



**AoA Deposit and Loan Fund
Trust and Subsidiary**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

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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 consolidated financial statements of AoA Deposit and Loan Fund Trust and its wholly owned subsidiary, AoA Deposit and Loan Fund, LLC (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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 the Organization 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 consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
January 30, 2023



FINANCIAL STATEMENTS



AoA Deposit and Loan Fund Trust and Subsidiary Consolidated Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 70,824,108	\$ 44,780,517
Investments at fair value	69,207,981	78,613,206
Loans receivable-participants, net	41,983,276	45,673,886
Due from related parties	974,651	155,277
Total assets	\$ 182,990,016	\$ 169,222,886
Liabilities and Net Assets		
Liabilities		
Deposits payable	\$ 177,153,457	\$ 151,718,819
Net assets		
Without donor restrictions		
Undesignated	100,000	17,504,067
Board designated	5,736,559	-
Total net assets	5,836,559	17,504,067
Total liabilities and net assets	\$ 182,990,016	\$ 169,222,886

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

AoA Deposit and Loan Fund Trust and Subsidiary Consolidated Statements of Activities

<i>For the years ended June 30,</i>	2022	2021
Revenues		
Interest on loans	\$ 1,208,003	\$ 1,379,490
Investment income	470,186	433,627
Other income	128,000	-
<hr/>		
Total revenue and other support	1,806,189	1,813,117
Expenses		
Program services	3,000,430	6,935,329
General and administrative	114,980	109,364
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Total expenses	3,115,410	7,044,693
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Change in net assets before other gains (losses)	(1,309,221)	(5,231,576)
Other Gains and (Losses)		
Realized and unrealized gain (loss) on investments	(10,358,287)	15,659,640
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Change in net assets	(11,667,508)	10,428,064
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Net assets at beginning of year	17,504,067	7,076,003
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Net assets at end of year	\$ 5,836,559	\$ 17,504,067

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

AoA Deposit and Loan Fund Trust and Subsidiary Consolidated Statements of Functional Expenses

For the year ended June 30, 2022

	Program Services	General and Administrative	Total Operating Expenses
Contract labor	\$ -	\$ 87,480	\$ 87,480
Discount on loans receivable	225,939	-	225,939
Interest expense	1,210,231	-	1,210,231
Management fees	1,564,260	-	1,564,260
Miscellaneous	-	27,500	27,500
Total expenses	\$ 3,000,430	\$ 114,980	\$ 3,115,410

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

**AoA Deposit and Loan Fund Trust and Subsidiary
Consolidated Statements of Functional Expenses (Continued)**

For the year ended June 30, 2021

	Program Services	General and Administrative	Total Operating Expenses
Contract labor	\$ -	\$ 86,364	\$ 86,364
Discount on loans receivable	399,546	-	399,546
Distributions to beneficiaries	4,000,000	-	4,000,000
Interest expense	1,085,779	-	1,085,779
Management fees	1,450,004	-	1,450,004
Miscellaneous	-	23,000	23,000
Total expenses	\$ 6,935,329	\$ 109,364	\$ 7,044,693

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

AoA Deposit and Loan Fund Trust and Subsidiary Consolidated Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ (11,667,508)	\$ 10,428,064
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Allowance for doubtful accounts	(128,000)	-
Realized and unrealized (gain) loss on investments	10,358,287	(15,659,640)
Discount on loans receivable	225,939	399,546
Net cash provided by (used in) operating activities	(1,211,282)	(4,832,030)
Investing Activities		
Participant loans	(11,308,012)	(5,416,409)
Participant loan repayments	14,900,683	10,525,923
Purchase of investments	(953,062)	(806,053)
Proceeds from sale of investments	-	10,000,000
Advances to (from) related parties	(819,374)	9,524
Net cash provided by (used in) investing activities	1,820,235	14,312,985
Financing Activities		
Participant deposits received	54,866,900	40,926,327
Participant deposits paid	(29,432,262)	(52,846,196)
Net cash provided by (used in) financing activities	25,434,638	(11,919,869)
Net change in cash and cash equivalents	26,043,591	(2,438,914)
Cash and cash equivalents at beginning of year	44,780,517	47,219,431
Cash and cash equivalents at end of year	\$ 70,824,108	\$ 44,780,517

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

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

The accompanying consolidated financial statements include the accounts and transactions of the AoA Deposit and Loan Fund Trust and its wholly owned subsidiary, AoA Deposit and Loan Fund, LLC (collectively, the Organization), which is affiliated with the Roman Catholic Archdiocese of Atlanta, Inc. (the Archdiocese).

