Catholic Continuing Care Retirement Communities, Inc.

FINANCIAL STATEMENTS

June 30, 2024 and 2023

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REPORT

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INDEPENDENT AUDITOR'S 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, 2024 and 2023 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, 2024 and 2023 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 Auditor's 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.

Auditor's 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 auditor's 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
October 25, 2024

FINANCIAL STATEMENTS

June 30,		**2024**		2023
Assets				
Cash and cash equivalents	**$**	**5,107,507**	$	1,995,262
Funds on deposit with AoA Deposit and Loan Fund Trust		**3,949,147**		3,833,817
Entrance fee escrow fund		**3,068,831**		2,830,918
Accounts receivable, net of allowances of $0		**1,279,913**		266,891
Employee retention credit receivable		**2,165,401**		2,165,401
Investments in marketable securities		**21,727,324**		22,480,115
Other assets		**76,781**		73,401
Interest rate swap asset		**407,033**		864,088
Property and equipment, net		**40,093,989**		40,203,387
Total assets	**$**	**77,875,926**	$	74,713,280
Liabilities and Net Assets (Deficit)				
Liabilities				
Accounts payable and accrued expenses	**$**	**1,543,620**	$	1,705,486
Entrance fee deposits		**150,000**		208,299
Performance obligation liabilities		**8,841,402**		7,921,141
Refundable entrance fees		**55,983,740**		53,895,400
Bonds payable, less unamortized deferred bond costs		**13,297,784**		14,182,270
Total liabilities		**79,816,546**		77,912,596
Net assets (deficit)				
Without donor restrictions		**(1,940,620)**		(3,199,316)
Total liabilities and net assets (deficit)	**$**	**77,875,926**	$	74,713,280

Catholic Continuing Care Retirement Communities, Inc.
Statements of Activities

For the years ended June 30,	**2024**	2023
Revenue, Income, and Other Support		
Resident service revenue	**$ 15,114,287**	$ 13,801,471
Entrance fee amortization	**1,175,351**	1,136,489
Investment income	**850,283**	669,963
Other income	**14,984**	18,464
Total revenue, income, and other support	**17,154,905**	15,626,387
Expenses		
Program services		
Resident services	**8,899,523**	8,083,018
Dining	**3,290,273**	3,024,381
Housekeeping	**1,082,232**	1,035,026
Security	**451,120**	466,418
Plant operations and maintenance	**1,080,930**	907,991
Total program services	**14,804,078**	13,516,834
Supporting services		
Administrative	**1,821,874**	1,900,873
Marketing	**528,350**	617,062
Total supporting services	**2,350,224**	2,517,935
Total expenses	**17,154,302**	16,034,769
Surplus (deficit) of revenues over expenses before other changes in net assets	**603**	(408,382)
Other Changes in Net Assets		
Employee retention credit	**-**	2,165,401
Realized and unrealized gain on investments	**1,715,148**	1,182,782
Gain (loss) on interest rate swap	**(457,055)**	147,761
Total other changes in net assets	**1,258,093**	3,495,944
Change in net assets	**1,258,696**	3,087,562
Net deficit without donor restrictions at beginning of year	**(3,199,316)**	(6,286,878)
Net deficit without donor restrictions at end of year	**$ (1,940,620)**	$ (3,199,316)

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

For the year ended June 30, 2024

	Program Services						Supporting Services		
	Resident Services	Dining	Housekeeping	Security	Plant Operations and Maintenance	Programs Subtotal	Administrative	Marketing	Total
Salaries and benefits	$ 3,822,840	$ 1,892,855	$ 912,384	$ 310,634	$ 477,352	$ 7,416,065	$ 280,118	$ 280,400	**$ 7,976,583**
Advertising and public relations	-	-	-	-	-	-	-	62,288	**62,288**
Contract services	349,992	217,832	25,112	113,128	354,392	1,060,456	1,058,291	77,159	**2,195,906**
Depreciation	2,719,993	79,022	7,444	9,232	19,355	2,835,046	14,795	19,300	**2,869,141**
Insurance	162,408	3,240	305	378	2,654	168,985	146,586	791	**316,362**
Interest	275,405	8,001	754	935	1,960	287,055	1,498	1,954	**290,507**
Loss on disposal of property and equipment	117,233	3,406	321	397	834	122,191	638	832	**123,661**
Other expenses	78,209	5,085	1,514	537	3,860	89,205	62,285	58,467	**209,957**
Professional services	-	-	-	-	-	-	75,060	-	**75,060**
Repairs and maintenance	583,697	25,161	3,764	10,457	19,743	642,822	118,527	9,445	**770,794**
Supplies	130,735	1,035,919	128,071	3,210	110,293	1,408,228	25,559	10,711	**1,444,498**
Utilities	659,011	19,752	2,563	2,212	90,487	774,025	38,517	7,003	**819,545**
Total expenses	$ 8,899,523	$ 3,290,273	$ 1,082,232	$ 451,120	$ 1,080,930	$ 14,804,078	$ 1,821,874	$ 528,350	**$ 17,154,302**

