



**Catholic Continuing Care
Retirement Communities, Inc.**

FINANCIAL STATEMENTS

June 30, 2023 and 2022



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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management of
Catholic Continuing Care Retirement Communities, Inc.

Opinion

We have audited the accompanying financial statements of Catholic Continuing Care Retirement Communities, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Continuing Care Retirement Communities, Inc. (CCCRC) as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCCRC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCCRC's ability to continue as a going concern for a reasonable period of time.

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



CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
November 8, 2023



FINANCIAL STATEMENTS



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

<i>June 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 1,995,262	\$ 4,561,156
Funds on deposit with AoA Deposit and Loan Fund Trust	3,833,817	3,769,010
Entrance fee escrow fund	2,830,918	2,225,199
Accounts receivable	266,891	622,857
Employee retention credit receivable	2,165,401	-
Investments in marketable securities	22,480,115	17,395,323
Other assets	73,401	77,226
Interest rate swap asset	864,088	716,327
Property and equipment, net	40,203,387	40,177,388
Total assets	\$ 74,713,280	\$ 69,544,486
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable	\$ 1,136,547	\$ 282,324
Accrued expenses	540,177	818,382
Accrued interest	28,762	17,206
Entrance fee deposits	208,299	155,930
Performance obligation liabilities	7,921,141	7,044,824
Refundable entrance fees	53,895,400	52,446,958
Bonds payable, less unamortized deferred bond costs	14,182,270	15,065,740
Total liabilities	77,912,596	75,831,364
Net assets (deficit)		
Without donor restrictions	(3,199,316)	(6,286,878)
Total liabilities and net assets (deficit)	\$ 74,713,280	\$ 69,544,486

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

Catholic Continuing Care Retirement Communities, Inc.
Statements of Activities

<i>For the years ended June 30,</i>	2023	2022
Revenue, Income, and Other Support		
Resident service revenue	\$ 13,801,471	\$ 13,241,020
Entrance fee amortization	1,136,489	1,224,524
Investment income	669,963	333,772
Other income	18,464	18,191
Total revenue, income, and other support	15,626,387	14,817,507
Expenses		
<i>Program services</i>		
Resident services	8,083,018	7,421,478
Dining	3,024,381	2,734,008
Housekeeping	1,035,026	964,970
Security	466,418	496,801
Plant operations and maintenance	907,991	849,455
Total program services	13,516,834	12,466,712
<i>Supporting services</i>		
Administrative	1,900,873	1,841,657
Marketing	617,062	668,747
Total supporting services	2,517,935	2,510,404
Total expenses	16,034,769	14,977,116
Deficit of revenues over expenses before other changes in net assets	(408,382)	(159,609)
Other Changes in Net Assets		
Employee retention credit	2,165,401	-
Realized and unrealized gain (loss) on investments	1,182,782	(2,468,681)
Gain on interest rate swap	147,761	739,519
Total other changes in net assets	3,495,944	(1,729,162)
Change in net assets	3,087,562	(1,888,771)
Net deficit without donor restrictions at beginning of year	(6,286,878)	(4,398,107)
Net deficit without donor restrictions at end of year	\$ (3,199,316)	\$ (6,286,878)

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

Catholic Continuing Care Retirement Communities, Inc.
Statements of Functional Expenses

