RCAA Administrative Services, Inc.

FINANCIAL STATEMENTS

June 30, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

His Excellency The Most Reverend Archbishop of Atlanta Atlanta, Georgia

We have audited the accompanying financial statements of RCAA Administrative Services, Inc. (Services), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Services' preparation and fair presentation of the financial statements 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 Services' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

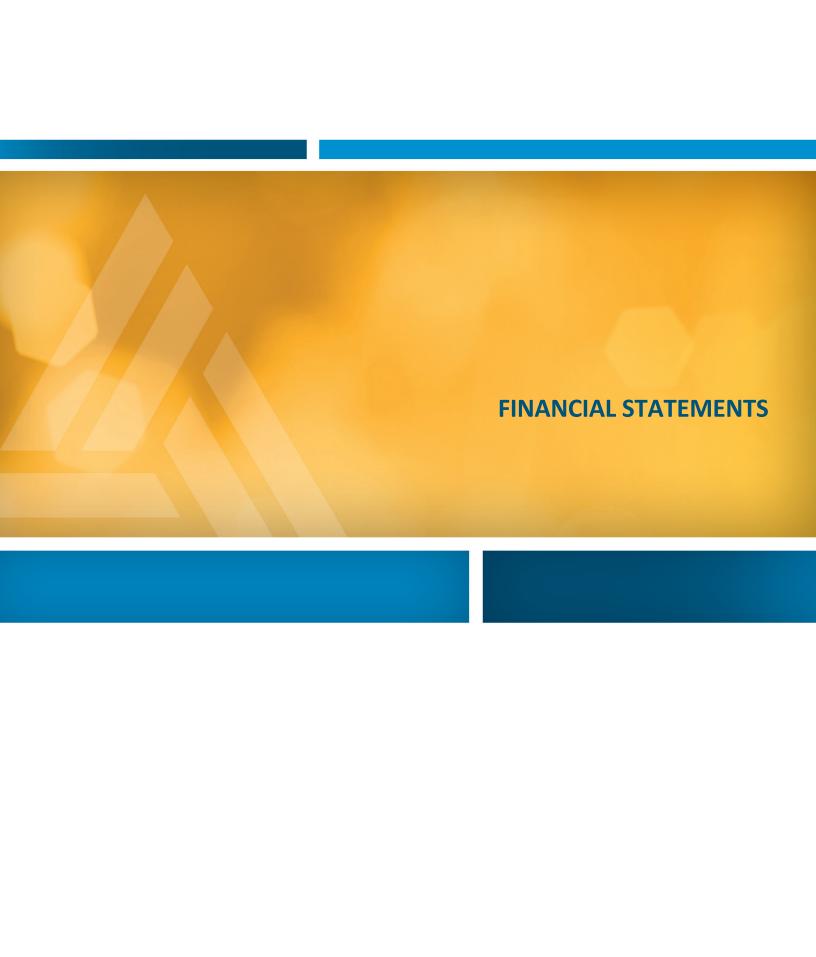
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Services as of June 30, 2020 and 2019, 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.

Cau, Riggs & Ingram, L.L.C. CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia December 22, 2020



RCAA Administrative Services, Inc. Statements of Financial Position

June 30,		2020	2019
Assets			
Cash and cash equivalents	\$	7,498,752	\$ 13,683,731
Funds on deposit with AoA Deposit and Loan Fund Trust	*	9,692,533	5,999,025
Accounts receivable, net		1,000,903	613,015
Investments at fair value		35,550,061	29,884,166
Other assets		3,569,743	1,989,830
Total assets	\$	57,311,992	\$ 52,169,767
Lightilities and Net Assats			
Liabilities and Net Assets Liabilities			
Accounts payable and accrued expenses	Ś	17,266,286	\$ 7,364,259
Custodial funds payable	Ą	111,721	106,880
Due to related parties		8,864,267	12,685,899
Paycheck Protection Program loans		3,595,108	-
		•	
Total liabilities		29,837,382	20,157,038
Net assets without donor restrictions		27,474,610	32,012,729
Total liabilities and net assets	\$	57,311,992	\$ 52,169,767

RCAA Administrative Services, Inc. Statements of Activities

For the years ended June 30,		2020	2019
Revenues and other income			
Insurance premiums	¢	12,334,839	11,956,866
Management fee revenue	Ą	1,209,003	1,392,000
Investment income		861,802	827,280
investment income		801,802	627,260
Total revenues and other income		14,405,644	14,176,146
Expenses			
Program services			
Pension and retirement		5,595,105	5,401,488
Priest long-term care		(27,035)	(51,601)
Priest welfare		303,205	298,466
Other insurance		3,646,733	2,576,794
Shared services		1,139,944	1,046,568
Total program services		10,657,952	9,271,715
Supporting services			
General and administrative		675,130	588,940
Total expenses		11,333,082	9,860,655
Change in net assets before other gains (losses)		3,072,562	4,315,491
Other gains and (losses)			
Realized and unrealized gain on investments		2,960,277	2,108,869
Change in net assets		6,032,839	6,424,360
Other ASC 715 pension benefit (charge)		(10,570,958)	(3,537,667)
Net asset transfers to related parties		-	(18,047)
Net assets without donor restrictions at beginning of year		32,012,729	29,144,083
Net assets without donor restrictions at end of year	\$	27,474,610	32,012,729

