



Episcopal Church in the Diocese of Florida, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To Diocesan Council
Episcopal Church in the Diocese of Florida, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Episcopal Church in the Diocese of Florida, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Episcopal Church in the Diocese of Florida, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Episcopal Church in the Diocese of Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Episcopal Church in the Diocese of Florida, Inc.'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 the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Episcopal Church in the Diocese of Florida, Inc.'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 identify during the audit.

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

Jacksonville, Florida
September 8, 2025

Episcopal Church in the Diocese of Florida, Inc.
Consolidated Statement of Financial Position

<i>December 31,</i>	2023
Assets	
Current assets	
Cash and cash equivalents	\$ 1,375,336
Investments	7,732,180
Pledges receivable, net	135,264
Notes receivable, current	60,478
Other receivable	27,237
Prepaid expenses and other current assets	23,160
Total current assets	9,353,655
Non-current assets	
Notes receivable, due after one year	41,180
Property and equipment, net	10,406,709
Investments - restricted	1,858,989
Other assets	4,776
Total non-current assets	12,311,654
Total assets	\$ 21,665,309
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 324,875
Performance obligations	15,904
Notes payable, current	109,200
Total current liabilities	449,979
Long-term liabilities	
Notes payable, less current portion	56,795
Accrued postretirement benefit obligation	1,495,030
Total long-term liabilities	1,551,825
Total liabilities	2,001,804
Net assets	
Without donor restrictions	17,428,406
With donor restrictions	2,235,099
Total net assets	19,663,505
Total liabilities and net assets	\$ 21,665,309

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

Episcopal Church in the Diocese of Florida, Inc.
Consolidated Statement of Activities

<i>For the year ended December 31,</i>	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 3,210,334	\$ 23,396	\$ 3,233,730
Camp and conference center	793,221	-	793,221
Investment income, net of fees	266,432	11,329	277,761
Rent income	38,805	-	38,805
Other income	318,522	-	318,522
Unrealized and realized gain on investments	521,417	40,625	562,042
Net assets released from restrictions	447,124	(447,124)	-
Total revenue and other support	5,595,855	(371,774)	5,224,081
Expenses			
<i>Program services</i>			
Diocesan title, outreach and giving	992,096	-	992,096
Youth and college ministry	299,988	-	299,988
Congregational development	219,468	-	219,468
Episcopate	564,572	-	564,572
Diocesan programs and ministries	490,396	-	490,396
Camp and conference center	1,638,186	-	1,638,186
Total program services	4,204,706	-	4,204,706
<i>Supporting services</i>			
General and administrative	1,579,434	-	1,579,434
Fundraising	17,963	-	17,963
Total supporting services	1,597,397	-	1,597,397
Total expenses	5,802,103	-	5,802,103
Change in net assets	(206,248)	(371,774)	(578,022)
Net assets at beginning of year	17,634,654	2,606,873	20,241,527
Net assets at end of year	\$ 17,428,406	\$ 2,235,099	\$ 19,663,505

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

Episcopal Church in the Diocese of Florida, Inc. Consolidated Statement of Functional Expenses

