



RCAA Administrative Services, Inc.

FINANCIAL STATEMENTS

June 30, 2021 and 2020



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REPORT





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INDEPENDENT AUDITORS' REPORT

His Excellency
The Most Reverend
Archbishop of Atlanta
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of RCAA Administrative Services, Inc. (Services), 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 Services 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 Services 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 Services' 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 Services' 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 Services' 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
January 12, 2022



FINANCIAL STATEMENTS



RCAA Administrative Services, Inc.
Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 18,628,001	\$ 7,498,752
Funds on deposit with AoA Deposit and Loan Fund Trust	6,527,227	9,692,533
Accounts receivable, net	374,400	1,000,903
Investments at fair value	43,408,707	35,550,061
Priests' long-term care plan	2,420,212	-
Senior priest welfare plan	3,412,248	-
Other assets	2,167,174	3,569,743
Total assets	\$ 76,937,969	\$ 57,311,992
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,518,948	\$ 1,777,568
Priests' retirement plan	698,496	12,599,093
Priests' long-term care plan	-	706,425
Senior priest welfare plan	-	2,183,200
Custodial funds payable	137,376	111,721
Due to related parties	14,631,078	8,864,267
Paycheck Protection Program loans	-	3,595,108
Total liabilities	17,985,898	29,837,382
Net assets without donor restrictions	58,952,071	27,474,610
Total liabilities and net assets	\$ 76,937,969	\$ 57,311,992

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

RCAA Administrative Services, Inc.
Statements of Activities

<i>For the years ended June 30,</i>	2021	2020
Revenues and Other Income		
Insurance premiums	\$ 12,135,391	\$12,334,839
Management fee revenue	2,074,007	1,209,003
Investment income	747,271	861,802
Subsidy income	6,889,925	-
Other income	250,000	-
Total revenues and other income	22,096,594	14,405,644
Expenses		
<i>Program services</i>		
Pension and retirement	6,123,723	5,595,105
Priest long-term care	49,193	(27,035)
Priest welfare	383,730	303,205
Other insurance	2,835,117	3,646,733
Shared services	1,310,123	1,139,944
Total program services	10,701,886	10,657,952
<i>Supporting services</i>		
General and administrative	691,627	675,130
Total expenses	11,393,513	11,333,082
Change in net assets before other gains (losses) and forgiveness of debt	10,703,081	3,072,562
Other Gains (Losses)		
Realized and unrealized gain on investments	6,021,542	2,960,277
Forgiveness of Paycheck Protection Program loan	257,454	-
Change in net assets	16,982,077	6,032,839
Other ASC 715 pension benefit (charge)	14,495,384	(10,570,958)
Net assets without donor restrictions at beginning of year	27,474,610	32,012,729
Net assets without donor restrictions at end of year	\$ 58,952,071	\$27,474,610

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

RCAA Administrative Services, Inc.
Statements of Functional Expenses

For the year ended June 30, 2021

	Program Services					Supporting Services		Total
	Pension and retirement	Priest long-term care	Priest welfare	Other insurance	Shared services	Programs subtotal	General and administrative	
Salaries and benefits	\$ -	\$ -	\$ -	\$ -	\$ 1,208,978	\$ 1,208,978	\$ 525,501	\$ 1,734,479
Payroll taxes	-	-	-	-	50,817	50,817	29,212	80,029
Bonds and assessments	-	-	-	61,135	-	61,135	-	61,135
Claims	-	-	33,322	609,199	-	642,521	-	642,521
Insurance and risk management	-	-	-	214,688	-	214,688	-	214,688
Miscellaneous	-	-	-	10,000	81	10,081	107,140	117,221
Office expenses	-	-	-	-	48,247	48,247	-	48,247
Plan funding	6,110,621	49,106	106,446	-	-	6,266,173	-	6,266,173
Premiums	-	-	243,962	1,883,715	-	2,127,677	-	2,127,677
Professional fees	13,102	87	-	56,380	2,000	71,569	29,774	101,343
Total expenses	\$ 6,123,723	\$ 49,193	\$ 383,730	\$ 2,835,117	\$ 1,310,123	\$ 10,701,886	\$ 691,627	\$ 11,393,513

