$ 5,793,518	$ 350,340	$ 270,059	$ 6,413,917
Advertising and public relations	-	-	-	-	-	-	-	127,842	127,842
Contract services	90,246	143,945	49,498	102,244	260,090	646,023	648,083	142,523	1,436,629
Depreciation and amortization	2,028,414	58,930	5,552	6,885	14,434	2,114,215	11,033	14,392	2,139,640
Insurance	160,460	2,733	257	320	2,169	165,939	116,884	668	283,491
Interest	466,448	13,551	1,277	1,583	3,319	486,178	2,537	3,310	492,025
Other expenses	61,347	16,126	12,608	2,513	1,916	94,510	38,513	50,497	183,520
Professional services	-	-	-	-	-	-	60,795	-	60,795
Repairs and maintenance	32,006	23,666	1,793	14,290	303,799	375,554	99,306	7,551	482,411
Supplies	128,114	832,641	78,233	6,711	66,089	1,111,788	17,462	20,539	1,149,789
Utilities	480,433	14,597	2,492	1,610	44,234	543,366	69,180	5,726	618,272
Total expenses	$ 6,441,589	$2,614,593	$ 815,754	$ 464,235	$ 994,920	$11,331,091	$ 1,414,133	$ 643,107	$ 13,388,331

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

Catholic Continuing Care Retirement Communities, Inc.
Statements of Cash Flows

For the years ended June 30,	**2021**	2020
Operating Activities		
Changes in net assets	**$ 2,841,031**	$ 452,042
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of entrance fees	**(832,217)**	(903,699)
Depreciation	**2,382,455**	2,139,640
Interest expense representing change in deferred bond costs	**18,365**	19,184
Realized and unrealized gain on investments	**(2,667,380)**	(990,278)
(Gain) loss on interest rate swap agreement	**(239,128)**	262,320
Loss on disposal of property and equipment	**540,071**	700,615
Forgiveness of Paycheck Protection Program loan	**(983,700)**	-
Changes in operating assets and liabilities		
Accounts receivable	**(651,987)**	(53,785)
Other assets	**16,141**	(16,967)
Accounts payable	**(225,852)**	96,759
Accrued expenses	**83,838**	43,009
Accrued interest	**(194)**	(6,661)
Contract liabilities	**40,316**	-
Net cash provided by (used in) operating activities	**321,759**	1,742,179
Investing Activities		
Net increase in entrance fee escrow fund	**(916,939)**	(340,623)
Net increase in funds on deposit with AoA Deposit and Loan Fund Trust	**(20,598)**	(1,027,931)
Proceeds from sale of investments	**6,004,577**	481,980
Purchase of investments	**(6,333,293)**	(823,395)
Purchase of property and equipment	**(2,561,458)**	(3,250,238)
Net cash provided by (used in) investing activities	**(3,827,711)**	(4,960,207)
Financing Activities		
Proceeds from resident entrance fees and deposits	**8,058,439**	7,117,137
Refunds of resident entrance fees and deposits	**(4,521,996)**	(4,793,573)
Proceeds from Paycheck Protection Program loan	**-**	983,700
Principal payments on bonds	**(800,000)**	(700,000)
Net cash provided by (used in) financing activities	**2,736,443**	2,607,264
Net change in cash and cash equivalents	**(769,509)**	(610,764)
Cash and cash equivalents at beginning of year	**4,906,918**	5,517,682
Cash and cash equivalents at end of year	**$ 4,137,409**	$ 4,906,918

(Continued)

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

For the years ended June 30,	**2021**	2020
Schedule of Noncash Transactions:		
Interest paid	**$ 319,605**	$ 479,503

Note 1: DESCRIPTION OF THE ORGANIZATION

Catholic Continuing Care Retirement Communities, Inc. (CCCRC) is a Georgia nonprofit organization, which has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code. CCCRC operates a life plan community (Community) in Roswell, Georgia with 153 independent living apartments (10 reserved for Catholic Priests), 25 assisted living apartments with 37 licensed beds, 14 memory support apartments, and 30 sheltered state licensed skilled nursing apartments. The Archbishop of the Roman Catholic Archdiocese of Atlanta is the sole member of the corporation and exercises control over CCCRC by appointing or approving the Board of Directors.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to entrance fee amortization and the future service obligation.