RCAA Administrative Services, Inc. Statement of Functional Expenses

For the year ended June 30, 2020

	Program Services						Supporting Services	
	Pension and retirement	Priest long- term care	Priest welfare	Other insurance	Shared services	Programs subtotal	General and administrative	Total
Salaries and benefits Payroll taxes Bonds and assessments Claims	\$ - - - -	\$ - \$ - - -	- - - 18,833	\$ - 57,877 724,152	\$1,011,832 47,303 - -	\$ 1,011,832 47,303 57,877 742,985	\$ 516,676 30,097 - -	\$ 1,528,508 77,400 57,877 742,985
Insurance and risk management Miscellaneous Office expenses Plan funding Premiums Professional fees	- - - 5,578,892 - 16,213	- - - (27,035) - -	- - 50,087 231,047 3,238	174,528 10,410 - - 2,577,961 101,805	- 7,959 72,850 - - -	174,528 18,369 72,850 5,601,944 2,809,008 121,256	92,142 - - - 36,215	174,528 110,511 72,850 5,601,944 2,809,008 157,471
Total expenses	\$5,595,105	\$ (27,035) \$	303,205	\$3,646,733	\$1,139,944	\$ 10,657,952	\$ 675,130	\$11,333,082

RCAA Administrative Services, Inc. Statement of Functional Expenses (Continued)

For the year ended June 30, 2019

	Program Services					Supporting Services		
	Pension							
	and	Priest long-	Priest	Other	Shared	Programs	General and	
	retirement	term care	welfare	insurance	services	subtotal	administrative	Total
Salaries and benefits Payroll taxes	\$ -	\$ - \$	-	\$ -	\$ 878,191 39,009	\$ 878,191 39,009	\$ 520,342 28,523	\$ 1,398,533 67,532
Bonds and assessments	-	-	-	123,081	-	123,081	-	123,081
Claims	-	-	27,738	600,228	-	627,966	-	627,966
Insurance and risk management	-	-	_	196,281	-	196,281	-	196,281
Miscellaneous	6,142	-	-	28,638	3,045	37,825	19,659	57,484
Office expenses	-	-	-	, -	126,323	•	, -	126,323
Plan funding	5,362,005	(51,601)	53,721	_	, -	F 264 42F	-	5,364,125
Premiums	656	-	203,525	1,456,870	-	4 664 054	_	1,661,051
Professional fees	32,685	-	13,482	171,696	-	217,863	20,416	238,279
	·		·	·				
Total expenses	\$5,401,488	\$ (51,601) \$	298,466	\$2,576,794	\$1,046,568	\$ 9,271,715	\$ 588,940	\$ 9,860,655

RCAA Administrative Services, Inc. Statements of Cash Flows

For the years ended June 30,	2020	2019
Operating activities		
Change in net assets	\$ 6,032,839	\$ 6,424,360
Adjustments to reconcile change in net assets	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	7 3,1-1,000
to net cash provided by (used in) operating activities		
ASC 715 pension costs	(10,570,958)	(3,537,667)
Realized and unrealized loss (gain) on investments	(2,960,277)	
Changes in operating assets and liabilities		, , , ,
Accounts receivable	(387,888)	694,984
Allowance for doubtful accounts	-	31,153
Other assets	(1,579,913)	421,012
Accounts payable and accrued expenses	9,902,027	1,161,446
Net cash provided by (used in) operating activities	435,830	3,086,419
Investing activities		
Net increase in funds on deposit with AoA Deposit		
and Loan Fund Trust	(3,693,508)	(5,999,025)
Proceeds from sale of investments	14,011,701	10,568,871
Purchase of investments	(16,717,319)	
Repayments from (to) related parties	(3,821,632)	
	(0,022,002)	=:/=::/===
Net cash provided by (used in) investing activities	(10,220,758)	20,010,581
Financing activities		(10017)
Net asset transfers to related party	-	(18,047)
Decrease (increase) in custodial funds payable	4,841	(10,334,519)
Proceeds from Paycheck Protection Program loans	3,595,108	
Net cash provided by (used in) financing activities	3,599,949	(10,352,566)
Not shange in each and each on vivolents	(C 104 070\	12 744 424
Net change in cash and cash equivalents	(6,184,979)	12,744,434
Cash and cash equivalents at beginning of year	13,683,731	939,297
Cash and cash equivalents at end of year	\$ 7,498,752	\$ 13,683,731

Note 1: DESCRIPTION OF THE ORGANIZATION

The accompanying financial statements include the accounts and transactions of RCAA Administrative Services, Inc. (Services) which is a Georgia nonprofit corporation with no members, and has been granted exempted status under Section 501(c)3 of the Internal Revenue Code.