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

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

For the year ended June 30, 2020

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

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

RCAA Administrative Services, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2021	2020
Operating Activities		
Change in net assets	\$ 16,982,077	\$ 6,032,839
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
ASC 715 pension benefit (cost)	14,495,384	(10,570,958)
Change in allowance for doubtful accounts	(250,000)	-
Realized and unrealized gain on investments	(6,021,542)	(2,960,277)
Forgiveness of Paycheck Protection Program loan	(257,454)	-
Changes in operating assets and liabilities:		
Accounts receivable	876,503	(387,888)
Other assets	1,402,569	(1,579,913)
Priests' retirement plan	(11,900,597)	3,510,005
Priests' long-term care plan	(3,126,637)	1,277,877
Senior priest welfare plan	(5,595,448)	2,000,273
Accounts payable and accrued expenses	741,380	3,113,872
Net cash provided by (used in) operating activities	7,346,235	435,830
Investing Activities		
Net (increase) decrease in funds on deposit with AoA Deposit and Loan Fund Trust	3,165,306	(3,693,508)
Proceeds from sale of investments	9,941,568	14,011,701
Purchase of investments	(11,778,672)	(16,717,319)
Repayments from (to) related parties	2,429,157	(3,821,632)
Net cash provided by (used in) investing activities	3,757,359	(10,220,758)
Financing Activities		
Increase in custodial funds payable	25,655	4,841
Proceeds from Paycheck Protection Program loans	-	3,595,108
Net cash provided by (used in) financing activities	25,655	3,599,949
Net change in cash and cash equivalents	11,129,249	(6,184,979)
Cash and cash equivalents at beginning of year	7,498,752	13,683,731
Cash and cash equivalents at end of year	\$ 18,628,001	\$ 7,498,752

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

RCAA Administrative Services, Inc.

Notes to Financial Statements

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 exempt 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.

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 has funds set aside 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 with the AoA Deposit and Loan Fund Trust totaled \$6,527,227 and \$9,692,533 at June 30, 2021 and 2020, respectively. Services' funds invested in the AoA Deposit and Loan Fund Trust earn 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. 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, 2021 and 2020.

At June 30, 2021 and 2020, 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 its 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, 2021 and 2020.

RCAA Administrative Services, Inc.
Notes to Financial Statements

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 for the years ended June 30, 2021 and 2020, were approximately \$2,390,000 and \$2,000,000, respectively.

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 2021 and 2020.

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, January 12, 2022, 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)

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, 2024. 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. 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. 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.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (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. Services is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND 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.

<i>June 30,</i>	2021	2020
Total assets at year end	\$ 76,937,969	\$ 57,311,992
Less non-financial assets		
Other assets	(2,167,174)	(3,569,743)
Financial assets at year-end	74,770,795	53,742,249
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Cash - captive insurance	(729,829)	(75,158)
Deferred compensation	(201,030)	(199,531)
Other compensation obligations	(383,977)	-
Obligations to related parties	(14,631,078)	(8,864,267)
Investments at fair value - custodial funds	(137,376)	(111,721)
Investments at fair value - reinsurance	(329,458)	(267,830)
Investments at fair value - captive insurance	(42,941,873)	(35,170,510)
Priests' long-term care plan assets	(2,420,212)	-
Senior priest welfare plan assets	(3,412,248)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,583,714	\$ 9,053,232

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

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>June 30,</i>	2021	2020
Participant accounts receivable	\$ 389,033	\$ 693,633
Employee assistance receivable	76,871	177,056
Other receivables	258,496	730,214
Total accounts receivable	724,400	1,600,903
Less allowance for doubtful accounts	(350,000)	(600,000)
Accounts receivable, net	\$ 374,400	\$ 1,000,903

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 5: INVESTMENTS

Investments consist of the following:

<i>June 30,</i>	2021		2020	
	Fair Value	Cost	Fair Value	Cost
AoA Common Fund Trust	\$ 466,834	\$ 376,627	\$ 379,551	\$ 347,866
Pooled investment funds	42,941,873	33,559,896	35,170,510	30,196,460
Total	\$43,408,707	\$33,936,523	\$35,550,061	\$30,544,326

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 \$201,030 and \$199,531 at June 30, 2021 and 2020, respectively.