For the year ended June 30, 2023

	Program Services						Supporting Services			Total
	Resident Services	Dining	Housekeeping	Security	Plant Operations and Maintenance	Programs Subtotal	Administrative	Marketing		
Salaries and benefits	\$ 3,429,619	\$ 1,658,868	\$ 804,752	\$ 316,862	\$ 381,358	\$ 6,591,459	\$ 351,653	\$ 294,127	\$ 7,237,239	
Advertising and public relations	-	-	-	-	-	-	-	104,504	104,504	
Contract services	220,318	204,777	96,331	120,199	348,343	989,968	1,022,480	114,577	2,127,025	
Depreciation	2,520,131	73,215	6,897	8,555	17,933	2,626,731	13,708	17,881	2,658,320	
Insurance	187,999	3,191	301	373	2,542	194,406	116,797	779	311,982	
Interest	283,770	8,244	777	964	2,019	295,774	1,583	2,013	299,370	
Loss on disposal of property and equipment	204,129	5,930	559	693	1,453	212,764	1,110	1,448	215,322	
Other expenses	94,175	10,423	4,957	802	6,267	116,624	73,185	47,849	237,658	
Professional services	-	-	-	-	-	-	72,132	-	72,132	
Repairs and maintenance	505,994	27,944	2,306	10,121	19,748	566,113	130,654	15,634	712,401	
Supplies	157,373	1,016,994	116,197	6,243	63,990	1,360,797	36,879	12,793	1,410,469	
Utilities	479,510	14,795	1,949	1,606	64,338	562,198	80,692	5,457	648,347	
Total expenses	\$ 8,083,018	\$ 3,024,381	\$ 1,035,026	\$ 466,418	\$ 907,991	\$ 13,516,834	\$ 1,900,873	\$ 617,062	\$ 16,034,769	

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

Catholic Continuing Care Retirement Communities, Inc.
Statements of Functional Expenses (Continued)

For the year ended June 30, 2022

	Program Services						Supporting Services			Total
	Resident Services	Dining	Housekeeping	Security	Plant Operations and Maintenance	Programs Subtotal	Administrative	Marketing		
Salaries and benefits	\$ 3,349,559	\$ 1,526,542	\$ 742,544	\$ 356,055	\$ 317,636	\$ 6,292,336	\$ 357,645	\$ 293,045	\$ 6,943,026	
Advertising and public relations	-	296	-	-	-	296	-	96,293	96,589	
Contract services	103,489	136,207	100,319	110,237	370,882	821,134	908,352	136,075	1,865,561	
Depreciation	2,382,643	69,221	6,521	8,087	16,955	2,483,427	12,960	16,906	2,513,293	
Insurance	173,464	3,152	297	369	2,422	179,704	123,807	770	304,281	
Interest	312,103	8,989	847	1,051	4,607	327,597	1,683	3,448	332,728	
Loss on disposal of property and equipment	49,795	1,447	136	169	354	51,901	271	353	52,525	
Other expenses	84,929	19,427	6,245	1,544	4,539	116,684	144,529	86,055	347,268	
Professional services	-	-	-	-	-	-	81,706	-	81,706	
Repairs and maintenance	339,139	28,021	6,209	11,472	9,178	394,019	101,994	11,704	507,717	
Supplies	158,078	926,406	99,879	6,248	71,411	1,262,022	27,482	18,846	1,308,350	
Utilities	468,279	14,300	1,973	1,569	51,471	537,592	81,228	5,252	624,072	
Total expenses	\$ 7,421,478	\$ 2,734,008	\$ 964,970	\$ 496,801	\$ 849,455	\$ 12,466,712	\$ 1,841,657	\$ 668,747	\$ 14,977,116	

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

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

<i>For the years ended June 30,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 3,087,562	\$ (1,888,771)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of entrance fees	(1,136,489)	(1,224,524)
Depreciation	2,658,320	2,513,293
Deferred bond cost amortization included in interest expense	16,530	17,461
Realized and unrealized (gain) loss on investments	(1,182,782)	2,468,681
Gain on interest rate swap agreement	(147,761)	(739,519)
Loss on disposal of property and equipment	215,322	52,525
Changes in operating assets and liabilities		
Accounts receivable	(28,334)	781,209
Employee retention credit receivable	(2,165,401)	-
Other assets	3,825	1,126
Accounts payable	854,223	146,387
Accrued expenses	(278,205)	29,218
Accrued interest	11,556	2,903
Performance obligation liabilities	39,056	42,927
Net cash provided by (used in) operating activities	1,947,422	2,202,916
Investing Activities		
Deposits into entrance fee escrow fund	(13,399,113)	(8,870,449)
Withdrawals from entrance fee escrow fund	12,793,394	8,286,105
Proceeds from sale of investments	858,372	3,739,523
Purchases of investments	(4,760,382)	(4,046,022)
Purchases of property and equipment	(2,899,641)	(2,809,360)
Net cash provided by (used in) investing activities	(7,407,370)	(3,700,203)
Financing Activities		
Proceeds from resident entrance fees and deposits	10,952,950	8,073,340
Refunds of resident entrance fees and deposits	(7,094,089)	(5,328,407)
Payments on bonds payable	(900,000)	(800,000)
Net cash provided by (used in) financing activities	2,958,861	1,944,933
Net change in cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust	(2,501,087)	447,646