For the year ended December 31, 2023

	Program Services							Supporting Services			2023 Total
	Diocesan Title, Outreach and Giving	Youth and College Ministry	Congregational Development	Episcopate	Diocesan Programs and Ministries	Camp and Conference Center	Programs Subtotal	General and Administrative	Fundraising		
Salaries and benefits	\$ 71,404	\$ 129,210	\$ 71,020	\$ 504,081	\$ 285,684	\$ 659,798	\$ 1,721,197	\$ 479,053	\$ 14,966	\$ 2,215,216	
Postretirement benefits cost	-	-	-	-	-	-	-	17,662	-	17,662	
Payroll processing fees	-	-	-	-	-	2,509	2,509	21,656	-	24,165	
Grants and support	916,177	70,934	119,000	3,218	2,381	387	1,112,097	-	-	1,112,097	
Utilities	-	30,756	-	-	-	161,482	192,238	28,695	-	220,933	
Maintenance	-	13,356	-	-	-	109,786	123,142	37,152	-	160,294	
Insurance	-	194	-	-	-	145,585	145,779	126,441	-	272,220	
Telephone	930	-	253	2,411	4,049	-	7,643	11,867	-	19,510	
Depreciation	-	-	-	-	-	288,217	288,217	27,948	-	316,165	
Professional services	-	5,831	10,997	5,250	126,285	10,218	158,581	628,099	-	786,680	
Travel	3,570	1,273	5,231	7,137	6,487	7,453	31,151	2,309	-	33,460	
Vehicle expense	-	121	7,321	5,740	11,042	1,646	25,870	6,500	-	32,370	
Conferences and retreats	-	310	-	2,981	-	6,850	10,141	2,098	-	12,239	
Meals & entertainment	-	19,706	2,350	16,932	11,457	106,653	157,098	2,798	-	159,896	
Office and postage	15	9,695	613	7,519	4,130	76,765	98,737	31,159	-	129,896	
Interest and bank fees	-	-	-	-	381	12,447	12,828	2,100	-	14,928	
Taxes	-	-	-	-	-	24,293	24,293	890	-	25,183	
Bad debt	-	-	-	-	-	-	-	65,788	-	65,788	
Other expenses	-	18,602	2,683	9,303	38,500	24,097	93,185	87,219	2,997	183,401	
Total	\$ 992,096	\$ 299,988	\$ 219,468	\$ 564,572	\$ 490,396	\$ 1,638,186	\$ 4,204,706	\$ 1,579,434	\$ 17,963	\$ 5,802,103	

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

Episcopal Church in the Diocese of Florida, Inc.
Consolidated Statement of Cash Flows

For the year ended December 31,

2023

Operating Activities

Change in net assets	\$ (578,022)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Provision for bad debts	65,788
Depreciation	316,165
Unrealized and realized gain on investments	(562,042)
Changes in operating assets and liabilities	
Pledges receivable	(74,200)
Notes receivable	92,696
Other receivable	207,982
Prepaid expenses and other current assets	43,155
Other assets	14,175
Accounts payable and accrued expenses	45,461
Performance obligations	(7,075)
Accrued postretirement benefit obligation	(38,334)

Net cash used in operating activities (474,251)

Investing Activities

Purchase of property and equipment	(497,762)
Purchase of investments	(2,170,761)
Proceeds from sale of investments	1,031,043

Net cash used in investing activities (1,637,480)

Financing Activities

Payments on notes payable	(111,739)
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Net cash used in financing activities (111,739)

Net change in cash and cash equivalents (2,223,470)

Cash and cash equivalents at beginning of year 3,598,806

Cash and cash equivalents at end of year \$ 1,375,336

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest \$ 11,172

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

Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

The accompanying consolidated financial statements include the operations of the administrative offices of the Episcopal Church in the Diocese of Florida, Inc. (Diocese of Florida), Episcopal Camp and Conference Center, Inc. (Camp), and Episcopal Foundation, Inc. (Foundation), collectively “the Diocese”. The activities of these entities are consolidated, as the primary mission of each is to support the charitable and religious purposes of the Diocese.

The Diocese of Florida is a not-for-profit corporation existing under the laws of the State of Florida. The title to all assets and the responsibility for all indebtedness is in the name of the corporation. The Diocese of Florida is one of 98 dioceses of the Episcopal Church in the United States. As such, it is subject to the Constitution and Canons of the National Church, and to the acts of the General Convention, which is held every three years.

The Foundation was organized on January 9, 1998 as a separate corporation. Its primary purpose is to support the charitable and religious purposes of the Diocese. The Foundation’s articles of incorporation allow both the income and the principal from donations to be expended unless otherwise stipulated by the donor. The Foundation has a Board of Directors which may, upon a majority vote, dissolve the corporation. Upon dissolution, all assets would be transferred to the Diocese of Florida.

The Camp is a ministry of the Diocese of Florida, the primary objective of which is to provide meeting and retreat facilities in a Christian atmosphere for groups and parishes within the Diocese of Florida.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Consolidation

The accompanying consolidated financial statements include the operations of the Diocese of Florida, the Foundation, and the Camp. All significant intercompany accounts, transactions, and profits have been eliminated.

Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowances for uncollectible pledges receivable, depreciable lives and estimated residual value and equipment, fair value of investments in debt and equity securities, imputed rates to discount pledges receivable, defined benefit pension plans (actuarial assumptions), allocation of expenses by function, and related-party transactions (such as collectability or valuation of a related-party receivable).

Cash and Cash Equivalents

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

Pledges Receivable

Conditional pledges receivable are not recognized in the consolidated financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, pledges with payments due in future periods are restricted to use after the due date. Pledges that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Based on past experience, management has recorded an allowance for uncollectible pledges at December 31, 2023 totaling \$109,446. Pledges receivable due in more than one year are recorded at their discounted net present value using a discount rate of 4%. At December 31, 2023, all pledges receivable were current and no discount was applied to the outstanding balance.

Investments

The Diocese reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statement of Activities. Investment income and gains (including gains and losses on investments and interest and dividends less external and direct internal investment expenses) restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated

Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Realized gains and losses on disposition of investments are determined by comparison to specific cost of acquisition to proceeds at the time of disposal.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 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.

Other Assets

The Diocese of Florida is party to a "Declaration of Trust" relating to the residential property owned by the Bishop. The Bishop (Trustee) acknowledges that he is holding the property in his individual name and as Trustee for the benefit of the Diocese. The property was originally purchased for \$900,000 out of which, 58% or \$522,000 was paid by individuals and 42% or \$378,000 was paid by the Diocese. In November 2016, the Diocese agreed to convey the Bishop 2.33% of its interest in the property for each year he serves as bishop until he retires so that upon retirement, the Bishop will own 100% of the property. The Bishop retired effective October 2023. As of December 31, 2023, ownership of the property was fully transferred to the Bishop and the Diocese had a 0% interest in the property.

Accrued Postretirement Benefit Obligation

The Diocese of Florida follows the requirements of FASB ASC 715-60, *Defined Benefit Plans – Other Postretirement*. As a result, the cost of future postretirement benefits is recognized on an accrual basis as employees perform services to earn the benefits.

Net Assets

The Diocese 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 the Diocese, the environment in which it operates, the purposes specified in

Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (continued)

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 operating reserve.

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.

Revenue Recognition

Camp and conference center and rent income 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 customers are satisfied. Prior to the adoption of ASC 606, revenue was recognized when persuasive evidence of an arrangement existed, delivery of services had occurred, the sales price was fixed or determinable and collectability was reasonably assured. Income from the camp and conference center received in advance is deferred and recognized in the period the event takes place. Income from rent received in advance is deferred and recognized in the period to which the dates and income relates. These amounts are included in performance obligations within the consolidated statement of financial position.

Contributions are recognized when cash, other assets, an unconditional pledge receivable, or notification of a beneficial interest is received. Conditional pledges receivable are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the condition. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. It is the Diocese's policy to sell donated securities immediately upon receipt, and accordingly, for purposes of the combined statement of cash flows, the proceeds from the sale of the donated securities are reported as cash flows from operating activities.

Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Diocese. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and wages, payroll taxes and employee benefits are allocated on the basis of actual time and effort in each functional area. Expenses not charged to a specific program or supporting function require allocation on a reasonable basis that is consistently applied as follows: insurance, utilities, and telephone are allocated based on location.

Advertising

The Diocese uses advertising to promote the Camp among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2023, advertising costs totaled \$13,670.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Diocese is exempt from taxes on income other than unrelated business income. Unrelated business income can result from rent, administration of self-insurance activities, and commissions.