Note 7: PAYCHECK PROTECTION PROGRAM LOANS

In April 2020 and May 2020, in response to the global pandemic, Services applied for and received loans totaling approximately \$3,595,000 through the Paycheck Protection Program (PPP) under the CARES Act. On May 20, 2021, and June 11, 2021, Services received notice that the full amount of the loans and related interest had been forgiven.

Payroll for various Archdiocesan entities originates under Services' federal identification number and, therefore, the PPP loans were funded through Services. However, some salaries, wages and other payroll costs are ultimately transferred to the entities for which the employees provide their time and effort, and are included within those entities' financial statements, rather than in Services'. As a result, approximately \$3,338,000 of the forgiven funds were transferred to the respective Archdiocesan entities in proportion to the salaries used to apply for PPP funds. The remaining \$257,000 relating to Services' employees is recorded as forgiveness of Paycheck Protection Program loan on the statements of activities.

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

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 8: REVENUE (Continued)

Management Fee Revenue

Services has management agreements with several related parties (Note 13) 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, 2021 and 2020.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2021	2020
Insurance premiums		
Lay retirement	\$ 4,011,756	\$ 4,159,994
Priests retirement	1,204,929	1,173,043
Priests long term care	252,080	245,059
Senior Priest welfare	452,261	437,999
Property and liability	3,470,214	3,362,944
Auto	320,011	320,566
Workmen's compensation	1,730,070	1,825,187
Other	694,070	810,047
Total insurance premiums	12,135,391	12,334,839
Management fee revenue		
AoA Deposit and Loan Fund Trust	1,450,004	825,003
AoA Group Health Care Plan Trust	600,003	360,000
Catholic Foundation of North Georgia, Inc.	6,000	6,000
Catholic Charities of the Archdiocese of Atlanta, Inc.	18,000	18,000
Total management fee revenue	2,074,007	1,209,003
Investment income	747,271	861,802
Subsidy income	6,889,925	-
Other income	250,000	-
Total revenues and other income	\$ 22,096,594	\$ 14,405,644

RCAA Administrative Services, Inc.
Notes to Financial Statements

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. Services expects to contribute approximately \$1,026,000 to the Plan during the fiscal year ending June 30, 2022.

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

<i>For the years ended June 30,</i>	2021	2020
Obligation and funded status		
Projected benefit obligation	\$ (40,789,231)	\$ (41,160,489)
Plan assets at fair value	40,090,735	28,561,396
Funded status	\$ (698,496)	\$ (12,599,093)
Accumulated benefit obligation	\$ 40,789,231	\$ 41,160,489
Employer contribution	5,205,229	1,173,243
Benefits paid	1,094,595	995,749
Amounts recognized in the statements of financial position:		
Noncurrent liabilities	(698,496)	(12,599,093)
Amounts recognized in the statements of activities:		
Service cost	1,827,089	1,473,784
Interest cost	1,065,567	1,134,593
Expected return on plan assets	(1,684,283)	(1,628,099)
Amortization of net loss	1,081,487	688,375
Net periodic pension cost	\$ 2,289,860	\$ 1,668,653
Other changes in net assets		
Actuarial gain (loss)	\$ 7,903,741	\$ (7,040,276)
Amortization of net loss	1,081,487	688,375
Total	\$ 8,985,228	\$ (6,351,901)

The estimated net loss that will be amortized from changes in net assets without donor restriction into net periodic benefit cost in 2022 is \$500,623.

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Priests' Retirement Plan (continued)

The following assumptions were used in accounting for the plan:

<i>For the years ended June 30,</i>	2021	2020
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	2.8%	2.6%
Expected return on plan assets	6.0%	6.0%
Future cost of living adjustments	2.5%	2.5%
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	2.8%	2.6%
Expected return on plan assets	6.0%	6.0%
Future cost of living adjustments	2.6%	2.4%

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	2021	2020
20	0.26	0.23
35	0.52	0.44
50	1.39	1.32
60	5.28	5.21

Disability: Rates varying by age and service:

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

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Priests' Retirement Plan (continued)

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, 2022.