(Continued)

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

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

<i>For the years ended June 30,</i>	2023	2022
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust at beginning of year	8,330,166	7,882,520
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust at end of year	\$ 5,829,079	\$ 8,330,166
Presented on Statement of Financial Position as:		
Cash and cash equivalents	\$ 1,995,262	\$ 4,561,156
Funds on deposit with AoA Deposit and Loan Fund Trust	3,833,817	3,769,010
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust at end of year	\$ 5,829,079	\$ 8,330,166
Schedule of Certain Cash Flow Information		
Interest paid	\$ 271,244	\$ 306,022

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

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

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

Program Services

CCCRC's program services consist of the following:

Resident Services – CCCRC provides housing as well as various activities and events for residents.

Dining – CCCRC provides meals and dining services to its residents.

Housekeeping – CCCRC provides clean and organized premises through housekeeping services.

Security – CCCRC provides security to the common areas which includes maintaining a presence at the entrance to the building as well as other security protocols throughout the facility.

Plant operations and maintenance – CCCRC provides general upkeep of premises and equipment for the benefit of residents.

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 the AoA Deposit and Loan Fund Trust are considered cash and cash equivalents, however, they are presented separately on the statements of financial position.

Catholic Continuing Care Retirement Communities, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Entrance Fee Escrow Funds - Assets Whose Use is Limited

In accordance with Georgia regulations for continuing care retirement communities, all entrance fees received are initially deposited into an entrance fee escrow fund during the first ten days following execution of an agreement. Assets in this fund totaled \$2,830,918 and \$2,225,199, at June 30, 2023 and 2022, respectively, and were invested in a U. S. Government money market fund.

Funds on Deposit with the AoA Deposit and Loan Fund Trust

Certain funds are held in the AoA Deposit and Loan Fund Trust. The Deposit and Loan Fund receives funds from the various schools, parishes and related organizations and in turn loans funds to other schools, parishes and related organizations. CCCRC's funds invested in the AoA Deposit and Loan Fund earn interest at a rate which varied between 0.75% and 2.75% at June 30, 2023 and 2022.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. CCCRC provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of residents to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is CCCRC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. All accounts receivable are considered collectible and no allowance has been recorded at June 30, 2023 and 2022.

Investments

CCCRC reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. 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.

Property and Equipment

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

Deferred Bond Costs

In September 2014, bond issuance costs, totaling \$262,813, were capitalized and are being amortized over the life of the Series 2014 bonds payable using the interest method (Note 8). Unamortized deferred bond costs are netted with the associated bonds and are being amortized to interest expense over the term of the bonds. Amortization of bond issuance costs for the years ended June 30, 2023 and 2022 totaled \$16,530 and \$17,461, respectively, and accumulated amortization totaled \$195,083 and \$178,553, at June 30, 2023 and 2022, respectively.

Catholic Continuing Care Retirement Communities, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Obligation to Provide Future Services

CCCRC expects to provide services and the use of facilities to individuals over their remaining lives under continuing-care contract agreements. CCCRC annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded as an estimated obligation to provide future services with a corresponding charge to income. The obligation is discounted using the current borrowing rate on bonds payable (Note 8). CCCRC does not believe that a provision for future services is necessary at June 30, 2023 and 2022.

Net Assets

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

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of CCCRC, the environment in which it operates, the purposes specified in 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. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

CCCRC does not have any net assets with donor restrictions as of June 30, 2023 and 2022.

