

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DIOCESE OF CENTRAL FLORIDA, INC.**

**December 31, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

The Diocesan Board  
Diocese of Central Florida, Inc.  
Orlando, Florida

**Opinion**

We have audited the accompanying financial statements of the Diocese of Central Florida, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statements of support, revenues, expenses, and other changes in net assets – modified cash basis and statement of functional expenses – modified cash basis activities, for the year 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 assets, liabilities, and net assets of the Diocese of Central Florida, Inc. as of December 31, 2022, and its support, revenues, expenses, and other changes in its net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

**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 Financial Statements section of our report. We are required to be independent of the Diocese of Central Florida, Inc. 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.

**Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; 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 the Diocese of Central Florida, Inc.'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 Responsibility 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 judgement 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 the Diocese of Central 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 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 the Diocese of Central 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 identified during the audit.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 15 – 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*R.R. Simasak, P.A.*

Orlando, Florida  
November 15, 2023

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -  
MODIFIED CASH BASIS

DIOCESE OF CENTRAL FLORIDA, INC.

December 31, 2022

	Without Donor Restriction	With Donor Restriction		Total
		Restricted by Time or Purpose	Restricted in Perpetuity	
<b>ASSETS</b>				
Cash and temporary cash investments	\$ 232,615	\$ 21,442	\$ -	\$ 254,057
Loans receivable - related entities	-	3,519,148	315,359	3,834,507
Investments	6,182,588	1,618,477	1,033,122	8,834,187
Fixed assets	1,021,549	-	-	1,021,549
Non-operating properties	-	1,951,552	-	1,951,552
	<u>\$ 7,436,752</u>	<u>\$ 7,110,619</u>	<u>\$ 1,348,481</u>	<u>\$ 15,895,852</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Designated funds	\$ 3,770,039	\$ -	\$ -	\$ 3,770,039
Custodial/Trust funds	1,066,010	-	-	1,066,010
	<u>4,836,049</u>	<u>-</u>	<u>-</u>	<u>4,836,049</u>
Net assets	<u>2,600,703</u>	<u>7,110,619</u>	<u>1,348,481</u>	<u>11,059,803</u>
	<u>\$ 7,436,752</u>	<u>\$ 7,110,619</u>	<u>\$ 1,348,481</u>	<u>\$ 15,895,852</u>

See notes to financial statements.

STATEMENT OF SUPPORT, REVENUES, EXPENSES, AND OTHER  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS

DIOCESE OF CENTRAL FLORIDA, INC.

Year Ended December 31, 2022

	Without Donor Restriction	With Donor Restriction		Total
		Restricted by Time or Purpose	Restricted in Perpetuity	
Support and revenues:				
From parishes and missions for current year program	\$ 2,528,574	\$ -	\$ -	\$ 2,528,574
New Covenant settlement payments	-	34,942	-	34,942
Ocala - St. Stephens property payments	-	11,821	-	11,821
Interest from loan payments	-	28,189	-	28,189
Investments	(399,451)	39,738	-	(359,713)
Other income	52,586	-	-	52,586
Net assets released from restrictions	227,161	(227,161)	-	-
	<u>2,408,870</u>	<u>(112,471)</u>	<u>-</u>	<u>2,296,399</u>
Expenses:				
Program services	2,493,961	-	-	2,493,961
Supporting services	563,813	-	-	563,813
	<u>3,057,774</u>	<u>-</u>	<u>-</u>	<u>3,057,774</u>
Change in net assets	(648,904)	(112,471)	-	(761,375)
Net assets at beginning of year	<u>3,249,607</u>	<u>7,223,090</u>	<u>1,348,481</u>	<u>11,821,178</u>
Net assets at end of year	<u>\$ 2,600,703</u>	<u>\$ 7,110,619</u>	<u>\$ 1,348,481</u>	<u>\$ 11,059,803</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

DIOCESE OF CENTRAL FLORIDA, INC.