The Organization is an irrevocable charitable trust established in 2016, organized to administer and manage funds belonging to certain parishes, institutions and entities throughout the Archdiocese (collectively, Participants). The Organization holds legal title to its assets exclusively for the benefit of each Participant. Each Participant is the beneficial owner of its portion of the Organization. The Organization allows Participants to obtain competitive terms for depositing and borrowing money.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated 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).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the parent, AoA Deposit and Loan Fund Trust and its wholly-owned subsidiary, AoA Deposit and Loan Fund, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of U.S. GAAP consolidated 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 consolidated 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 the allowance for uncollectible loans.

Cash and Cash Equivalents

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

Loans Receivable

The amounts due from Participants relate primarily to interest-bearing loans made to Participants by the Organization. Interest rates ranged from 0% to 3.0%. Loans receivable have been reduced by an allowance for uncollectible loans and non-interest bearing loans have been discounted to the net present value.

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated 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, 2022 and 2021.

Deposits Payable

The Organization administers a deposit and loan fund for the Participants. Participants may deposit any excess funds with the Organization. The Organization uses the funds on deposit to loan to other Participants. Participants' deposits earned interest at the rate of 0.75%.

Net Assets

The Organization reports information regarding its consolidated 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 the Organization, 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 consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

There were no assets with donor restrictions at June 30, 2022 or 2021. During the year ended June 30, 2022, the board designated net assets for a market reserve in the amount of \$5,736,559.

Interest Income

The Organization recognizes interest income on loans based on the underlying contractual rate with Participants.

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Other expenses that are common to several functions are allocated among the programs and supporting activities based on time spent and estimates of asset usage.

Income Taxes

The Organization 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 consolidated 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. The Organization considers all of its activities to be directly related to its exempt purpose in 2022 and 2021.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, January 30, 2023, 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 consolidated financial statements.

Recently Adopted Accounting Guidance

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 and has been applied retrospectively to the disclosures relating to the year ended June 30, 2021 within these consolidated financial statements. There were no adjustments resulting from the adoption of this accounting policy.

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents and investments. These funds are without contractual or donor restrictions and are available to meet cash needs for general expenditures, however, the Organization typically reserves these funds to meet borrowing and savings needs of the Participants. The following reflects the Organization's financial assets as of the consolidated statement of financial position date.

<i>June 30,</i>	2022	2021
Total assets at year end	\$ 182,990,016	\$ 169,222,886
Less those not available for general expenditures within one year		
Loans receivable-participants, net	(41,983,276)	(45,673,886)
Due from related parties	(974,651)	(155,277)
Financial assets available to meet expenditures within one year	\$ 140,032,089	\$ 123,393,723

The Organization maintains its financial assets to provide liquidity to ensure funds are available as expenditures come due.

Note 4: INVESTMENTS

Investments in marketable securities consist of the following:

<i>June 30,</i>	2022		2021	
	Cost	Market Value	Cost	Market Value
Short-term investments	\$ 2,460,656	\$ 2,460,656	\$ 1,940,880	\$ 1,940,880
Corporate obligations	8,892,792	8,241,320	8,233,085	8,503,662
Equity securities	15,171,701	17,715,075	16,549,873	24,852,101
Equity mutual funds	10,826,358	12,288,811	10,994,810	15,588,899
Debt mutual funds	16,778,578	14,483,062	15,732,074	15,615,286
U.S. government obligations	7,872,538	7,470,695	8,155,430	8,079,509
Pooled investment funds	6,162,192	6,548,362	2,570,971	4,032,869
Total investments in marketable securities	\$ 68,164,815	\$ 69,207,981	\$ 64,177,123	\$ 78,613,206

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 5: LOANS RECEIVABLE

Loans receivable consist of the following:

<i>June 30,</i>	2022	2021
Loans receivable	\$ 42,930,480	\$ 46,446,535
Interest receivable	178,281	254,897
Less:		
Allowance for uncollectible loans	(500,000)	(628,000)
Net present value discount	(625,485)	(399,546)
Loans receivable-participants, net	\$ 41,983,276	\$ 45,673,886

All non-interest bearing loans have been discounted to the net present value using a discount rate of 3%.