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

For the year ended June 30, 2023

	Program Services						Supporting Services		
	Resident Services	Dining	Housekeeping	Security	Plant Operations and Maintenance	Programs Subtotal	Administrative	Marketing	Total
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

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

For the years ended June 30,	**2024**	2023
Operating Activities		
Change in net assets	**$ 1,258,696**	$ 3,087,562
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of entrance fees	**(1,175,351)**	(1,136,489)
Depreciation	**2,869,141**	2,658,320
Deferred bond cost amortization included in interest expense	**15,514**	16,530
Realized and unrealized gain on investments	**(1,715,148)**	(1,182,782)
(Gain) loss on interest rate swap agreement	**457,055**	(147,761)
Loss on disposal of property and equipment	**123,661**	215,322
Changes in operating assets and liabilities		
Accounts receivable	**(95,608)**	(28,334)
Employee retention credit receivable	**-**	(2,165,401)
Other assets	**(3,380)**	3,825
Accounts payable and accrued expenses	**(161,866)**	587,574
Performance obligation liabilities	**12,199**	39,056
Net cash provided by (used in) operating activities	**1,584,913**	1,947,422
Investing Activities		
Deposits into entrance fee escrow fund	**(7,201,044)**	(13,399,113)
Withdrawals from entrance fee escrow fund	**6,963,131**	12,793,394
Proceeds from sale of investments	**20,308,188**	858,372
Purchases of investments	**(17,840,249)**	(4,760,382)
Purchases of property and equipment	**(2,883,404)**	(2,899,641)
Net cash provided by (used in) investing activities	**(653,378)**	(7,407,370)
Financing Activities		
Proceeds from resident entrance fees and deposits	**6,804,872**	10,952,950
Refunds of resident entrance fees and deposits	**(3,608,832)**	(7,094,089)
Payments on bonds payable	**(900,000)**	(900,000)
Net cash provided by (used in) financing activities	**2,296,040**	2,958,861
Net change in cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust	**3,227,575**	(2,501,087)

(Continued)

For the years ended June 30,		**2024**		2023
Net change in cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust *(from previous page)*		**3,227,575**		(2,501,087)
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust, at beginning of year		**5,829,079**		8,330,166
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust, at end of year	**$**	**9,056,654**	$	5,829,079
Presented on Statement of Financial Position as:				
Cash and cash equivalents	**$**	**5,107,507**	$	1,995,262
Funds on deposit with AoA Deposit and Loan Fund Trust		**3,949,147**		3,833,817
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust, at end of year	**$**	**9,056,654**	$	5,829,079
Schedule of Certain Cash Flow Information				
Interest paid	**$**	**239,084**	$	271,244

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 (11 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 the Board of Directors.

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.

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 the allowance for credit losses, entrance fee amortization, the future service obligation and the interest rate swap.

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.

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 $3,068,831 and $2,830,918, at June 30, 2024 and 2023, 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 2.75% and 3% during the years ended June 30, 2024 and 2023.

Accounts Receivable

Accounts receivable represent amounts owed to CCCRC which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. There was no allowance for credit losses as of June 30, 2024 and 2023.

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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023 totaled $15,514 and $16,530, respectively, and accumulated amortization totaled $210,597 and $195,083, at June 30, 2024 and 2023, respectively.

Estimated Obligation to Provide Future Services

CCCRC expects to provide services and the use of facilities to individuals over their remaining lives under continuing-care contract agreements. CCCRC annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded as an estimated obligation to provide future services with a corresponding charge to income. The obligation is discounted using the current borrowing rate on bonds payable (Note 8). CCCRC does not believe that a provision for future services is necessary at June 30, 2024 and 2023.

Net Assets

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

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

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

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

CCCRC does not have any net assets with donor restrictions as of June 30, 2024 and 2023.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2024 and 2023, advertising costs totaled approximately $62,000 and $105,000, 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 2024 and 2023.

CCCRC utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2024 and 2023, CCCRC has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

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, October 25, 2024, and determined there were no events that occurred that required disclosure. No further subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurements of Credit Losses on Financial Instruments*, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss of estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets and credit deterioration.