The following benefits are expected to be paid:

For the years ending June 30,

2022	\$	1,026,272
2023		1,089,017
2024		1,184,435
2025		1,254,244
2026		1,290,299
2027-2031		7,434,786
Total	\$	13,279,053

Billings to the parishes and Archdiocesan organizations for priests' retirement are reported in insurance revenues and totaled \$1,204,929 and \$1,173,043 for the years ended June 30, 2021 and 2020, respectively.

For the years ending June 30,

	2021	2020
Pension and administrative expenses	\$ 2,294,171	\$ 1,676,497
Billings to parishes and organizations	(1,204,929)	(1,173,043)
Total	\$ 1,089,242	\$ 503,454

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Priests' Retirement Plan (continued)

The fair values of Services' priests' retirement plan assets at June 30, 2021 and 2020, by asset category are as follows:

<i>June 30, 2021</i>	Level 1	Level 2	Level 3	Total
Investments				
Short-term investments	\$ -	\$ 2,064,315	\$ -	\$ 2,064,315
U.S. Treasury obligations	-	3,878,126	-	3,878,126
Marketable debt securities	-	2,898,018	-	2,898,018
Marketable equity securities	12,622,718	-	-	12,622,718
Equity mutual funds	9,592,870	-	-	9,592,870
Debt mutual funds	6,653,001	-	-	6,653,001
	28,868,589	8,840,459	-	37,709,048
Investments measured at net asset value				
Pooled investment funds				2,381,687
Total	\$ 28,868,589	\$ 8,840,459	\$ -	\$ 40,090,735

<i>June 30, 2020</i>	Level 1	Level 2	Level 3	Total
Investments				
Short-term investments	\$ -	\$ 1,181,210	\$ -	\$ 1,181,210
U.S. Treasury obligations	-	2,027,623	-	2,027,623
Marketable debt securities	-	3,132,060	-	3,132,060
Marketable equity securities	8,563,491	-	-	8,563,491
Equity mutual funds	6,794,639	-	-	6,794,639
Debt mutual funds	5,165,486	-	-	5,165,486
	15,358,130	6,340,893	-	26,864,509
Investments measured at net asset value				
Alternative funds				1,696,887
Total	\$ 15,358,130	\$ 6,340,893	\$ -	\$ 28,561,396

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. Services expects to contribute approximately \$189,000 to the Plan during the fiscal year ending June 30, 2022.

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Priests' Long-Term Care Plan (continued)

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

<i>For the years ended June 30,</i>	2021	2020
Obligation and funded status		
Projected benefit obligation	\$ (9,263,053)	\$ (9,310,123)
Plan assets at fair value	11,683,265	8,603,698
Funded status	\$ 2,420,212	\$ (706,425)
Accumulated benefit obligation	\$ 9,263,053	\$ 9,310,123
Employer contribution	958,505	465,224
Benefits paid	259,240	147,153
Amounts recognized in the statements of financial position:		
Current liabilities	-	(239,799)
Noncurrent assets (liabilities)	2,420,212	(466,626)
Amounts recognized in the statements of activities:		
Service cost	217,397	179,851
Interest cost	248,527	253,067
Expected return on plan assets	(501,834)	(462,006)
Amortization of net loss	85,016	22,218
Net periodic pension cost (income)	\$ 49,106	\$ (6,870)
Other changes in net assets:		
Actuarial gain (loss)	\$ 2,132,222	\$ (1,772,189)
Amortization of net loss	85,016	22,218
Total	\$ 2,217,238	\$ (1,749,971)

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Priests' Long-Term Care Plan (continued)

The following assumptions were used in accounting for the plan:

<i>For the years ended June 30,</i>	2021	2020
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	2.8%	2.7%
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	2.7%	3.6%
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	4.60%
85-89	8.00%
90-99	11.55%
100+	100.00%

Mortality Rates (per 1,000 lives):

Age	Not on long term care	On long-term care
20	0.26	N/A
35	0.52	N/A
50	1.31	76.12
60	3.85	150.42

No plan assets are expected to be returned to Services during the fiscal year ending June 30, 2022.