The Diocese 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 December 31, 2023, the Diocese has no uncertain tax provisions 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 September 8, 2025 and determined there were no subsequent events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated 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): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. This standard is effective for fiscal years beginning after December 15, 2022. 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 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 with credit deterioration. The Diocese adopted ASU 2016-13 effective January 1, 2023. There was no impact to the 2023 financial statements as a result of this implementation.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Diocese maintains its financial assets primarily in cash and cash equivalents, investments, pledges receivable and notes receivable to provide liquidity to ensure funds are available as the Diocese's expenditures come due. The following reflects the Diocese's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	<i>2023</i>
Total assets at year end	\$ 21,665,309
Less non-financial assets	
Prepays and other current assets	(23,160)
Notes receivable, due after one year	(41,180)
Property and equipment, net	(10,406,709)
Other assets	(4,776)
Financial assets at year-end	11,189,484
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(2,235,099)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,954,385

Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 4: PLEDGES RECEIVABLE

Pledges receivable consist of the following:

<i>December 31,</i>	2023
Parish pledges	\$ 244,710
Less allowance for uncollectible pledges	(109,446)
Pledges receivable, net	\$ 135,264

For the year ended December 31, 2023 bad debt expenses totaled \$65,788.

Note 5: NOTES RECEIVABLE

In 2019, the Diocese made a loan to the St. Mary's Episcopal Church (related party) of \$48,000. The amount outstanding under the loan is \$15,000 as of December 31, 2023. Payments on the loan of \$3,000 are due quarterly beginning January 2020 until the loan is paid in full. The loan is non-interest bearing and is unsecured. Current portion of the note receivable is \$15,000 at December 31, 2023.

In 2021, the Diocese made a loan to the St. Philip's Episcopal Church (related party) of \$10,785 for renovations to its Church. The amount outstanding under the loan is \$2,452 which is due as of December 31, 2023. Payments on the loan are unsecured.

In 2021, the Diocese made a loan to the St. Mary's Episcopal Church (related party) of \$55,115 for renovations to its Church. The amount outstanding under the loan is \$52,115 as of December 31, 2023. Payments on the loan of \$3,000, incurring no interest, are due quarterly beginning in January 2023, and are unsecured. Current portion of the note receivable is \$12,000 at December 31, 2023.

The notes receivable balance also includes certain loans extended to various parishes (related parties) totaling \$32,091 as of December 31, 2023. There are no formal agreements; repayment terms vary between 3-5 years with no interest due. Current portion of these notes receivables totals \$31,026 at December 31, 2023.

Note 6: INVESTMENTS AND 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.

Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 6: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Money market funds: The fair value of money market funds is classified as Level 1. The money market mutual fund consists primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations and other securities of foreign issuers. The fund seeks to maintain a stable net asset value of \$1 per share.

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

Mutual funds and ETF's : Valued daily at the closing price as reported by the fund. These funds are required to publish their daily net asset value ("NAV") which is the price at which units can be traded at the measurement date. The funds held by the Diocese are deemed to be actively 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 the Diocese 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.

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 6: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and liabilities measured at fair value on a recurring basis consist of the following:

December 31, 2023	Level 1	Level 2	Level 3	Total
Money market funds	\$ 235,000	\$ -	\$ -	235,000
Equity securities	315,109	-	-	315,109
Mutual funds and ETF's	9,041,060	-	-	9,041,060
Total investments at fair value	\$ 9,591,169	\$ -	\$ -	9,591,169

Changes in Fair Value Levels

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

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

Investment income is comprised of the following:

<i>Year Ended December 31,</i>	2023
Dividends and interest, net of fees	\$ 277,761
Realized and unrealized gain (loss) on investments	562,042
Total net investment return (loss)	\$ 839,803

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 7: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023:

<i>December 31,</i>	Estimated Useful Lives (in years)	2023
Land:		
Parishes and missions	N/A	\$ 3,905,193
Camp and Conference Center	N/A	1,037,242
Buildings and improvements:		
Camp and Conference Center	5 - 40 years	11,032,777
Real estate held for sale or lease	N/A	1,976,800
Furniture and fixtures	3 - 7 years	1,525,423
Equipment	2 - 8 years	435,118
Vehicles	5 years	70,763
Construction in progress	N/A	216,500
Total property and equipment		20,199,816
Less accumulated depreciation		(9,793,107)
Property and equipment, net		<u>\$ 10,406,709</u>

Depreciation expense for the year ended December 31, 2023 was \$316,165.