Year Ended December 31, 2022

	Program Services	Supporting Services	Total Expenses
	Episcopal Mission	Management and General	
Diocesan assessment	\$ 399,050	\$ -	\$ 399,050
National and world mission	64,275	-	64,275
Outreach ministries	104,152	-	104,152
Congregational support	326,100	-	326,100
Commissions and committees	119,855	-	119,855
Training and education	77,898	-	77,898
Youth ministry	22,139	-	22,139
Communications	97,142	-	97,142
Diocesan staff compensation and benefits	975,254	325,085	1,300,338
Diocesan office	-	99,572	99,572
Insurance and professional services	-	88,842	88,842
Travel, hospitality, professional development	63,789	21,263	85,052
Rental property	-	13,497	13,497
Depreciation	17,147	14,029	31,176
Loss on disposal	-	1,525	1,525
Lilly Endowment Grant expenses	227,161	-	227,161
	<u>\$ 2,493,961</u>	<u>\$ 563,813</u>	<u>\$ 3,057,774</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### DIOCESE OF CENTRAL FLORIDA, INC.

#### NOTE A - ORGANIZATIONAL BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### General

The Diocese of Central Florida, Inc. ("Diocese") is a non-stock, not-for-profit Florida corporation organized as a Diocese of the Protestant Episcopal Church in the United States of America. It is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and the laws of the State of Florida and maintains nonprivate foundation status in accordance with the Internal Revenue Code. Operation is directed by a Diocesan Board whose members are elected, and who receive no compensation for their services.

##### Basis of Presentation

The Diocese's policy is to prepare its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America; consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred.

The accompanying financial statements include the assets, liabilities, net assets, and financial activities of all the administrative and program activities of the Diocese of Central Florida, Inc., including the following funds: Church Expansion Fund, Designated Fund, Property Fund, Operating Fund, Slemaker Fund, Trust Funds, Congregational Fund and Bishop Search Fund. The Operating Fund is the primary activity of the Diocese and is the only fund budgeted. The accompanying financial statements do not include various activities of the Diocese such as parishes, schools, etc. These entities operate within the Diocese, but each is an operating entity distinct from the Diocese and maintain their own financial accounts and records and carry on their own services and programs.

The Diocese classifies its net assets as follows:

Net assets without donor restriction - net assets not subject to donor-imposed stipulations.

Net assets with donor restriction – consist of net assets subject to donor-imposed stipulations that may or will be met by actions of the Diocese and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Diocese. Net assets restricted in perpetuity were \$1,348,481 at December 31, 2022. This amount consists of endowment funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used. Investment earnings distributed or available for distribution are recorded in net assets without donor restriction or, as in the case of Slemaker investment earnings, in net assets restricted by time or purpose – see following.

Support and related investment gains/losses that are with donor restriction are reported as an increase in net assets without donor restriction if the restriction expires or is satisfied in the reporting period in which such support and revenue is recognized. All other with donor restriction support and revenue is reported as an increase in net assets restricted by time or purpose or restricted in perpetuity, depending on the nature of the restriction. When a restriction expires, or is satisfied, net assets restricted by time or purpose are reclassified to net assets without donor restriction.



## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### DIOCESE OF CENTRAL FLORIDA, INC.

#### NOTE A – ORGANIZATIONAL BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net assets restricted by time or purpose at December 31, 2022 are composed of the following:

Church Expansion funds available to the Diocese to acquire and develop properties or to loan/grant to Diocesan organizations funds to acquire or develop properties (includes Flagler Memorial monies)	\$ 7,223,090
Revenue from Slemaker investments restricted to establish new missions	107,942
Lilly Endowment Grant expenses	(227,161)
Auxiliary fund - Bishop's Discretionary Fund	6,748
	<u>\$ 7,110,619</u>

Net assets restricted in perpetuity at December 31, 2022 are composed of the following:

Endowment funds, which represent funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used to support the Diocese's activities:

Theological Trust	\$ 132,326
Funds ("Slemaker") available as a revolving fund to establish new missions wherever they may be needed	<u>1,216,155</u>
	<u>\$ 1,348,481</u>

#### Contributions

The Diocese reports contributions as with donor restriction support if they are received with donor stipulations that limit the use of the contribution. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, with donor restriction restricted by time or purpose are reclassified to net assets without donor restriction and reported in the statement of support, revenues, expenses, and other changes in net assets – modified cash basis as net assets released from restrictions. With donor restricted contributions, whose restrictions are met in the same reporting period as received, are reported as net assets without donor restriction.