Note 6: NET ASSETS

The Board of Directors from time to time designates appropriate sums of net assets without donor restrictions to assure adequate protection from market volatility.

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2022	2021
Undesignated	\$ 100,000	\$ 17,504,067
Board designated		
Market reserves	5,736,559	-
Total net assets without donor restrictions	\$ 5,836,559	\$ 17,504,067

Note 7: 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.

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 7: FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Short-term investments: Valued at the closing price reported on the active market on which the individual securities are traded.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate obligations: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued at the daily closing price reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

U.S. Government obligations: Valued at the closing price reported on the active market on which the individual securities are traded.

Pooled investment funds: Value based on NAV per share or unit as practical expedient as reported by the fund manager, multiplied by the number of shares or units held as of the measurement date. Accordingly, the NAV based investments have been excluded from the fair value hierarchy leveling.

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 the Organization 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.

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 7: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities, measured at fair value on a recurring basis, are summarized below:

June 30, 2022	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 2,460,656	\$ -	\$ 2,460,656
Corporate obligations	-	8,241,320	-	8,241,320
Equity securities	17,715,075	-	-	17,715,075
Equity mutual funds	12,288,811	-	-	12,288,811
Debt mutual funds	14,483,062	-	-	14,483,062
U.S. government obligations	-	7,470,695	-	7,470,695
	44,486,948	18,172,671	-	62,659,619
Investments measured at net asset value				
Pooled investment funds ^(A)				6,548,362
Total investments at fair value	\$ 44,486,948	\$ 18,172,671	\$ -	\$ 69,207,981
June 30, 2021	Level 1	Level 2	Level 3	Total
Short-term investments	\$ -	\$ 1,940,880	\$ -	\$ 1,940,880
Corporate obligations	-	8,503,662	-	8,503,662
Equity securities	24,852,101	-	-	24,852,101
Equity mutual funds	15,588,899	-	-	15,588,899
Debt mutual funds	15,615,286	-	-	15,615,286
U.S. government obligations	-	8,079,509	-	8,079,509
	56,056,286	18,524,051	-	74,580,337
Investments measured at net asset value				
Pooled investment funds ^(A)				4,032,869
Total investments at fair value	\$ 56,056,286	\$ 18,524,051	\$ -	\$ 78,613,206

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

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, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

AoA Deposit and Loan Fund Trust and Subsidiary Notes to Consolidated Financial Statements

Note 8: CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash with a financial institution in excess of the FDIC limit of \$250,000 for each of the years ended June 30, 2022 and 2021.

Note 9: RELATED PARTY TRANSACTIONS

Management Services

During the year ended June 30, 2016, the Organization entered into a Management Agreement (the Agreement) with RCAA Administrative Services, Inc. (Services) whereby the Organization is billed monthly by Services for accounting services, client services, investment management and banking services, internal audit services and record retention services. The agreement covered a one year period ending June 30 with automatic annual renewals on July 1 of each succeeding year unless Services or the Organization wishes to cancel the agreement by giving 30 days notice to the other party.

The total expense related to the management agreement was approximately \$1,570,000 and \$1,100,000 for the years ended June 30, 2022 and 2021, respectively. During the year ended June 30, 2021, the Organization made an additional disbursement to RCAA Administrative Services, Inc. in the amount of \$350,000 to fund other miscellaneous shared accounting service fees incurred during the year.

Distribution to Beneficiaries

During the year ended June 30, 2021, the Organization distributed \$4,000,000 to RCAA Administrative Services, Inc. for purposes of funding an under-funded priest pension plan. The additional funds were made available as a result of the surpluses in the Organization. The distribution was authorized by the trustee and management believes the distribution is in accordance with the trust agreement.

Other

At June 30, 2022 and 2021, Services owed the Organization \$974,651 and \$155,277, respectively, for various funds collected on behalf of the Organization by Services relating to loans receivable and deposits payable.

Note 10: 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 the Organization. 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.