Revenue Recognition

Revenue from monthly service fees, auxiliary services, and entrance fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with residents are satisfied.

Functional Allocation of Expenses

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

Catholic Continuing Care Retirement Communities, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

CCCRC uses advertising to promote the facility and its services to the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2023 and 2022, advertising costs totaled approximately \$104,000 and \$97,000, respectively.

Income Taxes

CCCRC is included in the group exemption issued to the United States Conference of Catholic Bishops and thereby has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements. Income from certain activities not directly related to CCCRC's tax-exempt purpose is subject to taxation as unrelated business income. CCCRC considers all of its activities to be directly related to its exempt purpose in 2023 and 2022.

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, November 8, 2023. See Note 8 for relevant disclosure. No further subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

CCCRC maintains its financial assets primarily in cash, cash equivalents, funds on deposit with AoA Deposit and Loan Fund Trust, and investments in marketable securities to provide liquidity to ensure funds are available as CCCRC's expenditures come due. The following reflects CCCRC's 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:

<u>June 30,</u>	<u>2023</u>	<u>2022</u>
Total assets at year end	\$ 74,713,280	\$ 69,544,486
Less non-financial assets		
Other assets	(73,401)	(77,226)
Interest rate swap asset	(864,088)	(716,327)
Property and equipment, net	(40,203,387)	(40,177,388)
Financial assets at year-end	33,572,404	28,573,545
Less those not available for general expenditures within one year		
Employee retention credit receivable	(2,165,401)	-
Financial assets available to be used within one year	<u>\$ 31,407,003</u>	<u>\$ 28,573,545</u>

Catholic Continuing Care Retirement Communities, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

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

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

The Internal Revenue Service has placed a moratorium upon Employee Retention Tax Credit (ERC) claims as of June 30, 2023, therefore, income related to the ERC may not be available for use during the next fiscal year as a result of timing of the receipt of funds (Note 11).

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

Funds on deposit with AoA Deposit and Loan Fund Trust consist of the following:

<i>June 30,</i>	2023	2022
Deposit and loan fund		
Replacement reserves	\$ 3,833,817	\$ 3,769,010
Total	\$ 3,833,817	\$ 3,769,010

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>June 30,</i>	2023	2022
Resident accounts receivable	\$ 134,842	\$ 201,882
Entrance fees receivable	-	384,300
Accounts receivable - other	49,129	5,799
Due from Wesley Woods	82,920	30,876
Total accounts receivable	\$ 266,891	\$ 622,857

Catholic Continuing Care Retirement Communities, Inc.
Notes to Financial Statements

Note 6: INVESTMENTS

Investments in marketable securities consist of the following:

<i>June 30, 2023</i>	Cost	Market Value
Short-term investments	\$ 2,470,235	\$ 2,470,235
U.S. government bonds	999,570	1,001,197
Core equity index fund	5,355,113	9,408,403
Bond funds	10,452,159	9,600,280
Total investments in marketable securities	\$ 19,277,077	\$ 22,480,115

<i>June 30, 2022</i>	Cost	Market Value
Core equity index fund	\$ 6,015,957	\$ 8,629,542
Bond fund	9,359,110	8,765,781
Total investments in marketable securities	\$ 15,375,067	\$ 17,395,323

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2023 and 2022:

	Estimated Useful Lives (in years)	2023	2022
Buildings and improvements	5-50	\$ 55,056,359	\$ 52,832,096
Furniture, fixtures and equipment	5-10	2,878,123	2,869,414
Land improvements	5-20	1,198,706	1,110,349
Vehicles	7	193,998	186,821
Total depreciable property and equipment		59,327,186	56,998,680
Less accumulated depreciation		(23,258,895)	(21,031,777)
Total depreciable property and equipment, net		36,068,291	35,966,903
Land		3,800,000	3,800,000
Construction in progress		335,096	410,485
Total property and equipment, net		\$ 40,203,387	\$ 40,177,388

Depreciation expense for the years ended June 30, 2023 and 2022, was \$2,658,320 and \$2,513,293 respectively.

