

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

FINANCIAL STATEMENTS

June 30, 2025 and 2024



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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, 2025 and 2024, 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. (CCCCRC) as of June 30, 2025 and 2024, 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 CCCCCRC 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 CCCCCRC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

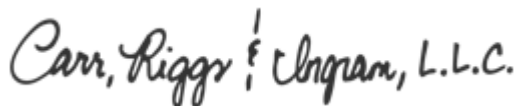
Auditor's Responsibilities for the Audit of the Financial Statements

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.

Atlanta, Georgia
November 6, 2025



FINANCIAL STATEMENTS



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

<i>June 30,</i>	2025	2024
Assets		
Cash and cash equivalents	\$ 3,639,776	\$ 5,107,507
Funds on deposit with AoA Deposit and Loan Fund Trust	2,962,105	3,949,147
Entrance fee escrow fund	3,634,477	3,068,831
Accounts receivable, net of allowances of \$0	422,985	1,279,913
Employee retention credit receivable	2,165,401	2,165,401
Investments in marketable securities	11,606,457	21,727,324
Beneficial interest in assets held by foundation	128,939	-
Other assets	78,308	76,781
Interest rate swap asset	-	407,033
Property and equipment, net	40,723,482	40,093,989
Total assets	\$ 65,361,930	\$ 77,875,926
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable and accrued expenses	\$ 1,569,939	\$ 1,543,620
Entrance fee deposits	260,394	150,000
Performance obligation liabilities	8,869,679	8,841,402
Refundable entrance fees	56,438,950	55,983,740
Bonds payable, less unamortized deferred bond costs	-	13,297,784
Total liabilities	67,138,962	79,816,546
Net assets (deficit)		
Without donor restrictions		
Undesignated	(1,905,971)	(1,940,620)
Board designated	128,939	-
Total net assets (deficit)	(1,777,032)	(1,940,620)
Total liabilities and net assets (deficit)	\$ 65,361,930	\$ 77,875,926

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>	2025	2024
Revenue, Income, and Other Support		
Resident service revenue	\$ 15,494,319	\$ 15,114,287
Entrance fee amortization	1,122,764	1,175,351
Investment income, net	1,032,977	850,283
Other income	90,011	14,984
Total revenue, income, and other support	17,740,071	17,154,905
Expenses		
<i>Program services</i>		
Resident services	8,765,820	8,899,523
Dining	3,543,698	3,290,273
Housekeeping	1,163,428	1,082,232
Security	482,984	451,120
Plant operations and maintenance	1,138,722	1,080,930
Total program services	15,094,652	14,804,078
<i>Supporting services</i>		
Administrative	2,055,195	1,821,874
Marketing	544,045	528,350
Total supporting services	2,599,240	2,350,224
Total expenses	17,693,892	17,154,302
Surplus of revenues over expenses before other changes in net assets	46,179	603
Other Changes in Net Assets		
Loss on extinguishment of debt	(41,152)	-
Realized and unrealized gain on investments	561,655	1,715,148
Loss on interest rate swap	(407,033)	(457,055)
Change in value of beneficial interest	3,939	-
Total other changes in net assets	117,409	1,258,093
Change in net assets	163,588	1,258,696
Net deficit without donor restrictions at beginning of year	(1,940,620)	(3,199,316)
Net deficit without donor restrictions at end of year	\$ (1,777,032)	\$ (1,940,620)

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, 2025

	Program Services						Supporting Services		
	Resident Services	Dining	Housekeeping	Security	Plant Operations and Maintenance	Programs Subtotal	Administrative	Marketing	Total
Salaries and benefits	\$ 3,642,147	\$ 1,922,961	\$ 993,359	\$ 345,692	\$ 518,569	\$ 7,422,728	\$ 313,103	\$ 300,608	\$ 8,036,439
Advertising and public relations	-	-	-	-	-	-	-	126,801	126,801
Contract services	468,398	361,269	4,663	106,714	370,385	1,311,429	1,142,689	35,912	2,490,030
Depreciation	2,840,499	82,523	7,774	9,641	20,213	2,960,650	15,450	20,155	2,996,255
Insurance	162,526	3,363	317	393	419	167,018	162,804	821	330,643
Interest	198,660	5,838	908	671	2,179	208,256	1,391	1,404	211,051
Loss on disposal of property and equipment	26,231	762	72	88	187	27,340	143	186	27,669
Other expenses	78,255	6,488	774	909	7,044	93,470	137,021	42,621	273,112
Professional services	-	-	-	-	-	-	66,457	-	66,457
Repairs and maintenance	660,596	31,511	7,888	13,180	47,524	760,699	174,728	3,410	938,837
Supplies	169,702	1,112,999	145,268	3,959	151,699	1,583,627	22,643	7,606	1,613,876
Utilities	518,806	15,984	2,405	1,737	20,503	559,435	18,766	4,521	582,722
Total expenses	\$ 8,765,820	\$ 3,543,698	\$ 1,163,428	\$ 482,984	\$ 1,138,722	\$ 15,094,652	\$ 2,055,195	\$ 544,045	\$ 17,693,892

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, 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.