Pursuant to Florida law, the Canons of The Episcopal Church, and the Canons of the Diocese, title to real and personal property used by the individual parishes and missions is held by the Diocese. When the Diocese takes control of real property, along with all the risks and rewards related to ownership, an asset is recorded at the property's current fair market value. The Diocese may take control because of abandonment of parish property or assumption of an associated mortgage liability. Consequently, only certain of these assets are reflected in these financial statements. To obtain an accurate statement of value of the property ownership by the Diocese, all parish and mission financial statements should be reviewed together with these financial statements.

Sales of parish and mission real estate are accounted for under the full accrual method except when those sales do not meet the requirements for income recognition. When the requirements for income recognition are not met, the deposit method is utilized. Under that method, the sale is not recognized, and the loan receivable from the buyer is not recorded. Principal payments and cash received at closing are recorded as deposits in the statement of financial position until the income recognition requirements are met.

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 8: LONG-TERM DEBT

Long-term debt consists of the following:

<i>December 31,</i>	<i>2023</i>
Mortgage payable to financial institution, quarterly principal and interest payments of \$28,631, interest at 4.25% per annum, maturity in May 2025, collateralized by real property and improvements with a net book value of \$3,814,927.	\$ 165,995
Less current portion	(109,200)
Long-term debt, less current portion	\$ 56,795

Interest expense related to the long-term debt was \$10,791 for the year ended December 31, 2023.

Principal maturities for each of the next five years and thereafter follow:

<i>For the years ending December 31,</i>	<i>Amount</i>
2024	\$ 109,200
2025	56,795
Total	\$ 165,995

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 9: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>December 31,</i>	<i>2023</i>
Undesignated	\$ 13,309,835
Diocesan Council designated	
Aging Ministry fund	29,640
Camp Weed general support	311,563
Camp Weed Maintenance fund	29,976
Camp Weed Speakers Bureau fund	43,493
Diocese general support	2,174,749
Live Oak general support	24,311
New Water New Life lake project	27,346
Parish relief support	5,000
Seminarian support	51,502
Total Diocesan Council designated	2,697,580
Endowment	1,420,991
Total net assets without donor restrictions	\$ 17,428,406

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 9: NET ASSETS (CONTINUED)

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	<i>2023</i>
<hr/>	
Purpose restrictions	
Bullock Scholarship fund	\$ 459,045
St. Margaret's stain glass fund	36,730
Estate of Rosemarie T. Fox	56,549
UTO - United Thank Offering	37,477
Other various purposes	155,871
<hr/>	
Total purpose restricted net assets	\$ 745,672
Restricted in perpetuity	
Aging Ministry fund	\$ 66,763
Bullock Scholarship fund	51,200
Camp Weed general support	31,644
Camp Weed Maintenance fund	96,214
Camp Weed Speakers Bureau fund	50,400
Diocese general support	895,027
Live Oak general support	77,234
Seminarian support	220,543
Other various funds	402
<hr/>	
Total net assets restricted in perpetuity	1,489,427
<hr/>	
Total net assets with donor restrictions	\$ 2,235,099
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A summary of releases of net assets with donor restrictions follows:

<i>For the year ended December 31,</i>	<i>2023</i>
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Purpose restricted	
Trust for Bishop's home	\$ 14,175
Bishop's discretionary fund	15,250
Ordinary's discretionary fund	1,000
Cursillo funds	11,235
Wounded Warrior Project	2,805
John W. Currington Living Trust	402,179
Other various purposes	480
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Total releases from net assets with donor restrictions	\$ 447,124
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Episcopal Church in the Diocese of Florida, Inc. Notes to Consolidated Financial Statements

Note 10: REVENUE

The Diocese is recognizing revenue at a point in time for its camp and conference center and rent income. As of December 31, 2023, there is \$15,904 of performance obligations related to the camp and conference center to be satisfied, and are expected to be recognized in revenue during 2024. These performance obligations are based upon contracts to hold various events at the camp and conference center. There are no contract assets at December 31, 2023.