The Archbishop (Archbishop) of the Roman Catholic Archdiocese of Atlanta (Archdiocese) exercises control over Services by appointing or approving the Board of Directors.

Services was established on January 29, 2019, and provides services for the benefit of the Archdiocese, the parishes in the Archdiocese, certain affiliated organizations subject to canonical administration of the Archbishop, and other institutions in support of the mission of the Archbishop. Prior to incorporation, Services operated as part of an unincorporated association. On the date of incorporation, all of the related property and operations were transferred to RCAA Administrative Services, Inc. The accompanying financial statements include the operations of Services from July 1, 2018, through January 28, 2019, when it operated as part of an unincorporated association, as well as the operations from incorporation on January 29, 2019, to June 30, 2020.

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 post-retirement benefits.

Cash and Cash Equivalents

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

Funds on Deposit with AoA Deposit and Loan Fund Trust

Services invests funds with the AoA Deposit and Loan Fund Trust. AoA Deposit and Loan Fund Trust receives funds from various Archdiocesan entities and in turn loans funds to other Archdiocesan entities. Services' funds invested in the AoA Deposit and Loan Fund Trust totaled \$9,692,533 and \$5,999,025 at June 30, 2020 and 2019, respectively. Services' funds invested in the AoA Deposit and Loan Fund Trust earn interest at the rate of 1.25% (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. Services provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of participants to meet their obligations.

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

Investments

Services 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. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. There were no investment income or gains restricted by donors during the years ended June 30, 2020 and 2019.

At June 30, 2020 and 2019, a portion of Services' investments are in a pooled investment fund known as the AoA Common Fund Trust. The investment allocation within the pooled investment fund includes equities and fixed income investments.

Net Assets

Services 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 Services, 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.

There were no net assets with donor restrictions at June 30, 2020 and 2019.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Insurance premium billings are accounted for under the guidance of FASB ASC 944 *Financial Services – Insurance*, recognizing revenue monthly in proportion to the amount of insurance protection provided.

Management fee revenue is accounted for under the guidance of FASB ASC 606 *Revenue from Contracts with Customers*, recognizing revenue monthly as services are provided.

Self-Insurance Program

In order to help manage self-insurance risks related to property and liability the Archdiocese participates in a protected captive insurance cell within the Catholic Relief Insurance Company of America II (CRIC II). Services obtains insurance coverage from the protected cell and bears a risk of loss from claims in excess of premiums paid to the cell. Based on the control of the protected cell and the structure of CRIC II, the assets and liabilities of the captive cell have been consolidated within Services. Insurance premium payments to the protected cell were approximately \$2,000,000 for each of the years ended June 30, 2020 and 2019.

Benefit Payments

Claims and premiums are reported when paid. Any refunds due to overpayments, subrogation, or adjustments are recorded in the period received and are shown netted with payments.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Other expenses that are common to several functions are allocated based on actual percentages of time spent in each functional area and estimates of asset usage.

Income Taxes

Services is a religious organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements. Income from certain activities not directly related to the tax-exempt purpose of nonprofit entities is subject to taxation as unrelated business income. Services considers all of its activities to be directly related to its exempt purpose in 2020 and 2019.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 22, 2020, 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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. Effective July 1, 2019, Services adopted ASC 606 using the modified retrospective method. No cumulative adjustment was necessary in order to conform with ASC 606, therefore, the 2019 financial statements have not been restated and continue to be reported under the accounting standards for that year. Services does not expect the adoption of the new revenue standard to have a material impact to the change in net assets. This new standard also requires additional disclosures.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities, which addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. Services adopted this ASU during the year ended June 30, 2020, and there were no adjustments resulting from the adoption of this accounting policy.

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* The guidance in ASU 2017-07 amends the guidance in ASC Topic 715, entitled *Compensation—Retirement Benefits.* This guidance requires that the reporting entity disaggregate the service cost component of net benefit cost for financial statement purposes. The guidance includes the following requirements for the service cost component:

- 1. Present service cost in the same line item as other compensation cost associated with services rendered by employees.
- 2. Present service cost separately from other components of net benefit cost on the income statement. The other components should be presented outside the subtotal of income from operations, if applicable.
- 3. Appropriately describe the separate line items used to report the other components of net benefit costs in the income statement. Disclose in the footnotes the line items used to report the other components when separate line items are not used on the face of the income statement.
- 4. Only the service cost component of net benefit cost is eligible for capitalization.