Cash and Cash Equivalents

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

Entrance Fee Escrow Funds - Assets whose use is limited

In accordance with Georgia regulations for continuing care retirement communities, all entrance fees received are initially deposited into an entrance fee escrow fund during the first ten days following execution of the agreement. Assets in this fund totaled $1,640,855 and $723,916, at June 30, 2021 and 2020, respectively, and were invested in a U. S. Government money market fund.

Funds on Deposit with the AoA Deposit and Loan Fund Trust

Funds on deposit are invested with the AoA Deposit and Loan Fund Trust. The Deposit and Loan Fund receives funds from the various schools, parishes and related organizations and in turn loans funds to other schools, parishes and related organizations. CCCRC's funds invested in the Deposit and Loan Fund earned interest at the rate of 0.75% (1.25% prior to July 2020, and 1.75% prior to April 2020).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. CCCRC provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of residents to meet their obligations. There was no allowance for doubtful accounts at June 30, 2021 and 2020.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is CCCRC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

CCCRC reports investments in equity 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.

Property and Equipment

All acquisitions of property and equipment in excess of $1,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Deferred Costs

In September 2014, bond issuance costs, totaling $262,813, were capitalized and are being amortized over the life of the Series 2014 bonds payable using the interest method (Note 8). Unamortized deferred bond costs are netted with the associated bonds and are being amortized to interest expense over the term of the bonds. Amortization of bond issuance costs for the years ended June 30, 2021 and 2020 totaled $18,365 and $19,184, respectively, and accumulated amortization totaled $161,092 and $142,727, at June 30, 2021 and 2020, respectively.

Estimated Obligation to Provide Future Services

CCCRC expects to provide services and the use of facilities to individuals over their remaining lives under continuing-care contract agreements. CCCRC annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded as an estimated obligation to provide future services with a corresponding charge to income. The obligation is discounted using the current borrowing rate on bonds payable (Note 8). CCCRC does not believe that a provision for future services is necessary at June 30, 2021 and 2020.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

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

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

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

CCCRC does not have any net assets with donor restrictions as of June 30, 2021 and 2020.

Revenue Recognition

Revenue from resident services, entrance fees and other income is accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with residents are satisfied. CCCRC applies ASC 606 using the practical expedient that allows for the use of a portfolio approach.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Other expenses that are common to several functions, such as payroll, utilities, insurance, depreciation and interest, are allocated among the programs and supporting activities based on time spent and estimates of asset usage.

Advertising

CCCRC uses advertising to promote the facility and its services to the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2021 and 2020, advertising costs totaled approximately $72,000 and $128,000, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

CCCRC is included in the group exemption issued to the United States Conference of Catholic Bishops and thereby has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements. Income from certain activities not directly related to the CCCRC's tax-exempt purpose is subject to taxation as unrelated business income. CCCRC considers all of its activities to be directly related to its exempt purpose in 2021 and 2020.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 27, 2021, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Accounting Guidance not yet Adopted

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

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

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

CCCRC maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as CCCRC's expenditures come due. The following reflects CCCRC's financial assets for general use within one year of the statement of financial positon date.

June 30,		**2021**		2020
Total assets at year end	**$**	**71,334,919**		66,673,942
Less non-financial assets				
Other assets		**(78,352)**		(94,493)
Property and equipment, net		**(39,933,846)**		(40,294,914)
Total financial assets available to be used within one year	**$**	**31,322,721**	$	26,284,535

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

Part of CCCRC's liquidity management policy is to structure its financial assets to be available for its general expenditures and other obligations that come due.

The entrance fee escrow funds (Note 2) represent deposits, which are being held separately until ten days following execution of the residents' agreement. The funds will then be available for general expenditures; however, CCCRC typically invests these funds separately to fund future entrance fee refund obligations.