Catholic Continuing Care Retirement Communities, Inc.

Statements of Cash Flows

<i>For the years ended June 30,</i>	2025	2024
Operating Activities		
Change in net assets	\$ 163,588	\$ 1,258,696
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of entrance fees	(1,122,764)	(1,175,351)
Depreciation	2,996,255	2,869,141
Deferred bond cost amortization included in interest expense	11,064	15,514
Realized and unrealized gain on investments	(561,655)	(1,715,148)
Loss on interest rate swap agreement	407,033	457,055
Loss on extinguishment of debt	41,152	-
Loss on disposal of property and equipment	27,669	123,661
Change in value of beneficial interest	(3,939)	-
Changes in operating assets and liabilities		
Accounts receivable	351,658	(95,608)
Other assets	(1,527)	(3,380)
Accounts payable and accrued expenses	26,319	(161,866)
Performance obligation liabilities	(15,413)	12,199
Net cash provided by (used in) operating activities	2,319,440	1,584,913
Investing Activities		
Deposits into entrance fee escrow fund	(7,608,034)	(7,201,044)
Withdrawals from entrance fee escrow fund	7,042,388	6,963,131
Proceeds from sale of investments	12,660,413	20,308,188
Purchases of investments	(1,977,891)	(17,840,249)
Transfer of funds to foundation	(125,000)	-
Purchases of property and equipment	(3,653,417)	(2,883,404)
Net cash provided by (used in) investing activities	6,338,459	(653,378)
Financing Activities		
Proceeds from resident entrance fees and deposits	6,989,044	6,804,872
Refunds of resident entrance fees and deposits	(4,751,716)	(3,608,832)
Payments on bonds payable	(13,350,000)	(900,000)
Net cash provided by (used in) financing activities	(11,112,672)	2,296,040
Net change in cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust	(2,454,773)	3,227,575

(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>	2025	2024
Net change in cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust <i>(from previous page)</i>	(2,454,773)	3,227,575
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust, at beginning of year	9,056,654	5,829,079
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust, at end of year	\$ 6,601,881	\$ 9,056,654

Presented on Statement of Financial Position as:

Cash and cash equivalents	\$ 3,639,776	\$ 5,107,507
Funds on deposit with AoA Deposit and Loan Fund Trust	2,962,105	3,949,147
Cash, cash equivalents and funds on deposit with AoA Deposit and Loan Fund Trust, at end of year	\$ 6,601,881	\$ 9,056,654

Schedule of Certain Cash Flow Information

Interest paid	\$ 262,334	\$ 239,084
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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 (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.

As of June 30, 2025, the following individuals serve as the Board of Directors and Officers of Catholic Continuing Care Retirement Communities, Inc.:

Board of Directors:

- Most Reverend Gregory J. Hartmayer, OFM Conv. – Chair
- Rev. Bernard E. Shlesinger, III – Director
- Monsignor Edward J. Dillon – Director
- Michael Dukes – Director
- Thomas Cunnane – Director
- Sharon Kilmartin - Director

Corporate Officers:

- Lauri Ann Brooks – President
- Bradley J. Wilson – CEO/Treasurer
- Marquita Richburg – VP Human Resources
- Deacon Dennis Dorner – Secretary
- Ian Trutt – Assistant Secretary

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).

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 allocation of functional expenses.

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.

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 \$3,634,477 and \$3,068,831, at June 30, 2025 and 2024, 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 earned interest at a rate of 3% during the years ended June 30, 2025 and 2024.

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, 2025 and 2024.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Beneficial Interest in Assets Held by the Foundation

CCCRC is the beneficiary of certain endowment funds held and administered by the Catholic Foundation of North Georgia (the Foundation), the purpose of which is to support the future needs of CCCRC. The Foundation has ownership and control of the endowment funds. Pursuant to financial accounting standards, the value of CCCRC's interest is valued at the net present value of CCCRC's expected future cash flows from the funds and has been recorded as board designated net assets and related beneficial interest in assets held by the Foundation in the financial statements (Note 12).