The Diocese's method of recognizing revenue is the output method for performance obligations to be recognized at a point in time, the date of the event. The Diocese's customers are primarily other Episcopal entities, though the camp and conference center are available for use by the general public.

Note 11: ENDOWMENTS

The Diocese's endowment consists of eighteen individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Diocese to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Diocese to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Diocese has interpreted the State of Florida's Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Diocese retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual 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 retained in perpetuity are subject to appropriation for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Diocese considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 the Diocese, and (7) the Diocese's investment policies.

Investment Return Objectives, Risk Parameters and Strategy. The Diocese has adopted investment and spending policies as determined and recommended by the Finance Committee, and approved by the Diocesan Council and the Bishop, for endowment assets. Such policies are designed to invest the Diocese's cash assets in securities and depositories that will yield the maximum total return consistent with the safety of principal and liquidity needs. The Diocese's spending and investment policies collectively work to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term objective is in line with not-for-profit industry management and investment of endowment funds. Actual returns in any given year may

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 11: ENDOWMENTS (CONTINUED)

vary. Management believes that the investment philosophy of the Diocese is generally conservative in nature and balances its return of the investment along with liquidity.

Spending Policy. The Diocese has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value of the prior 12 months through October of the year preceding the fiscal year in which the distribution is planned. In establishing this policy, the Diocese considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Diocese expects the current spending policy to allow its endowment funds to grow at an average rate of 3% annually. This is consistent with the Diocese's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Diocese has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. During the year, the Diocese did not have any underwater endowments.

Endowment net asset composition by type of fund follows:

<i>December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total
Donor-restricted endowment net assets in perpetuity	\$ -	\$ 1,489,427	\$ 1,489,427
Endowment net assets without donor restrictions	1,420,991	-	1,420,991
Net accumulated earnings on donor-restricted endowment net assets available for expenditure	-	369,562	369,562
Total endowment funds	\$ 1,420,991	\$ 1,858,989	\$ 3,279,980

Changes in endowment net assets follow:

<i>Year ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total
Endowment net assets, beginning of year	\$ 911,902	\$ 1,858,989	\$ 2,770,891
Investment income, net	192,906	-	192,906
Net appreciation (depreciation)	320,683	-	320,683
Amounts appropriated for expenditures	(4,500)	-	(4,500)
Endowment net assets, December 31	\$ 1,420,991	\$ 1,858,989	\$ 3,279,980

Episcopal Church in the Diocese of Florida, Inc.

Notes to Consolidated Financial Statements

Note 12: CONCENTRATIONS OF CREDIT RISK

The Diocese maintains its cash with a financial institution in excess of the FDIC limit of \$250,000 by \$556,458 at December 31, 2023.

Concentration of credit risk with respect to pledges receivable relates to three parishes representing approximately 42.6% of the total non-discounted pledges as of December 31, 2023.

The Diocese's credit risk is inherent principally in its investments. Adverse economic conditions either domestically or internationally may result in a reduction of the investments' carrying amount. Market risk of the Diocese's investment portfolio is monitored through ongoing review of asset allocations and evaluation by independent investment advisers.

Note 13: COMMITMENTS

Title to Real Property

Title to real property used by the individual parishes and missions of the Diocese of Florida is owned and held by the Diocese of Florida and several of the properties have outstanding liabilities against them. On certain loans, the Diocese of Florida is the maker of the loan, with the parish as the guarantor. However, in practice, the parishes and missions are responsible for making payments on the loans (the related properties and debt are recorded on their books) and the Diocese of Florida acts as a guarantor on the debt. The amount of these loans outstanding at December 31, 2023 is approximately \$3.9 million. The Diocese of Florida believes that the fair value of the assets associated with the borrowings exceeds the outstanding loan balance.

Litigation

At times, the Diocese of Florida may be subject to litigation in the normal course of its operations. The Diocese of Florida records a liability for such litigation when, in their opinion, there will be a material adverse effect in a future period. No such liability was recorded as of December 31, 2023.