Note 4: FUNDS ON DEPOSIT WITH THE AOA DEPOSIT AND LOAN FUND TRUST

Funds on deposit with AoA Deposit and Loan Fund trust are as follows:

June 30,	**2021**	2020
Deposit and loan fund		
Replacement reserves	**$ 3,745,111**	$ 2,740,813
Paycheck Protection Program funds	**-**	983,700
Total	**$ 3,745,111**	$ 3,724,513

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

June 30,	**2021**	2020
Resident accounts receivable	**$ 249,589**	$ 257,912
Entrance fees receivable	**1,222,075**	-
Accounts receivable - other	**770,177**	109,867
Total	**$ 2,241,841**	$ 367,779

Note 6: INVESTMENTS

Investments consist of the following:

June 30,	**2021**		2020	
	Market Value	**Cost**	Market Value	Cost
Core Equity Index Fund	**$ 6,990,484**	**$ 3,212,572**	$ 9,408,387	$ 8,213,444
Intermediate Bond Fund	**12,567,021**	**11,855,997**	7,153,022	6,526,323
Total investments	**$ 19,557,505**	**$ 15,068,569**	$ 16,561,409	$ 14,739,767

Note 7: PROPERTY AND EQUIPMENT

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

June 30,	Estimate Useful Lives (in years)	**2021**	2020
Land improvements	5-20	**$ 1,090,839**	$ 1,014,889
Buildings and improvements	5-50	**51,249,803**	49,732,123
Furniture, fixtures and equipment	5-10	**2,441,352**	2,287,656
Vehicles	7	**186,821**	186,821
		54,968,815	53,221,489
Less accumulated depreciation		**(18,883,331)**	(16,863,073)
		36,085,484	36,358,416
Land		**3,800,000**	3,800,000
Construction in progress		**48,362**	136,498
Property and equipment, net		**$ 39,933,846**	$ 40,294,914

Depreciation expense for the years ended June 30, 2021 and 2020, was $2,382,455 and $2,139,640 respectively.

Note 8: BONDS PAYABLE

Bonds payable at June 30, 2021 and 2020, consisted of the following:

June 30,	**2021**	2020
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (St. George Village CCCRC Project) Series 2014 Bonds, dated September 1, 2014 and maturing April 1, 2034.	**$ 15,950,000**	$ 16,750,000
Less unamortized deferred bond costs	**(101,721)**	(120,086)
Bonds payable, less unamortized deferred bond costs	**$ 15,848,279**	$ 16,629,914

The bonds include interest at 81.4% of the sum of 1-month LIBOR plus 1.85% (1.59% at June 30, 2021). During the year ended June 30, 2020, CCCRC entered into an interest rate swap agreement (Note 9) which effectively fixed interest on the bonds at 1.93%. The Authority loaned the proceeds of the 2014 Bonds to CCCRC under a Loan Agreement, and CCCRC is required to make loan payments equal to debt service on the 2014 Bonds. CCCRC has pledged substantially all assets as collateral for its repayment obligations. CCCRC also entered into a Credit Agreement with the holder of the 2014 Bonds, which includes certain financial covenants to be maintained by CCCRC. CCCRC was in compliance with these covenants as of June 30, 2021 and 2020.

Note 8: BONDS PAYABLE (Continued)

For the years ended June 30, 2021 and 2020, interest expense on the bonds payable and interest rate swap agreement, exclusive of debt issuance cost amortization (Note 2), totaled $319,411 and $472,841, respectively.

Principal maturities of bonds payable for each of the next five years and thereafter follows:

For the years ending June 30,	
2022	$ 800,000
2023	900,000
2024	900,000
2025	1,000,000
2026	1,000,000
Thereafter	11,350,000
Total	$ 15,950,000

Note 9: INTEREST RATE SWAP AGREEMENT

In order to mitigate its exposure to interest rate fluctuations, CCCRC entered into a swap agreement in March 2020 which relates to its existing bonds payable (Note 8). This interest rate swap provides for fixed rates of interest on CCCRC's debt. The purpose of entering into this swap is to eliminate long-term interest rate variability by converting LIBOR-based variable-rate payments to fixed-rate payments. CCCRC's interest rate swap agreement has been designated and qualifies as a cash flow hedging instrument. Amounts received or paid under the swap are recorded as reductions or increases in interest expense. The fair value of the liability or asset represents the discounted amount CCCRC would have to pay or receive from the bank to terminate the agreement before the expiration date, taking into account forward interest rates and future cash flows at the respective statement of financial position dates.

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

Market risk is an adverse effect on the value of a final 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 that may be undertaken.