Catholic Continuing Care Retirement Communities, Inc.
Notes to Financial Statements

Note 8: BONDS PAYABLE

Bonds payable at June 30, 2023 and 2022, consisted of the following:

<i>June 30,</i>	2023	2022
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (St. George Village CCCRC Project) Series 2014 Bonds, dated September 1, 2014 and maturing April 1, 2034.	\$ 14,250,000	\$ 15,150,000
Less unamortized deferred bond costs	(67,730)	(84,260)
Bonds payable, less unamortized deferred bond costs	\$ 14,182,270	\$ 15,065,740

The bonds include interest at 81.4% of the sum of 1-month LIBOR plus 1.85% (5.60% at June 30, 2023). During the year ended June 30, 2020, CCCRC entered into an interest rate swap agreement (Note 9) which effectively fixed interest on the bonds at 1.93%. During the year ended June 30, 2023, the debt agreement was amended to switch from the London Interbank Offered Rate (LIBOR) to the Secured Overnight Finance Rate (SOFR) due to the cessation of the LIBOR rate at June 30, 2023. This change will take effect on July 3, 2023, and the bonds will include interest at a spread of the term adjusted SOFR rate plus 0.11%.

The Authority loaned the proceeds of the 2014 Bonds to CCCRC under a Loan Agreement, and CCCRC is required to make loan payments equal to debt service on the 2014 Bonds. CCCRC has pledged substantially all assets as collateral for its repayment obligations. CCCRC also entered into a Credit Agreement with the holder of the 2014 Bonds, which includes certain financial covenants to be maintained by CCCRC. CCCRC was in compliance with these covenants as of June 30, 2023 and 2022.

For the years ended June 30, 2023 and 2022, interest expense on the bonds payable and interest rate swap agreement, exclusive of debt issuance cost amortization (Note 2), totaled \$282,800 and \$308,925, respectively.

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

<i>For the years ending June 30,</i>	
2024	\$ 900,000
2025	1,000,000
2026	1,000,000
2027	1,200,000
2028	1,300,000
Thereafter	8,850,000
Total	\$ 14,250,000

Catholic Continuing Care Retirement Communities, Inc.
Notes to Financial Statements

Note 9: INTEREST RATE SWAP AGREEMENT

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

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

Market risk is an adverse effect on the value of a final instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing the monitoring parameters that limit the types and degree of market risk that may be undertaken.

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

June 30, 2023

Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Asset in Statement of Financial Position	Gain on Interest Rate Swap Agreements in Statement of Activities
04/01/20	04/01/25	\$ 14,250,000	0.518%	4.19%	\$ 864,088	\$ 147,761

June 30, 2022

Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Asset in Statement of Financial Position	Gain on Interest Rate Swap Agreements in Statement of Activities
04/01/20	04/01/25	\$ 15,150,000	0.518%	0.86%	\$ 716,327	\$ 739,519

Catholic Continuing Care Retirement Communities, Inc. Notes to Financial Statements

Note 10: REVENUE

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

Revenue from Monthly Service Fees

Monthly service fees are composed of contracts with residents for both housing services which are initially subject to ASC Topic 842, *Leases*, as well as continuing care services which fall under the guidance of ASC 606. CCCRC has elected to recognize revenue using the practical expedient that allows for a portfolio approach in applying the guidance of ASC 606 and ASC 842, which requires that the effect of applying the portfolio approach does not differ materially from applying each guidance individually. This approach is applicable to CCCRC's portfolio of contracts as the timing and pattern of transfer of services is the same under either method. As such, the non-lease components of the resident agreements are not reported separately from the associated lease components in the financial statements.