Provision for Dissolution of a Parish

Pursuant to the Articles of Association in the Canons of The Episcopal Church in the Diocese of Florida, in the event of dissolution of a Parish, the land, tenements, and other estates, real or personal, shall vest in The Episcopal Church in the Diocese of Florida.

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 14: RETIREMENT AND POSTRETIREMENT PLANS

The Clergy and the lay employees of the Diocese of Florida are participants in separate defined benefit pension plans. Clergy are covered by the Church Pension Fund and lay employees are covered by the Lay Pension Fund. Both plans are defined benefit plans; however, they are part of a National Plan and additional information with respect to the Diocese of Florida is not available as the plans are evaluated on an aggregate basis. The Diocese contributes an amount equal to 18% of eligible clergy compensation for ordained clergy covered by the Church Pension Fund. The Diocese contributes an amount equal to 9% of eligible lay staff compensation. The plans call for quarterly contributions by the Diocese of Florida. Total pension expense was \$113,256 for the year ended December 31, 2023. Additionally, substantially all lay full-time staff members are covered by a qualified 403(b) plan; costs related to the match were \$37,046 in 2023. Additionally, the Diocese of Florida provides certain health care benefits for clergy and laity retirees under a post-retirement benefit plan (the "Plan"). Eligibility for those benefits occurs upon the attainment of age 65 and a minimum of five years of service prior to retiring from the Diocese. In 2013, the Diocese of Florida modified the amount of benefits paid under the Plan and limited eligibility to individuals hired prior to July 1, 2011.

The following presents the Plan's funded status reconciled with amounts recognized in the accompanying financial statements:

<i>December 31,</i>	<i>2023</i>
Accrued postretirement benefit obligation	\$ 1,495,030
Market value of plan assets	-
Accrued postretirement benefit obligation	1,495,030
Unrecognized prior service cost	18,022
Unrecognized loss	(53,631)
Accumulated postretirement benefit obligation	\$ 1,459,421

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 14: RETIREMENT AND POSTRETIREMENT PLANS (CONTINUED)

The following represents a reconciliation of the beginning and ending balances of the accrued postretirement benefit obligation:

<i>December 31,</i>		<i>2023</i>
Accrued postretirement benefit obligation, beginning of year	\$	1,533,364
Service cost		12,483
Interest cost		40,232
Cost (Benefit) from assumption changes		7,037
Net employer premiums paid		(98,086)
Accrued postretirement benefit obligation, end of year	\$	1,495,030

Net periodic postretirement benefit costs include the following components:

<i>Year ended December 31,</i>		<i>2023</i>
Service cost	\$	12,483
Interest cost		40,232
Net periodic postretirement benefit costs	\$	52,715

The Diocese of Florida continues to fund benefits on a pay-as-you-go basis. The cost of retiree health care benefits funded upon payment of claims totaled \$98,086 for the year ended 2023.

Annual benefit payments which reflect anticipated future service are expected to be paid as follows:

<i>Years ending December 31,</i>		<i>Amount</i>
2024	\$	101,542
2025		102,271
2026		101,650
2027		103,143
2028		102,572
2029 through 2031		294,102
Total	\$	805,280

The accumulated postretirement benefit obligation and expected cost of benefits have been computed using a weighted average discount rate of 3.51% for the year ended 2023.

Episcopal Church in the Diocese of Florida, Inc.
Notes to Consolidated Financial Statements

Note 15: RELATED PARTY TRANSACTIONS

The Diocese of Florida establishes general doctrine, provides oversight, and approves Clergy staff of each parish in its jurisdiction. As such, each parish is required to remit a portion of annual support and revenue to the Diocese. Parishes remitted \$2,236,098 to the Diocese for annual support for the year ended December 31, 2023.

The Diocese holds title to substantially all land and buildings used by the parishes under Diocese's jurisdiction and may encumber the property for the benefit of those parishes or the Diocese.

The Diocese has entered into installment promissory notes with several parishes. The amount of outstanding notes receivable to such related parties is \$98,769 at December 31, 2023.

During 2023, the Diocese gifted a vehicle with cost of \$46,548 to the Bishop upon his retirement.