CCCRC adopted ASU 2016-13 on July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

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:

June 30,	**2024**	2023
Total assets at year end	**$ 77,875,926**	$ 74,713,280
Less non-financial assets		
Other assets	**(76,781)**	(73,401)
Interest rate swap asset	**(407,033)**	(864,088)
Property and equipment, net	**(40,093,989)**	(40,203,387)
Financial assets at year-end	**37,298,123**	33,572,404
Less those not available for general expenditures within one year		
Employee retention credit receivable	**(2,165,401)**	(2,165,401)
Financial assets available to meet cash needs for general expenditures within one year	**$ 35,132,722**	$ 31,407,003

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

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

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

The Internal Revenue Service placed a moratorium on Employee Retention Tax Credits (ERC) beginning September 14, 2023, until it began reprocessing claims again in August 2024. Due to slow processing times related to this credit, funds 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). As a result, the ERC receivable has not been included in financial assets available to meet cash needs for general expenditures within one year.

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:

June 30,	**2024**	2023
Deposit and loan fund		
Replacement reserves	**$ 3,949,147**	$ 3,833,817
Total	**$ 3,949,147**	$ 3,833,817

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

June 30,	**2024**	2023
Resident service accounts receivable	**$ 230,788**	$ 134,842
Entrance fees receivable	**586,414**	-
Other accounts receivable	**46,283**	49,129
Due from AoA Canon 281.2 Trust (Note 16)	**331,000**	-
Due from related parties	**85,428**	-
Due from Wesley Woods	**-**	82,920
Total accounts receivable	**$ 1,279,913**	$ 266,891

Note 6: INVESTMENTS

Investments in marketable securities consist of the following at June 30, 2024:

June 30, 2024	Cost	Fair Value
Short-term investments	$ 1,107	$ 1,107
U.S. government bonds	7,146,523	7,260,619
Core equity index fund	3,473,187	9,427,117
Bond funds	6,166,918	5,038,481
Total investments in marketable securities	**$ 16,787,735**	**$ 21,727,324**

Note 6: INVESTMENTS (Continued)

Investments in marketable securities consist of the following at June 30, 2023:

June 30, 2023	Cost	Fair 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

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2024 and 2023:

	Estimated Useful Lives (in years)	**2024**	2023
Buildings and improvements	5-50	**$ 56,559,100**	$ 55,056,359
Furniture, fixtures and equipment	5-10	**3,410,282**	2,878,123
Land improvements	5-20	**1,240,545**	1,198,706
Vehicles	7	**138,683**	193,998
Total depreciable property and equipment		**61,348,610**	59,327,186
Less accumulated depreciation		**(25,211,925)**	(23,258,895)
Total depreciable property and equipment, net		**36,136,685**	36,068,291
Land		**3,800,000**	3,800,000
Construction in progress		**157,304**	335,096
Total property and equipment, net		**$ 40,093,989**	$ 40,203,387

Depreciation expense for the years ended June 30, 2024 and 2023 was $2,869,141 and $2,658,320 respectively.

Note 8: BONDS PAYABLE

Bonds payable consists of the following:

June 30,	**2024**	2023
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.	**$ 13,350,000**	$ 14,250,000
Less unamortized deferred bond costs	**(52,216)**	(67,730)
Bonds payable, less unamortized deferred bond costs	**$ 13,297,784**	$ 14,182,270

The bonds include interest at 81.4% of the sum of 1-month LIBOR plus 1.85%. 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 discontinuation of the LIBOR rate at June 30, 2023. This change took effect on July 3, 2023, and the bonds include interest at a spread of the compound daily 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, 2024 and 2023.

For the years ended June 30, 2024 and 2023, interest expense on the bonds payable and interest rate swap agreement, exclusive of debt issuance cost amortization (Note 2), totaled $274,993 and $282,800, respectively.

Maturities of the bonds payable subsequent to June 30, 2024, consists of the following:

For the years ending June 30,	
2025	$ 1,000,000
2026	1,000,000
2027	1,200,000
2028	1,300,000
2029	1,300,000
Thereafter	7,550,000
Total	$ 13,350,000

Note 9: INTEREST RATE SWAP AGREEMENT

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

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

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

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

June 30, 2024

Effective Date	Expiration Date	Notional Amount	Fixed Interest Rate	Variable Interest Rate	Fair Value of Asset in Statement of Financial Position	Loss on Interest Rate Swap Agreements in Statement of Activities
04/01/20	**04/01/25**	**$ 13,350,000**	**0.518%**	**4.41%**	**$ 407,033**	**$ (457,055)**

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

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 \$265,000 to \$742,000. 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.