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

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

Revenue from Entrance Fees

All residents are required to sign a residency agreement that defines the terms of their residency at the Community. The residency agreement requires an entrance fee ranging from approximately \$316,000 to \$668,000. Under the terms of the residency agreement, the entrance fee is generally 75% or 85% refundable depending on the level of lifecare. Except under special circumstances stipulated in the agreement, residents receive their refund after vacating their apartment and the community is in receipt of sufficient proceeds to fully refund the obligation from the next remarketing and occupancy of a similar residence. In certain situations (sale of residence, etc.), management will allow a resident to move in before the balance of the entrance fee is paid and will begin charging market rate interest if the balance is not paid within one year.

The non-refundable portion of entrance fees are recorded as deferred revenue and amortized into revenue using the straight-line method over the estimated remaining life expectancy of the resident, as determined by actuarial life expectancy tables. The remaining life expectancy is re-evaluated annually and amortization periods adjusted accordingly.

Financing Component

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

Catholic Continuing Care Retirement Communities, Inc.
Notes to Financial Statements

Note 10: REVENUE (Continued)

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2023	2022
Resident service revenue	\$ 13,646,047	\$ 13,098,812
Auxiliary services	155,424	142,208
Total resident and auxiliary service revenue	13,801,471	13,241,020
Entrance fee amortization	1,136,489	1,224,524
Other income	18,464	18,191
Total revenue from resident and auxiliary services and fees	14,956,424	14,483,735
Investment income	669,963	333,772
Total revenue, income and other support	\$ 15,626,387	\$ 14,817,507

Revenue recognized over time totaled approximately \$14,851,000 and \$14,397,000 for the years ended June 30, 2023 and 2022, respectively. Revenue recognized at a point in time totaled approximately \$115,000 and \$87,000 for the years ended June 30, 2023 and 2022, respectively.

Contract Balances

<i>June 30,</i>	2023	2022
Contract assets		
Receivable from contracts, beginning of year	\$ 586,182	\$ 1,471,664
Receivable from contracts, end of year	\$ 134,842	\$ 586,182
Contract liabilities		
Performance obligation liabilities, beginning of year	\$ 7,044,824	\$ 6,871,080
Performance obligation liabilities, end of year	\$ 7,921,141	\$ 7,044,824

Note 11: EMPLOYEE RETENTION CREDIT

In March 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Securities (CARES) Act in response to the economic fallout of the COVID-19 pandemic. The Employee Retention Credit (ERC) under the CARES Act encouraged businesses to keep employees on their payroll through a refundable payroll tax credit.

Catholic Continuing Care Retirement Communities, Inc. Notes to Financial Statements

Note 11: EMPLOYEE RETENTION CREDIT (Continued)

The ERC is 50% of qualified wages (up to a maximum of \$10,000 of wages per employee) an eligible employer pays to employees after March 12, 2020, and before October 1, 2021. During the year ended June 30, 2023, CCCRC filed for the ERC in the amount of \$2,165,401. As of June 30, 2023, the ERC is recognized as a receivable on the statements of financial position. For the year ended June 30, 2023, the ERC is recognized in other changes in net assets in the statements of activities.

Note 12: FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Entrance fee escrow fund: fair value based on the underlying mutual fund or other investment at quoted market prices.

Short term investments: valued at the closing price reported in the active market where the security is traded.

Index and bond funds: valued at the closing price reported on the active market on which the individual securities are traded.

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

Catholic Continuing Care Retirement Communities, Inc.
Notes to Financial Statements

Note 12: FAIR VALUE MEASUREMENTS (Continued)

U.S. government bonds: valued at the closing price reported on the active market on which the individual securities are traded.