For nonpublic entities, ASU 2017-07 is effective for financial statements for fiscal years beginning after December 15, 2018 and interim periods thereafter. Services adopted this ASU during the year ended June 30, 2020, and there were no adjustments resulting from the adoption of this accounting policy.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Guidance not yet Adopted

In August 2018, the FASB issued ASU 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts. The guidance is effective for non-public entities for fiscal years beginning after December 15, 2023. Early adoption is permitted. The guidance (i) prescribes the discount rate to be used in measuring the liability for future policy benefits for traditional and limited payment long-duration contracts, and requires assumptions for those liability valuations to be updated after contract inception, (ii) requires more market-based product guarantees on certain separate account and other account balance long-duration contracts to be accounted for at fair value, (iii) simplifies the amortization of deferred policy acquisition costs ("DAC") for virtually all long-duration contracts, and (iv) introduces certain financial statement presentation requirements, as well as significant additional quantitative and qualitative disclosures. Services is currently evaluating the impact of the guidance on its financial statements.

In August 2018, the FASB issued ASU 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans. The guidance is effective for non-public entities for fiscal years ending after December 15, 2021. Early adoption is permitted. The guidance should be applied on a retrospective basis to all periods presented. The guidance modifies and clarifies certain disclosure requirements. Services is currently evaluating the impact of the guidance on its financial statements.

In October 2018, the FASB issued ASU 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities. The guidance is effective for non-public entities for fiscal years beginning after December 15, 2020 and should be applied retrospectively with a cumulative effect adjustment to net assets at the beginning of the earliest period presented. Early adoption is permitted. The new guidance provides that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. Services is currently evaluating the impact of the guidance on its financial statements.

Note 3: FINANCIAL ASSET AVAILABILITY

Services maintains its financial assets to provide liquidity to ensure funds are available as Services' expenditures become due. The following reflects Services' financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

June 30,	2020	2019
Financial assets at year-end: Cash and cash equivalents Funds on deposit with AoA Deposit and Loan Fund Trust Accounts receivable, net Investments at fair value	\$ 7,498,752 9,692,533 1,000,903 35,550,061	\$ 13,683,731 5,999,025 613,015 29,884,166
Total financial assets	53,742,249	50,179,937
Less amounts not available to be used within one year:		
Cash - captive insurance	75,158	762,497
Deferred compensation	199,531	196,311
Obligations to related parties	8,864,267	12,685,899
Investments at fair value - custodial funds	111,721	106,880
Investments at fair value - reinsurance	267,830	256,179
Investments at fair value - captive insurance	35,170,510	29,521,107
Total amounts not available for use	44,689,017	43,528,873
Financial assets available to meet expenditures in one year	\$ 9,053,232	\$ 6,651,064

Financial assets at year-end as noted in the above schedule exclude other assets.

Services was a recipient of two Paycheck Protection Program (PPP) loans (Note 7) which have been designated within a specific deposit and loan account and total \$3,595,108 at June 30, 2020. Proceeds from the PPP loans will be used for the operational purposes specified by the loans within the upcoming fiscal year.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

June 30,	2020	2019
Participant accounts receivable Employee assistance receivable	\$ 693,633 177,056	\$ 459,622 200,363
Other receivables	730,214	553,030
Total accounts receivable Less allowance for doubtful accounts	1,600,903 (600,000)	1,213,015 (600,000)
Accounts receivable, net	\$ 1,000,903	\$ 613,015

Note 5: INVESTMENTS

Investments consist of the following:

June 30,	202	20	2019		
	Fair Value	Cost	Fair Value	Cost	
AoA Common Fund Trust Alternative funds	\$ 379,551 35,170,510	\$ 347,866 30,196,460	\$ 363,059 29,521,107	\$ 327,763 22,328,496	
	\$ 35,550,061	\$ 30,544,326	\$ 29,884,166	\$ 22,656,259	

Note 6: DEFERRED COMPENSATION

Services has a deferred compensation plan with a certain key employee. Under the terms of the plan, the employee may elect to defer a portion of his base salary that would otherwise be payable by Services during the next plan year commencing after the date of the election. Services does not make contributions to the plan and distributions are not allowed until termination of employment with Services. The deferred compensation balance totaled \$199,531 and \$196,311 at June 30, 2020 and 2019, respectively.

Note 7: PAYCHECK PROTECTION PROGRAM LOANS

During March 2020, the United States' Congress passed the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020 which was designed to address the fallout from the COVID-19 pandemic (Note 13). The CARES Act promulgated several programs, one of which was the Paycheck Protection Program (PPP) through which eligible businesses and certain non-profits could apply for a forgivable loan intended to pay for up to twenty-four weeks of a business's payroll costs, employee benefits, rent, utilities and mortgage interest, with certain restrictions. In April and May 2020, Services applied for loans with two separate financial institutions under the PPP program totaling approximately \$3,595,000. Services intends to use the funds for the specified purposes, as stipulated by the Small Business Administration in the specified time frame and before the end of the measurement period. In the event that the proceeds are not fully spent during the measurement period on qualified expenses, Services plans to either return the non-granted portion of the proceeds immediately or to repay them within a two year period of time following that determination, with interest at 1%.