Note 9: INTEREST RATE SWAP AGREEMENT (Continued)

The tables below summarize the swap information reported in the financial statements:

June 30, 2021

Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Liability in Statement of Financial Position	Gain on Interest Rate Swap Agreements in Statement of Activities
04/01/20	**04/01/25**	**$ 15,950,000**	**0.518%**	**0.07%**	**$ (23,192)**	**$ (239,128)**

June 30, 2020

Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Liability in Statement of Financial Position	Loss on Interest Rate Swap Agreements in Statement of Activities
04/01/20	04/01/25	$ 16,750,000	0.518%	0.14%	$ (262,320)	$ 262,320

Note 10: PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, in response to the global pandemic, CCCRC applied for and received a loan totaling $983,700 through the Paycheck Protection Program under the CARES Act. CCCRC applied for forgiveness of $983,700 of the debt and recorded the amount as Forgiveness of Paycheck Protection Program loan during 2021. On February 16, 2021, CCCRC received notice that the loan had been forgiven.

Note 11: REVENUE

Revenues for CCCRC are primarily generated from monthly fees for the independent living apartments, monthly fees and per diem charges for the assisted living, memory support and skilled nursing apartments and amortization of entrance fees. Additional revenue is also generated from ancillary services such as activity fees, additional housekeeping, and dietary services.

Note 11: REVENUE (Continued)

Revenue from Monthly Service Fees

Monthly service fees are composed of contracts with residents for both housing services which are initially subject to ASC Topic 840, *Leases*, as well as continuing care services which fall under the guidance of ASC 606. CCCRC has elected to recognize revenue using the practical expedient that allows for a portfolio approach in applying the guidance of ASC 606 and ASC 840, which requires that the effect of applying the portfolio approach does not differ materially from applying each guidance individually. This approach is applicable to CCCRC's portfolio of contracts as the timing and pattern of transfer of services is the same under either method. As such, the non-lease components of the resident agreements are not reported separately from the associated lease components in the financial statements.

CCCRC's performance obligation related to these contracts involves providing residents with access to the facilities and the continuing care services during the year and, thus, fees are billed monthly and recognized in that month when the services are provided as increases in net assets without restrictions.

Revenue from Auxiliary Services

Auxiliary services related to events and activities are recorded either at a point in time or over a period of time depending on the nature of the event or activity.

Revenue from Entrance Fees

All residents 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 $316,000 to $668,000. Under the terms of the residency agreement, the entrance fee is generally 80% or 90% refundable depending on the level of lifecare. Except under special circumstances stipulated in the agreement, residents receive their refund after vacating their apartment and the community is in receipt of sufficient proceeds to fully refund the obligation from the next remarketing and occupancy of a similar residence. In certain situations (sale of residence, etc.), management will allow a resident to move in before the balance of the entrance fee is paid and will begin charging market rate interest if the balance is not paid within one year.

The non-refundable portion of entrance fees are recorded as deferred revenue and 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.

Prior to the Community opening, the unincorporated Roman Catholic Archdiocese of Atlanta used funds from the Church of Tomorrow Campaign to purchase ten apartments at the Community to be used exclusively by retired priests. The total entrance fees paid for the ten apartments were $1,750,000. Due to the variability of the occupancy dates and life expectancy of the retired priests, these entrance fees are being amortized into revenue using the straight-line method over the estimated remaining useful life of the Community. The Roman Catholic Archdiocese of Atlanta, Inc. paid approximately $112,000 and $84,000 to CCCRC for monthly rent and other services during the years ended June 30, 2021 and 2020, respectively.

Note 11: REVENUE (Continued)

Financing Component

CCCRC has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents for the effects of a significant financing component due to CCCRC's expectation that the period between the time the service is provided to a resident and the time the resident pays for that service will be one year or less. However, in instances in which CCCRC enters into payment agreements with residents that allow payments in excess of one year, the financing component is not deemed to be significant to the contract.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

For the years ended June 30,	**2021**	2020
Resident service revenue	**$ 11,882,378**	$ 12,270,615
Auxiliary services	**140,043**	165,211
Total resident service revenue	**12,022,421**	12,435,826
Entrance fee amortization	**832,217**	903,699
Other income	**21,742**	22,955
Total revenue from resident services and fees	**12,876,380**	13,362,480
Investment income	**334,801**	450,550
Total revenue	**$ 13,211,181**	$ 13,813,030

Revenue recognized over time totaled approximately $12,755,000 for the year ended June 30, 2021. Revenue recognized at a point in time totaled approximately $121,000 for the year ended June 30, 2021.