Note 10: REVENUE (Continued)

Disaggregated Revenue

A summary of disaggregated revenue information follows:

For the years ended June 30,	**2024**	2023
Resident service revenue	**$ 14,919,523**	$ 13,646,047
Auxiliary services	**194,764**	155,424
Total resident and auxiliary service revenue	**15,114,287**	13,801,471
Entrance fee amortization	**1,175,351**	1,136,489
Other income	**14,984**	18,464
Total revenue from resident and auxiliary services and fees	**16,304,622**	14,956,424
Investment income	**850,283**	669,963
Total revenue, income and other support	**$ 17,154,905**	$ 15,626,387

Revenue recognized over time totaled approximately $16,162,000 and $14,851,000 for the years ended June 30, 2024 and 2023, respectively. Revenue recognized at a point in time totaled approximately $142,000 and $115,000 for the years ended June 30, 2024 and 2023, respectively.

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

June 30,	**2024**	2023
Contract assets		
Receivable from contracts, beginning of year	**$ 134,842**	$ 586,182
Receivable from contracts, end of year	**$ 1,148,202**	$ 134,842
Contract liabilities		
Performance obligation liabilities, beginning of year	**$ 7,921,141**	$ 7,044,824
Performance obligation liabilities, end of year	**$ 8,841,402**	$ 7,921,141

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.

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. The ERC is recognized as a receivable on the statements of financial position for the years ended June 30, 2024 and 2023, respectively.

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, 2024 and 2023.

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

Short term investments: fair value based on the underlying mutual fund or other investment at quoted market prices.

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.

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 measured at fair value on a recurring basis consists of the following:

	Based on:			
June 30, 2024	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Entrance fee escrow fund	$ 3,068,831	$ -	$ -	**$ 3,068,831**
Short-term investments	1,107	-	-	**1,107**
U.S. government bonds	7,260,619	-	-	**7,260,619**
Core equity index fund	9,427,117	-	-	**9,427,117**
Bond funds	5,038,481	-	-	**5,038,481**
Total	$ 24,796,155	$ -	$ -	**$ 24,796,155**
Interest rate swap asset	$ -	$ 407,033	$ -	**$ 407,033**

	Based on:			
June 30, 2023	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
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

Changes in Fair Value Levels

The change in value of the interest rate swap liability in 2024 and 2023 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, 2024 and 2023.

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. For the year ended June 30, 2024, there were no transfers in or out of Levels 1, 2 or 3. 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.

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, 2024 and June 30, 2023 in excess of federally insured limits by approximately $6,160,000 and $3,448,000, respectively. Funds on deposit with the AoA Deposit and Loan Fund Trust are not FDIC insured.

For the year ended June 30, 2024, purchases from two vendors represented approximately 27% of total purchases. At June 30, 2024, CCCRC had accounts payable of approximately $72,000 due to these vendors.

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.

Note 14: COMMITMENTS (Continued)

Management Services Agreement (continued)

At June 30, 2024 and 2023, CCCRC owed Wesley Woods Management Corporation, Inc. totals of approximately $157,000 and $367,000 which are included in accounts payable and accrued expenses on the statements of financial position.

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) (Note 16).

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 place deposits for ten apartments at the Community to be reserved and used exclusively by retired priests. The total entrance fees paid for the ten apartments was $1,750,000. On June 30, 2018, AoA Canon 281.2 Trust (the Trust) was established and the residency reservation agreement for the ten units was transferred from the unincorporated Roman Catholic Archdiocese of Atlanta to the Trust.

On June 24, 2024, the Trust entered into an agreement with CCCRC to reserve residency on an eleventh unit in the amount of $331,000. The full amount was outstanding at June 30, 2024, and is included in accounts receivable, net on the statements of financial position as well as performance obligation liabilities.

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.

Prior to the 2024 agreement with the Trust, if any of the ten apartments were vacant, the Archdiocese made payments to CCCRC through the Roman Catholic Archdiocese of Atlanta, Inc. (Chancery), so that CCCRC would receive monthly fees for at least nine of the units. Chancery paid approximately $41,000 and $38,000 for monthly rent related to two unoccupied units during the years ended June 30, 2024 and 2023, respectively.

Note 16: RELATED PARTY TRANSACTIONS (Continued)

Entrance Fees and Monthly Rent (continued)

Under the 2024 agreement with the Trust, the terms for guaranteed occupancy were modified so that if any of the eleven apartments are vacant, Chancery will pay CCCRC so that CCCRC will receive monthly fees for at least six of the units.

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, 2024 and 2023 were approximately $262,000 and $319,000, respectively. There were no amounts owed to Services at June 30, 2024 and 2023.