Note 8: REVENUE

Premium Billings

Insurance premium billings are earned and recognized in the period in which the coverage has been provided to the participants.

Note 8: REVENUE (Continued)

Disaggregated Premium Billings

Insurance premium billings consist of the following:

For the years ended June 30,	2020	2019
Lay retirement	\$ 4,159,994	\$ 4,024,734
Clergy retirement	1,173,043	1,115,836
Clergy long term care	245,059	235,658
Senior Priest welfare	437,999	402,519
Property and liability	3,362,944	3,277,188
Auto	320,566	315,902
Workmen's compensation	1,825,187	1,765,301
Other	810,047	819,728
Total insurance premiums	\$ 12,334,839	\$ 11,956,866

Services' participants are primarily parishes and missions within the Roman Catholic Archdiocese of Atlanta, which covers approximately fifty percent of the state of Georgia.

Management Fee Revenue

Services has management agreements with several related parties (Note 12) whereby Services bills for accounting services, client services, investment management and banking services, internal audit services and record retention services. Management income is recognized on a monthly basis as the performance obligation to provide services is satisfied. There were no accounts receivable, contract assets or contract liabilities related to management fee revenue for the years ended June 30, 2020 and 2019.

Note 9: POST RETIREMENT BENEFITS

Priests' Retirement Plan

On July 1, 1969, the Archdiocese adopted a retirement plan which covers all priests incardinated in the Archdiocese of Atlanta which is administered by Services. Services' 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 \$980,000 to the Plan during the fiscal year ending June 30, 2021.

Priests' Retirement Plan (continued)

The following table provides further information about Services' priests' retirement plan:

For the years ended June 30,	2020	2019
Obligation and funded status Projected benefit obligation Plan assets at fair value	\$ (41,160,489) 28,561,396	\$ (33,352,553) 27,600,771
Funded status	\$ (12,599,093)	\$ (5,751,782)
Accumulated benefit obligation Employer contribution Benefits paid	\$ 41,160,489 1,173,243 995,749	\$ 33,352,553 2,115,836 874,178
Amounts recognized in the statements of financial position: Noncurrent liabilities	(12,599,093)	(5,751,782)
Amounts recognized in the statements of activities: Service cost Interest cost Expected return on plan assets Amortization of net loss	1,473,784 1,134,593 (1,628,099) 688,375	1,241,067 1,197,977 (1,651,294) 607,680
Net periodic pension cost	\$ 1,668,653	\$ 1,395,430
Other changes in net assets Actuarial loss Amortization of net loss	\$ (7,040,276) 688,375	(2,395,639) 607,680
	\$ (6,351,901)	\$ (1,787,959)

The estimated net loss that will be amortized from changes in net assets without donor restriction into net periodic benefit cost in 2021 is \$1,081,487.

Priests' Retirement Plan (continued)

The following assumptions were used in accounting for the plan:

	2020	2019
Weighted-average assumptions used		
to determine benefit obligations:		
Discount rate	2.6%	3.5%
Expected return on plan assets	6.0%	6.8%
Future cost of living adjustments	2.5%	2.5%
Weighted-average assumptions used		
to determine net periodic benefit cost:		
Discount rate	2.6%	3.5%
Expected return on plan assets	6.0%	6.8%
Future cost of living adjustments	2.4%	2.5%
Retirement Age: Age based on retirement rates are given below:		
Age	Probability of	Retirement
65		100.00%

Mortality Rates (per 1,000 lives)- IRS Static Mortality Table for Males for the applicable year:

 Age	2020	2019
20	0.23	0.19
20 35	0.44	0.37
50	1.32	1.25
60	5.21	5.09

Disability: Rates varying by age and service:

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

Services' 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.

Services' 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 Services during the fiscal year ending June 30, 2021.

Note 9: POST RETIREMENT BENEFITS (Continued)

Priests' Retirement Plan (continued)

The following benefits are expected to be paid:

For the years ending June 30,

2021	\$ 980,033
2022	1,015,839
2023	1,085,911
2024	1,198,304
2025	1,286,347
2026-2030	7,814,330
	\$ 13,380,764

Billings to the parishes and Archdiocesan organizations for priests' retirement are reported in insurance revenues and totaled \$1,173,043 and \$1,115,836 for the years ended June 30, 2020 and 2019, respectively.