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 were being amortized over the life of the Series 2014 bonds payable using the interest method (Note 8). Unamortized deferred bond costs were netted with the associated bonds and were being amortized to interest expense over the term of the bonds.

In April 2025, CCCRC paid off the series 2014 bonds payable and recognized a loss on extinguishment of debt of \$41,152. Before the payoff of these bonds, amortization of bond issuance costs for the years ended June 30, 2025 and 2024 totaled \$11,064 and \$15,514, respectively, and accumulated amortization totaled \$210,597 at June 30, 2024.

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. CCCRC used the borrowing rate on bonds payable (Note 8) to calculate the estimated obligation at June 30, 2024. CCCRC used the incremental borrowing rate offered by the Deposit and Loan Fund at June 30, 2025. CCCRC does not believe that a provision for future services is necessary at June 30, 2025 and 2024.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The governing board has designated, from net assets without donor restrictions, net assets for an endowment to be used to support the general mission of CCCRC (Note 12).

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, 2025 and 2024.

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, 2025 and 2024, advertising costs totaled approximately \$127,000 and \$62,000, respectively.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2025 and 2024.

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, 2025 and 2024, CCCRC has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 6, 2025, 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.

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.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments in the ASU provide all entities with a practical expedient and an accounting policy election when estimating expected credit losses for current accounts receivable and other current contract assets arising from transaction accounted for under FASB Accounting Standards (FASB ASC) 606, *Revenue from Contracts with Customers*.

CCCRC early adopted ASU 2025-05 on July 1, 2024. The impact of the adoption was not considered material to the financial statements and primarily resulted in simplification of estimating the allowance for credit losses.

Catholic Continuing Care Retirement Communities, Inc.

Notes to 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:

<i>June 30,</i>	2025	2024
Total assets at year end	\$ 65,361,930	\$ 77,875,926
Less non-financial assets		
Other assets	(78,308)	(76,781)
Interest rate swap asset	-	(407,033)
Property and equipment, net	(40,723,482)	(40,093,989)
Financial assets at year-end	24,560,140	37,298,123
Less those not available for general expenditures within one year		
Employee retention credit receivable	(2,165,401)	(2,165,401)
Board designated	(128,939)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 22,265,800	\$ 35,132,722

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 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:

<i>June 30,</i>	2025	2024
Deposit and loan fund		
Replacement reserves	\$ 2,962,105	\$ 3,949,147
Total	\$ 2,962,105	\$ 3,949,147

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

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

<i>June 30,</i>	2025	2024
Resident service accounts receivable	\$ 208,929	\$ 230,788
Entrance fees receivable	81,144	586,414
Other accounts receivable	3,929	46,283
Due from AoA Canon 281.2 Trust (Note 17)	-	331,000
Due from related parties	128,983	85,428
Total accounts receivable	\$ 422,985	\$ 1,279,913

Note 6: INVESTMENTS

Investments in marketable securities consist of the following at June 30, 2025 and 2024:

<i>June 30, 2025</i>	Fair Value
U.S. government bonds	\$ 297,977
Core equity index fund	2,588,022
Bond funds	8,720,458
Total investments in marketable securities	\$ 11,606,457

<i>June 30, 2024</i>	Fair Value
Short-term investments	\$ 1,107
U.S. government bonds	7,260,619
Core equity index fund	9,427,117
Bond funds	5,038,481
Total investments in marketable securities	\$ 21,727,324

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

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2025 and 2024:

	Estimated Useful Lives (in years)	2025	2024
Buildings and improvements	5-50	\$ 58,201,530	\$ 56,559,100
Furniture, fixtures and equipment	5-10	3,780,637	3,410,282
Land improvements	5-20	1,367,471	1,240,545
Vehicles	7	219,097	138,683
Total depreciable property and equipment		63,568,735	61,348,610
Less accumulated depreciation		(26,645,253)	(25,211,925)
Total depreciable property and equipment, net		36,923,482	36,136,685
Land		3,800,000	3,800,000
Construction in progress		-	157,304
Total property and equipment, net		\$ 40,723,482	\$ 40,093,989

Depreciation expense for the years ended June 30, 2025 and 2024 was \$2,996,255 and \$2,869,141, respectively.

Note 8: BONDS PAYABLE

Bonds payable consisted of the following:

<i>June 30,</i>	2024
Development Authority of Fulton County Tax-Exempt Variable Rate Revenue Bonds (St. George Village CCCRC Project) Series 2014 Bonds, dated September 1, 2014, with original maturity of April 1, 2034, and prepaid in full on April 23, 2025.	\$ 13,350,000
Less unamortized deferred bond costs	(52,216)
Bonds payable, less unamortized deferred bond costs	\$ 13,297,784

The bonds included 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 included interest at a spread of the compound daily SOFR rate plus 0.11%.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 8: BONDS PAYABLE (Continued)

The Authority loaned the proceeds of the 2014 Bonds to CCCRC under a Loan Agreement, and CCCRC was required to make loan payments equal to debt service on the 2014 Bonds. CCCRC pledged substantially all assets as collateral for its repayment obligations. CCCRC also entered into a Credit Agreement with the holder of the 2014 Bonds.