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Priests' Long-Term Care Plan (continued)

The following benefits are expected to be paid:

For the years ending June 30,

2022	\$	188,683
2023		205,413
2024		217,858
2025		234,060
2026		246,710
2027-2031		1,424,845
Total	\$	2,517,569

Billings to parishes and Archdiocesan organizations for priests' long-term care are reported in insurance revenues and totaled \$252,080 and \$245,059 for the years ended June 30, 2021 and 2020, respectively.

<i>June 30,</i>	2021		2020	
Pension and administrative expenses (credits)	\$	49,193	\$	(27,035)
Billings to parishes and organizations		(252,080)		(245,059)
Total	\$	(202,887)	\$	(272,094)

The fair values of Services' long-term care plan assets at June 30, 2021 and 2020, by asset category are as follows:

<i>June 30, 2021</i>	Level 1		Level 2		Level 3		Total	
Short-term investments	\$	-	\$	108,017	\$	-	\$	108,017
Marketable equity securities		11,575,248		-		-		11,575,248
Total	\$	11,575,248	\$	108,017	\$	-	\$	11,683,265

<i>June 30, 2020</i>	Level 1		Level 2		Level 3		Total	
Short-term investments	\$	-	\$	138,832	\$	-	\$	138,832
Marketable equity securities		8,464,866		-		-		8,464,866
Total	\$	8,464,866	\$	138,832	\$	-	\$	8,603,698

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Senior Priest Welfare Plan

On June 21, 2017, the Archdiocese adopted a welfare plan which covers all priests eligible for Medicare incarcerated in the Archdiocese of Atlanta. There are no minimum service requirements. Medical benefits are provided to retirees in the form of a \$6,553 annual payment (\$6,000 prior to July 1, 2020) 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. Services expects to contribute approximately \$360,000 to the Plan during the fiscal year ending June 30, 2022.

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

<i>For the years ended June 30,</i>	2021	2020
Obligation and funded status		
Projected benefit obligation	\$ (18,337,368)	\$ (17,120,106)
Plan assets at fair value	21,749,616	14,936,906
Funded status	\$ 3,412,248	\$ (2,183,200)
Accumulated benefit obligation	\$ 18,337,368	\$ 17,120,106
Employer contribution	2,408,976	536,251
Benefits paid	305,378	287,101
Amounts recognized in the statements of financial position:		
Current liabilities	-	(324,000)
Noncurrent assets (liabilities)	3,412,248	(1,859,200)
Amounts recognized in the statements of activities:		
Service cost	455,415	407,493
Interest cost	453,495	494,827
Expected return on plan assets	(876,774)	(834,882)
Amortization of prior service cost and net loss	74,310	-
Net periodic pension cost	\$ 106,446	\$ 67,438
Other changes in net assets:		
Actuarial gain (loss)	\$ 3,292,918	\$ (2,469,086)

The increase in the projected benefit obligation is primarily due to an increase in the annual medical payment during the year ended June 30, 2021, along with expected increases from service and interest costs.

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Senior Priest Welfare Plan (continued)

The following assumptions were used in accounting for the plan:

<i>For the years ended June 30,</i>	2021	2020
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	2.8%	2.7%
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	2.8%	3.5%
Expected return on plan assets	6.0%	6.0%
Future cost of living adjustments	2.4%	2.4%

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 applicable year:

Age	2021	2020
20	0.26	0.23
35	0.52	0.44
50	1.31	1.24
60	3.85	3.80

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 Services during the fiscal year ending June 30, 2022.

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Senior Priest Welfare Plan (continued)

The following benefits are expected to be paid:

For the years ending June 30,

2022	\$ 360,415
2023	377,129
2024	427,084
2025	443,234
2026	458,848
2027-2031	2,911,437
Total	\$ 4,978,147

Billings to parishes and Archdiocesan organizations for the senior priests welfare are reported in insurance revenues and totaled \$452,261 and \$437,999 for the years ended June 30, 2021 and 2020, respectively.