	2020	2019
Pension and administrative expenses Billings to parishes and organizations	\$ 1,676,497 (1,173,043)	\$ 1,414,342 (1,115,836)
	\$ 503,454	\$ 298,506

Priests' Retirement Plan (continued)

The fair values of Services' priests' retirement plan assets at June 30, 2020 and 2019, by asset category are as follows:

June 30, 2020	Level 1		Level 2		Level 3		Total
lavoratus custo							
Investments	¢	۲.	1 101 310	Ļ		Ļ	1 101 210
	\$ -	\$	1,181,210	\$	-	\$	1,181,210
U.S. Treasury obligations	-		2,027,623		-		2,027,623
Marketable debt securities	0.562.404		3,132,060		-		3,132,060
Marketable equity securities	8,563,491		-		-		8,563,491
Equity mutual funds	11,960,125		-		-		11,960,125
	\$ 20,523,616	\$	6,340,893	\$	-		26,864,509
Investments measured at net a	sset value						4 606 007
Alternative funds							1,696,887
						\$	28,561,396
June 30, 2019	Level 1		Level 2		Level 3		Total
Investments							
	\$ -	\$	1,232,285	\$	-	\$	1,232,285
U.S. Treasury obligations	2,137,366		781,850		-		2,919,216
Marketable debt securities	-		4,288,292		-		4,288,292
Marketable equity securities	7,836,536		-		-		7,836,536
Equity mutual funds	9,844,605		-		-		9,844,605
	\$ 19,818,507	\$	6,302,427	\$			26,120,934
Investments measured at net as	set value						
Alternative funds							1,479,837

Priests' Long-Term Care Plan

On January 1, 2012, the Archdiocese adopted a long-term care plan covering priests within the Archdiocese. To be eligible for the plan, a priest must be incardinated within the Archdiocese and must be an active participant in the priests' retirement plan. There are no minimum age or service requirements to qualify for benefits under the plan. The Archdiocese expects to contribute approximately \$240,000 to the Plan during the fiscal year ending June 30, 2021.

Priests' Long-Term Care Plan (continued)

The following table provides further information about the priests' long-term care plan:

For the years ended June 30,		2020	2019
Obligation and funded status Projected benefit obligation Plan assets at fair value	\$	(9,310,123) \$ 8,603,698	5 (7,282,086) 7,853,538
Funded status	\$	(706,425)	571,452
Accumulated benefit obligation Employer contribution Benefits paid	\$	9,310,123 \$ 465,224 147,153	7,282,086 215,493 116,815
Amounts recognized in the statements of financial position: Current liabilities Noncurrent assets (liabilities)		(239,799) (466,626)	(153,444) 724,896
Amounts recognized in the statements of activities: Service cost Interest cost Expected return on plan assets Amortization of net loss		179,851 253,067 (462,006) 22,218	156,021 254,653 (482,440) -
Net periodic pension cost (income)	\$	(6,870) \$	(71,766)
Other changes in net assets: Actuarial loss Amortization of net loss	\$	(1,772,189) \$ 22,218	
	Ş	(1,749,971) \$	(726,843)

Priests' Long-Term Care Plan (continued)

The following assumptions were used in accounting for the plan:

	2020	2019
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	2.7%	3.6%
Expected return on plan assets	6.0%	6.0%
Future cost of living adjustments	2.4%	2.4%
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	3.6%	4.2%
Expected return on plan assets	6.0%	6.0%
Future cost of living adjustments	2.4%	2.4%
Long-term care incidence rates:		
Age		Probability of
60-64		0.49%
65-69		0.62%
70-74		1.01%
75-79		2.09%
80-84		4.57%
85-89		8.00%
90-99		11.55%
100+		100.00%
Mortality Rates (per 1,000 lives):		
	Not on long	On long-term
Age	term care	care
20	0.02	N/A
35	0.04	N/A
50	0.12	76.12
60	0.38	150.42

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2021.

Priests' Long-Term Care Plan (continued)

The following benefits are expected to be paid:

For the years ending June 30,

2021	\$ 239,779
2022	226,591
2023	225,248
2024	224,223
2025	229,672
2026-2030	1,278,460
	_
	\$ 2,423,973

Billings to parishes and Archdiocesan organizations for priests' long-term care are reported in insurance revenues and totaled \$245,059 and \$235,658 for the years ended June 30, 2020 and 2019, respectively.

	2020	2019
Pension and administrative expenses (credits) Billings to parishes and organizations	\$ (27,035) \$ (245,059)	(51,601) (235,658)
	\$ (272,094) \$	(287,259)

The fair values of Services' long-term care plan assets at June 30, 2020 and 2019, by asset category are as follows:

June 30, 2020		Level 1		Level 2		Level 3		Total
Short-term investments Marketable equity securities	\$	- 8,464,866	\$	138,832	\$	-	\$	138,832 8,464,866
	\$	8,464,866	\$	138,832	\$	-	\$	8,603,698
June 30, 2019		Level 1		Level 2		Level 3		Total
Short-term investments Marketable equity securities	\$	- 7,683,049	\$	170,489 -	\$	-	\$	170,489 7,683,049
	¢	7,683,049	¢	170,489	¢	_	¢	7,853,538

Senior Priest Welfare Plan

On June 21, 2017, the Archdiocese adopted a welfare plan which covers all priests eligible for Medicare incardinated in the Archdiocese of Atlanta. There are no minimum service requirements. Medical benefits are provided to retirees in the form of a \$6,000 annual payment applied toward premiums set to increase annually according to the Social Security Index. Future benefits are funded through a Grantor Trust currently managed by a bank. The Archdiocese expects to contribute approximately \$324,000 to the Plan during the fiscal year ending June 30, 2021.