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

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended June 30, 2023 and 2022:

	Based on:			Total
	Level 1 inputs	Level 2 inputs	Level 3 inputs	
<i>June 30, 2023</i>				
Entrance fee escrow fund	\$ 2,830,918	\$ -	\$ -	\$ 2,830,918
Short-term investments	2,470,235	-	-	2,470,235
U.S. government bonds	1,001,197	-	-	1,001,197
Core equity index fund	9,408,403	-	-	9,408,403
Bond funds	9,600,280	-	-	9,600,280
Total	\$ 25,311,033	\$ -	\$ -	\$ 25,311,033
Interest rate swap asset	\$ -	\$ 864,088	\$ -	\$ 864,088

	Based on:			Total
	Level 1 inputs	Level 2 inputs	Level 3 inputs	
<i>June 30, 2022</i>				
Entrance fee escrow fund	\$ 2,225,199	\$ -	\$ -	\$ 2,225,199
Core equity index fund	-	8,629,542	-	8,629,542
Bond funds	-	8,765,781	-	8,765,781
Total	\$ 2,225,199	\$ 17,395,323	\$ -	\$ 19,620,522
Interest rate swap asset	\$ -	\$ 716,327	\$ -	\$ 716,327

Changes in Fair Value Levels

The change in value of the interest rate swap liability in 2023 and 2022, is attributable to the revaluation of the interest rate swap agreement based on the current market conditions and is included in the change in net assets for the years ended June 30, 2023 and 2022.

Catholic Continuing Care Retirement Communities, Inc. Notes to Financial Statements

Note 12: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels (continued)

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

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. There was a transfer of core equity and bond funds from Level 2 to Level 1 during the year ended June 30, 2023, due to these funds becoming actively traded in open markets. For the year ended June 30, 2022, there were no transfers in or out of Levels 1, 2 or 3.

Note 13: CONCENTRATIONS

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

CCCRC maintains cash deposits with financial institutions and the AoA Deposit and Loan Fund Trust. CCCRC maintains cash deposits with financial institutions at June 30, 2023 and June 30, 2022 in excess of federally insured limits by approximately \$3,448,000 and \$4,920,000, respectively. Funds on deposit with the AoA Deposit and Loan Fund Trust are not FDIC insured.

For the year ended June 30, 2023, purchases from a vendor represented approximately 17% of total purchases. At June 30, 2023, CCCRC had accounts payable of approximately \$38,000 due to this vendor.

Note 14: COMMITMENTS

Management Services Agreement

CCCRC entered into a management services agreement with Wesley Woods Management Corporation, Inc., which is responsible for providing day-to-day management of the Community.

Effective May 25, 2021, the management services agreement was amended and restated. The initial term began on December 21, 2021, and remains in effect through June 30, 2026 with two automatic renewals of five years each. The management fee will equal 4% of the total program service fee, as defined by the management services agreement, during the initial term with increases to 4.5% during the first extension and 5% during the second extension, and will include certain expense reimbursements.

At June 30, 2023, CCCRC owed Wesley Woods Management Corporation, Inc. a total of approximately \$367,000 which is included in accounts payable on the statements of financial position.

Catholic Continuing Care Retirement Communities, Inc. Notes to Financial Statements

Note 15: RISKS AND UNCERTAINTIES

Risk Management and Health Care Related Loss Contingencies

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

General Contingencies

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

Note 16: RELATED PARTY TRANSACTIONS

Funds on Deposit with AoA Deposit and Loan Fund Trust

Funds are invested with the AoA Deposit and Loan Fund Trust (Notes 2 and 4).

Entrance Fees and Monthly Rent

Prior to the Community opening, the unincorporated Roman Catholic Archdiocese of Atlanta used funds from the Church of Tomorrow Campaign to purchase ten apartments at the Community to be used exclusively by retired priests. The total entrance fees paid for the ten apartments were \$1,750,000. Due to the variability of the occupancy dates and life expectancy of the retired priests, these entrance fees are being amortized into revenue using the straight-line method over the estimated remaining useful life of the Community. The Roman Catholic Archdiocese of Atlanta, Inc. paid approximately \$57,000 and \$104,000 to CCCRC for monthly rent and other services during the years ended June 30, 2023 and 2022, respectively.

General, Automobile and Umbrella Insurance

CCCRC maintains general, automobile and umbrella insurance through Services (Note 15). Expenses related to total insurance premiums during the years ended June 30, 2023 and 2022, were approximately \$319,000 and \$304,000, respectively. There were no amounts owed to Services at June 30, 2023 and 2022.