On April 23, 2025, CCCRC paid \$13,500,000 and satisfied all remaining obligations associated with the 2014 Bonds.

Before the obligations were satisfied, the Credit Agreement included certain financial covenants to be maintained by CCCRC. CCCRC was in compliance with these covenants during the years ended June 30, 2025 and 2024.

For the years ended June 30, 2025 and 2024, interest expense on the bonds payable and interest rate swap agreement, exclusive of debt issuance cost amortization (Note 2), totaled \$199,987 and \$274,993, respectively.

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 bonds payable (Note 8). This interest rate swap provided for fixed rates of interest on CCCRC's debt. The purpose of entering into this swap was to eliminate long-term interest rate variability by converting LIBOR-based variable-rate payments to fixed-rate payments. CCCRC's interest rate swap agreement were designated and qualified as a cash flow hedging instrument. Amounts received or paid under the swap were recorded as reductions or increases in interest expense. The fair value of the liability or asset represented the discounted amount CCCRC would had to have paid or received 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 exposed 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 was positive, the counterparty owed CCCRC, which created a credit risk for CCCRC. When the fair value of derivative contract was negative, CCCRC owed the counterparty and, therefore, it did not possess credit risk. CCCRC minimized the credit risk in derivative instruments by entering into transactions with high-quality parties.

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

The interest rate swap agreement expired in April 2025 and was not renewed or replaced with a similar instrument.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 9: INTEREST RATE SWAP AGREEMENT (Continued)

The table below summarizes the swap information reported in the financial statements for the year ended 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 Agreement in Statement of Activities
04/01/20	04/01/25	\$ 13,350,000	0.518%	4.41%	\$ 407,033	\$ (457,055)

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.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 10: REVENUE (Continued)

Revenue from Entrance Fees (continued)

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.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2025	2024
Resident service revenue	\$ 15,261,728	\$ 14,919,523
Auxiliary services	232,591	194,764
Total resident and auxiliary service revenue	15,494,319	15,114,287
Entrance fee amortization	1,122,764	1,175,351
Other income	90,011	14,984
Total revenue from resident and auxiliary services and fees	16,707,094	16,304,622
Investment income	1,032,977	850,283
Total revenue, income and other support	\$ 17,740,071	\$ 17,154,905

Revenue recognized over time totaled approximately \$16,487,000 and \$16,162,000 for the years ended June 30, 2025 and 2024, respectively. Revenue recognized at a point in time totaled approximately \$220,000 and \$142,000 for the years ended June 30, 2025 and 2024, respectively.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 10: REVENUE (Continued)

Contract Balances

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

<u>June 30,</u>	<u>2025</u>	<u>2024</u>
Contract assets		
Receivable from contracts, beginning of year	\$ 1,148,202	\$ 134,842
Receivable from contracts, end of year	\$ 290,073	\$ 1,148,202
Contract liabilities		
Performance obligation liabilities, beginning of year	\$ 8,841,402	\$ 7,921,141
Performance obligation liabilities, end of year	\$ 8,869,679	\$ 8,841,402

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.

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. The ERC receivable on the statements of financial position for the years ended June 30, 2025 and 2024, totaled \$2,165,401.

Note 12: ENDOWMENTS

CCCRC's endowment consists of a beneficial interest held by the Foundation. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. CCCRC's endowment is classified as net assets without donor restrictions, board designated.

During fiscal year 2025, the board established an endowment with the Foundation (Note 2) for the purpose of supporting the general mission of CCCRC. The Foundation has ultimate authority and control over the endowment fund (the Fund) and it is subject to the investing and spending policies of the Foundation. However, CCCRC is the beneficiary of these funds and is entitled to receive distributions of income after the endowment reaches a specified target amount (\$25,000), subject to the Foundation's spending policy. Pursuant to financial accounting standards, the Fund has been recognized as a beneficial interest in the assets held by the Foundation in the accompanying statements of financial position at the net present value of expected future cash flows from the Fund.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 12: ENDOWMENTS (Continued)

Absent explicit donor stipulations to the contrary, management of CCCRC has interpreted Georgia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CCCRC classifies as net assets with donor restrictions perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions which are perpetual in nature is classified as net assets subject to expenditure for a specified time until those amounts are appropriated for expenditure by CCCRC in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, CCCRC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of CCCRC and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of CCCRC
7. The investment policies of CCCRC

Investment Return Objectives, Risk Parameters and Strategies. CCCRC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CCCRC must hold in perpetuity or for a donor-specified period(s). Under this policy the endowment assets are invested in a manner that is intended to produce a reasonable rate of return under current market conditions with minimal risk. CCCRC also has to maintain compliance with the Archdiocese of Atlanta investment policies.