The following table provides further information about the senior priest welfare plan:

For the years ended June 30,	2020	2019
Obligation and funded status Projected benefit obligation Plan assets at fair value	\$ (17,120,106) 14,936,906	\$ (14,385,629) 14,202,702
Funded status	\$ (2,183,200)	\$ (182,927)
Accumulated benefit obligation Employer contribution Benefits paid	\$ 17,120,106 536,251 287,101	\$ 14,385,629 788,607 194,334
Amounts recognized in the statements of financial position: Current liabilities Noncurrent assets (liabilities)	(324,000) (1,859,200)	(288,000) 105,073
Amounts recognized in the statements of activities: Service cost Interest cost Expected return on plan assets	407,493 494,827 (834,882)	368,222 516,996 (848,848)
Net periodic pension cost	\$ 67,438	\$ 36,370
Other changes in net assets: Actuarial loss	\$ (2,469,086)	\$ (1,022,865)

Senior Priest Welfare Plan (continued)

The following assumptions were used in accounting for the plan:

	2020	2019
Weighted-average assumptions used		
to determine benefit obligations:		
Discount rate	2.7%	3.5%
Expected return on plan assets	6.0%	6.0%
Future cost of living adjustments	2.4%	2.5%
Weighted-average assumptions used		
to determine net periodic benefit cost:		
Discount rate	3.5%	4.1%
Expected return on plan assets	6.0%	6.8%
Future cost of living adjustments	2.4%	2.5%
Retirement Age: Age based on retirement rates are given below:		
Age	Probability of	Retirement
65		100.00%
Mortality Rates (per 1,000 lives)- IRS Static Mortality Table for the a	pplicable year:	
Age	2020	2019
20	0.23	0.17
35	0.44	0.28
50	1.24	1.17
60	3.80	3.72
Disability: Rates varying by age and service:		
Age	Male	Female
N/A	N/A	N/A

No plan assets are expected to be returned to the Archdiocese during the fiscal year ending June 30, 2021.

Senior Priest Welfare Plan (continued)

The following benefits are expected to be paid:

For the years ending June 30,

2021	\$ 324,00	00
2022	328,01	1
2023	343,74	16
2024	384,46	<u> 5</u> 5
2025	399,81	10
2026-2030	2,477,98	39_
	\$ 4,258,02	<u>1</u> 1

Billings to parishes and Archdiocesan organizations for senior priests' welfare are reported in insurance revenues and totaled \$437,999 and \$402,519 for the years ended June 30, 2020 and 2019, respectively.

	2020	2019
Pension and administrative expenses Billings to parishes and organizations	\$ 303,205 \$ (437,999)	298,466 (402,519)
	\$ (134,794) \$	(104,053)

The fair values of the Archdiocese's Senior Priest Welfare plan assets at June 30, 2020 and 2019, by asset category, are as follows:

June 30, 2020	Level 1	Level 2	Level 3	Total
Short-term investments Marketable equity securities Mutual funds-fixed income	\$ - 11,648,498 3,201,150	\$ 87,258 - -	\$ - - -	\$ 87,258 11,648,498 3,201,150
	\$ 14,849,648	\$ 87,258	\$ -	\$ 14,936,906
June 30, 2019	Level 1	Level 2	Level 3	Total
Short-term investments Marketable equity securities Mutual funds-fixed income	\$ - 11,040,706 3,023,951	\$ 138,045 - -	\$ - - -	\$ 138,045 11,040,706 3,023,951
	\$ 14,064,657	\$ 138,045	\$ -	\$ 14,202,702

Note 9: POST RETIREMENT BENEFITS (Continued)

Lay Employee Retirement Plan

The Archdiocese sponsors a defined contribution retirement plan that covers substantially 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 Archdiocesan organizations were billed for their respective share of pension and administrative costs which are included in insurance revenue and expenses as follows for the years ended June 30, 2020 and 2019:

		2020	2019
Pension and administrative expenses Billings to parishes and organizations		1,449,522 4,159,994)	\$ 2,964,281 (4,024,734)
	\$ (2,710,472)	\$ (1,060,453)

Note 10: 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.

Note 10: FAIR VALUE MEASUREMENTS (Continued)

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, 2020 and 2019.

Certain investments are valued at net asset value practical expedient based on the fair value of the underlying investments.

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 Services 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.