Contract Balances

June 30,	**2021**	2020
Contract liabilities, beginning of year	**$ 6,142,733**	$ 5,688,193
Contract liabilities, end of year	**$ 6,871,080**	$ 6,142,733
Receivable from contracts, beginning of year	**$ 367,779**	$ 855,474
Receivable from contracts, end of year	**$ 2,241,841**	$ 367,779

Note 12: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Entrance Fee Escrow Fund: fair value based on the underlying mutual fund or other investment at quoted market prices.

Index and Bond Funds: valued at net asset value as provided by the fund's manager and review of the fair value of the underlying investments held by the fund.

Interest Rate Swap: fair value determined using a discounted cash flow method based on forward interest rates and expected cash flows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CCCRC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Note 12: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended June 30, 2021 and 2020:

June 30, 2021	Level 1	Level 2	Level 3	Total
Entrance Fee Escrow Fund	$ 1,640,855	$ -	$ -	**$ 1,640,855**
Core Equity Index Fund	-	6,990,484	-	**6,990,484**
Intermediate Bond Fund	-	12,567,021	-	**12,567,021**
Total	$ 1,640,855	$ 19,557,505	$ -	**$ 21,198,360**
Interest rate swap liability	$ -	$ -	$ (23,192)	**$ (23,192)**

June 30, 2020	Level 1	Level 2	Level 3	Total
Entrance Fee Escrow Fund	$ 723,916	$ -	$ -	$ 723,916
Core Equity Index Fund	-	9,408,387	-	9,408,387
Intermediate Bond Fund	-	7,153,022	-	7,153,022
Total	$ 723,916	$ 16,561,409	$ -	17,285,325
Interest rate swap liability	$ -	$ -	$ (262,320)	$ (262,320)

The following is a reconciliation of the change in fair value for the years ended June 30, 2021 and 2020, for Level 3:

For the years ended June 30,	**2021**	2020
Interest rate swap agreement		
Net settlement value of swap liability - beginning of year	**$ (262,320)**	$ -
Change in value	**239,128**	(262,320)
Net settlement value of swap liability - end of year	**$ (23,192)**	$ (262,320)

Changes in Fair Value Levels

The change in value of the interest rate swap liability in 2021 and 2020, is attributable to the revaluation of the interest rate swap agreement based on the current market conditions and is included in the change in net assets for the years ended June 30, 2021 and 2020.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2021 and 2020, there were no transfers in or out of Levels 1, 2 or 3.

Note 13: CONCENTRATIONS

The Financial Accounting Standards Board requires disclosure about financial instruments and related off-balance sheet risk and concentrations of credit risk. The financial stability of residents living in the Community is reviewed prior to their acceptance and any off-balance sheet risk or credit risk is dependent on the financial situation of the residents and their families and the general global economic environment.

CCCRC maintains cash deposits with financial institutions and the AoA Deposit and Loan Fund Trust. Cash and cash equivalents exceeded federally insured limits during the years ended June 30, 2021 and 2020. Funds on deposit with the AoA Deposit and Loan Fund Trust are not FDIC insured.

Note 14: COMMITMENTS

Management Services Agreement

CCCRC entered into a management services agreement with Wesley Woods Management Corporation, Inc., which is responsible for providing day-to-day management of the Community. Effective December 20, 2015, the agreement was amended and extended for another three years with another two automatic renewals of three years each. The agreement provided for monthly compensation ($22,647 through May 2021) plus certain expense reimbursements, with annual adjustments based on the consumer price index. The most recent renewal was set to expire on December 20, 2021.

Effective May 25, 2021, the management services agreement was amended and restated. The initial term remains in effect through June 30, 2026 with two automatic renewals of five years each. The management fee will equal 4% of the total program service fee, as defined by the management services agreement, during the initial term with increases to 4.5% during the first extension and 5% during the second extension, and will include certain expense reimbursements.

Note 15: RISKS AND UNCERTAINTIES

Risk Management and Health Care Related Loss Contingencies

CCCRC is subject to risks associated with contingencies for healthcare related losses. CCCRC manages healthcare related loss contingencies for non-employee healthcare related losses by maintaining general and umbrella insurance through a related party, RCAA Administrative Services, Inc. (Services).

COVID-19

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

Note 15: RISKS AND UNCERTAINTIES (Continued)

General Contingencies

From time to time, CCCRC may have asserted and unasserted claims arising in the normal course of business. CCCRC does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.