For the years ended June 30,

	2021	2020
Pension and administrative expenses	\$ 383,730	\$ 303,205
Billings to parishes and organizations	(452,261)	(437,999)
Total	\$ (68,531)	\$ (134,794)

The fair values of Services' Senior Priest Welfare plan assets at June 30, 2021 and 2020, by asset category, are as follows:

June 30, 2021	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 156,200	\$ -	\$ 156,200
Marketable equity securities	15,840,676	-	-	15,840,676
Mutual funds-fixed income	5,752,740	-	-	5,752,740
Total	\$ 21,593,416	\$ 156,200	\$ -	\$ 21,749,616

June 30, 2020	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 87,258	\$ -	\$ 87,258
Marketable equity securities	11,648,498	-	-	11,648,498
Mutual funds-fixed income	3,201,150	-	-	3,201,150
Total	\$ 14,849,648	\$ 87,258	\$ -	\$ 14,936,906

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 9: POST RETIREMENT BENEFITS (Continued)

Lay Employee Retirement Plan

Services 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, 2021 and 2020:

<i>For the years ended June 30,</i>	2021	2020
Pension and administrative expenses	\$ 3,829,552	\$ 3,918,608
Billings to parishes and organizations	(4,011,756)	(4,159,994)
Total	\$ (182,204)	\$ (241,386)

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.

RCAA Administrative Services, Inc.
Notes to Financial Statements

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, 2021 and 2020.

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

<i>June 30, 2021</i>	Level 1	Level 2	Level 3	Total
Investments measured at net asset value				
AoA Common Fund Trust ^(A)			\$ 466,834	
Pooled investment funds ^(A)				42,941,873
Total				\$ 43,408,707
<hr/>				
<i>June 30, 2020</i>	Level 1	Level 2	Level 3	Total
Investments measured at net asset value				
AoA Common Fund Trust ^(A)			\$ 379,551	
Pooled investment funds ^(A)				35,170,510
Total				\$ 35,550,061

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

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, 2021 and 2020, 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, 2021 and 2020. Funds on deposit with the AoA Deposit and Loan Fund Trust are not FDIC insured.

Note 12: COMMITMENTS

The Company has an irrevocable standby letter of credit in the amount of \$460,000 in favor of the Midwest Employers Casualty Company. The letter of credit covers annual periods ending each March 15, with automatic annual renewals of the succeeding year unless the issuing bank wishes to cancel the agreement by giving 60 days advance. Services has fully funded the letter of credit, which is included in other assets on the statement of financial position.

Note 13: 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 \$1,450,000 and \$825,000 for the years ended June 30, 2021 and 2020, respectively.

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 covered 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. The initial billings for the Agreement was \$350,000 with annual increases based on the Social Security Cost of Living Adjustment Rate.

During the year ended June 30, 2021 the Services replaced the original agreement and entered into a new management agreement with AoA Group Health Care Plan Trust, dated October 1, 2020, whereby AoA Group Health Care Plan Trust is billed monthly for accounting services, client services, investment management and banking services, internal audit services and record retention services. The agreement covers a one year period ending September 30, 2021, with automatic annual renewals on October 1 of each succeeding year unless Services or AoA Group Health Care Plan Trust wish to cancel the agreement by giving 30 days advance notice to the other party. The initial billings for the Agreement was \$680,000 with annual increases based on the Social Security Cost of Living Adjustment Rate.

Billings for the management agreements totaled approximately \$600,000 and \$360,000 for the years ended June 30, 2021 and 2020, respectively.

Note 13: 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 for the years ended June 30, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020, totaled approximately \$240,000 and \$170,000, 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).

Subsidies from AoA Group Health Care Plan Trust

During the year ended June 30, 2021, Services received a subsidy totaling \$706,425 from the AoA Group Health Care Plan Trust to be used towards funding the priests' long term care plan. Additionally, Services received a subsidy totaling \$2,183,200 from the AoA Group Health Care Plan Trust to be used towards funding the senior priest welfare plan. These funds were contributed into both plans during March 2021.

Subsidy from AoA Deposit and Loan Fund Trust

During the year ended June 30, 2021, Services received a subsidy totaling \$4,000,300 from the AoA Deposit and Loan Fund Trust to fund the priest retirement plan. The funds were contributed into the plan during June 2021.

RCAA Administrative Services, Inc.
Notes to Financial Statements

Note 14: 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.