Spending Policy. CCCRC has a policy of appropriating for distribution each year eligible earnings from the prior year. In establishing this policy, CCCRC considered the long-term expected return on its endowment. Accordingly, over the long term, CCCRC expects the current spending policy to allow its endowment to grow at a rate that will maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new designations or gifts and investment return.

The endowment fund held by the Foundation is subject to the investment and distribution policies of the Foundation. No distributions were to be made from this fund until the balance reached \$25,000, which occurred during the year ended June 30, 2025.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 12: ENDOWMENTS (Continued)

Endowment net asset composition by type of fund consists of the following:

<u>June 30,</u>	<u>2025</u>
Endowment funds without donor restrictions	
General purpose	\$ 128,939
Total endowment funds without donor restrictions	\$ 128,939

Changes in endowment net assets for the year ended June 30, 2025:

<u>June 30,</u>	<u>2025</u>
Endowment net assets, beginning of year	\$ -
Designations	125,000
Change in value of beneficial interest	3,939
Endowment net assets, end of year	\$ 128,939

Note 13: 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.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 13: FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

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

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.

Beneficial interest in assets held by foundation: fair value of beneficial interest in assets held by Foundation is based upon the net present value of CCCRC's expected future cash flows. Withdrawals are limited to the terms of CCCRC's agreement with the Foundation.

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 consist of the following at June 30, 2025:

<i>June 30, 2025</i>	Based on:			Total
	Level 1 inputs	Level 2 inputs	Level 3 inputs	
Entrance fee escrow fund	\$ 3,634,477	\$ -	\$ -	\$ 3,634,477
U.S. government bonds	297,977	-	-	297,977
Core equity index fund	2,588,022	-	-	2,588,022
Bond funds	8,720,458	-	-	8,720,458
Beneficial interest in assets held by foundation	-	-	128,939	128,939
Total	\$ 15,240,934	\$ -	\$ 128,939	\$ 15,369,873

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

Note 13: FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis consist of the following at June 30, 2024:

<i>June 30, 2024</i>	Based on:			Total
	Level 1 inputs	Level 2 inputs	Level 3 inputs	
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

The following is a reconciliation of the change in fair value for the year ended June 30, 2025, for Level 3:

<i>June 30,</i>	2025
Beneficial interest in assets held by foundation	
Balance, beginning of year	\$ -
Transfer from operations to fund	125,000
Change in value	3,939
Beneficial interest in assets held by foundation, end of year	\$ 128,939

Changes in Fair Value Levels

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

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 years ended June 30, 2025 and 2024, there were no transfers in or out of Levels 1, 2 or 3.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 14: 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, 2025 and 2024 in excess of federally insured limits by approximately \$4,234,000 and \$6,160,000, 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. There were no concentrations of purchases from vendors during the year ended June 30, 2025.

Note 15: 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, 2025 and 2024, CCCRC owed Wesley Woods Management Corporation, Inc. totals of \$186,993 and \$157,428 which are included in accounts payable and accrued expenses on the statements of financial position.

Note 16: 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 17).

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.

Catholic Continuing Care Retirement Communities, Inc.

Notes to Financial Statements

Note 17: 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).

Beneficial Interest in Assets Held by Foundation

CCCRC is the beneficiary of a certain endowment fund held at the Foundation (Notes 2 and 12).

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. As of June 30, 2024, a receivable of \$331,000 related to this transaction was included in accounts receivable on the statements of financial position. The receivable was paid in full during the year ended June 30, 2025. A performance obligation liability was also recorded for same amount.

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.

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.

The Chancery did not pay the monthly rent for unoccupied units during the year ended June 30, 2025. The Chancery paid approximately \$41,000 for rent related to two unoccupied units during the year ended June 30, 2024.

General, Automobile and Umbrella Insurance

CCCRC maintains general, automobile and umbrella insurance through Services (Note 16). Expenses related to total insurance premiums during the years ended June 30, 2025 and 2024 were approximately \$271,000 and \$262,000, respectively. There were no amounts owed to Services at June 30, 2025 and 2024.