Assets and liabilities measured at fair value on a recurring basis are summarized for the years ended June 30, 2020 and 2019:

June 30, 2020		Level 1	Level 2		Level 3	Total
Investments measured at net and AoA Common Fund Trust (A) Alternative funds (A)	asset	value				\$ 379,551 35,170,510
						\$ 35,550,061
Post retirement obligations	\$		\$ 	\$ (15,488,718)	\$ (15,488,718)
June 30, 2019		Level 1	Level 2		Level 3	Total
Investments measured at net a AoA Common Fund Trust (A) Alternative funds (A)	sset v	/alue				\$ 363,059 29,521,107
						\$ 29,884,166
Post retirement obligations	\$	-	\$ -	\$	(5,363,257)	\$ (5,363,257)

⁽A) Investments that are measured at fair value using the net asset value per share have been excluded from the fair value hierarchy.

The following is a reconciliation of the change in fair value for the years ended June 30, 2020 and 2019, for Level 3:

	2020	2019
Post retirement obligation Balance at beginning of the year Increase in accumulated postretirement benefit obligation Increase in fair value of assets	\$ 5,363,257 \$ 12,570,450 (2,444,989)	3,585,492 6,326,857 (4,549,092)
Post retirement obligation at year-end	\$ 15,488,718 \$	5,363,257

Note 10: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

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 transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2020 and 2019, there were no transfers in or out of Levels 1, 2 or 3.

Note 11: CONCENTRATIONS OF CREDIT RISK

Services places its cash with financial institutions and with the AoA Deposit and Loan Fund Trust (Note 2). The Federal Deposit Insurance Company (FDIC) coverage is limited to \$250,000 for all funds in non-interest bearing bank accounts. Cash and cash equivalents held by financial institutions exceeded federally insured limits during the years ended June 30, 2020 and 2019. Funds on deposit with the AoA Deposit and Loan Fund Trust are not FDIC insured.

Note 12: RELATED PARTY TRANSACTIONS

Management Services Agreement – AoA Deposit and Loan Fund Trust

Services has a Management Agreement (the AoA Deposit and Loan Agreement) with AoA Deposit and Loan Fund Trust whereby Services bills for accounting services, client services, investment management and banking services, internal audit services and record retention services. The AoA Deposit and Loan Agreement covers annual periods ending each June 30, with automatic annual renewals on July 1 of the succeeding year unless Services or AoA Deposit and Loan Fund Trust wishes to cancel the agreement by giving 30 days advance notice to the other party. Billings for the management agreement totaled approximately \$825,000 and \$1,042,000 for the years ended June 30, 2020 and 2019, respectively. The AoA Deposit and Loan Agreement allows for annual increases based on the Social Security Cost of Living Adjustment.

Management Services Agreement - AoA Group Health Care Plan Trust

Services has a Management Agreement (the AoA Group Health Agreement) with AoA Group Health Care Plan Trust whereby Services bills for accounting services, client services, investment management and banking services, internal audit services and record retention services. The AoA Group Health Agreement covers annual periods ending each February 28, with automatic annual renewals on March 1 of the succeeding year unless Services or AoA Group Health Care Plan Trust wishes to cancel the agreement by giving 30 days advance notice to the other party. Billings for the management agreement totaled approximately \$360,000 and \$350,000 for the years ended June 30, 2020 and 2019, respectively. The AoA Group Health Agreement allows for annual increases based on the Social Security Cost of Living Adjustment.

Note 12: RELATED PARTY TRANSACTIONS (Continued)

Management Services Agreement - Catholic Foundation of North Georgia, Inc.

Services has a Management Agreement (the CFNGA Agreement) with Catholic Foundation of North Georgia, Inc. whereby Services bills for human resource management, insurance and risk management, and employee services. The CFNGA Agreement covers annual periods ending February 24, with automatic annual renewals commencing on the anniversary of the effective date unless either party wishes to cancel the agreement by giving advance notice. Billings for the management agreement totaled approximately \$6,000 and \$2,000 for the years ended June 30, 2020 and 2019, respectively.

Management Services Agreement - Catholic Charities of the Archdiocese of Atlanta, Inc.

Services has a Management Agreement (the Catholic Charities Agreement) with Catholic Charities of the Archdiocese of Atlanta, Inc. whereby Services bills for human resource support, legal services, information technology, communications, facilities and donor software support. The Catholic Charities Agreement covers annual periods ending August 31, with automatic annual renewals commencing on the anniversary of the effective date unless either party wishes to cancel the agreement by giving advance notice. Billings for the management agreement totaled approximately \$18,000 for each of the years ended June 30, 2020 and 2019.

Health and Life Insurance

Health and life insurance for Services' employees are provided under the Roman Catholic Archdiocese of Atlanta Group Health Care Plan. Expenses related to insurance premiums during the years ended June 30, 2020 and 2019, totaled approximately \$170,000 and \$176,000, respectively.

Funds on Deposit with Related Parties

Investment funds are invested with AoA Common Fund Trust and other funds are on deposit with the AoA Deposit and Loan Fund Trust (Note 2).

Note 13: RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of Services. 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.