#### In-Kind Contributions

The Diocese may from time to time receive various forms of gift-in kind (GIK). GIK are reported as contributions at their estimated fair market value on the date of receipt and reported as expense when utilized. Donated goods or services that create or enhance nonfinancial assets, or require specialized skills, and which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair value at the date provided.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### DIOCESE OF CENTRAL FLORIDA, INC.

#### NOTE A – ORGANIZATIONAL BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Revenue Recognition

The Diocese support consists of an assessment of 11% of member church's contributions. Support income is recognized when received under the modified cash basis of accounting.

Grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional contributions received are reported as refundable advances until the conditions have been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition is met. The Diocese has no conditional contributions as of December 31, 2022.

##### Loans Receivable – Related Entities

Unsecured loans receivable from related entities are stated at the amount management expects to realize from outstanding balances. These loans are made primarily for church expansion purposes or to establish new missions (i.e., start up churches) – see Note A above as to net assets restricted by time or purpose and net assets restricted in perpetuity funds available for these purposes.

##### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position (see Note B). Unrealized gains and losses are included in the change in unrestricted net assets.

##### Investment Policy

A reasonable return with investments balanced toward preservation of capital and liquidity; these are the main investment priorities depending on the purpose of the respective invested funds (see Note B and Note J).

##### Functional Expense Allocation

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Diocese are reported as expenses of those functional areas. A portion of Management and General costs that benefit the functional area (indirect costs) have been allocated to Program Services based on management's estimate.

# NOTES TO FINANCIAL STATEMENTS - CONTINUED

## DIOCESE OF CENTRAL FLORIDA, INC.

### NOTE B – INVESTMENTS

The Diocese's investments are stated at fair value and consist of the following at December 31, 2022:

	Carrying Value	Fair Value	Unrealized Gain (Loss)
Money market funds	\$ 5,799,036	\$ 5,799,036	\$ -
Bond income fund	125,520	109,145	(16,375)
Mutual funds	2,222,935	2,926,006	703,071
	<u>\$ 8,147,491</u>	<u>\$ 8,834,187</u>	<u>\$ 686,696</u>

Fair value reporting establishes a framework for measuring fair value, and provides disclosure about fair value measurements. Assets (i.e., investments) recorded at fair value in the statement of assets, liabilities, and net assets – modified cash basis are categorized based upon the level of judgment associated with the inputs used to measure fair value. Accordingly, the carrying amount of the Money Market Funds approximates fair value because of the short maturity of this financial instrument, while the

Diocese measures the value of its Certificates of Deposits, Bond Funds and Mutual Funds investments at Level I.

Level inputs, as defined by fair value measurements, are as follows:

Level Input	Input Definition
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Diocese's net investment return for the year ended December 31, 2022 consists of the following:

Interest and dividends (to include capital gain distributions)	\$ 82,417
Unrealized losses from investments	<u>(442,130)</u>
	<u>\$ (359,713)</u>

The Diocese's investments are exposed to various risks such as interest rate, market, credit, purchasing power, and principal of investment risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment account balance.

### NOTE C – NON-OPERATING PROPERTIES

The temporarily restricted net assets (Church Expansion) include non-operating properties acquired for church related purposes, which are generally carried at cost (to include carrying costs).

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### DIOCESE OF CENTRAL FLORIDA, INC.

#### NOTE D – RETIREMENT PLANS

The Diocese's eligible lay employees are covered under a defined contribution pension plan established by the Diocese; contributions to the plan are determined on an annual basis by the Diocesan Board (9% of eligible compensation for 2022) and the Diocese is not liable for any payments under the plan in excess of the annual contribution. The total expense for the lay employee plan for the year ended December 31, 2022 was \$45,865.

The Diocese's eligible clergy employees participate in the National Church's non-contributory defined benefit retirement plan. The plan, which is administered by The Church Pension Group, required a contribution of 18% of eligible clergy compensation in 2022. Normal pension costs of the plan are funded currently. Defined benefits payable are predicated upon a formula based upon contributions made into the plan for the benefit of the clergy employee. The amount charged to pension expense and contributed to the plan in 2022 by the Diocese was \$83,883.

As the clergy plan includes numerous participating entities, it is not practical for the actuary to compute accumulated and projected benefit obligations for individual entities. As of March 31, 2022, the funded pension reserve of the plan equaled the computed liability and related reserves of the plan.

#### NOTE E – FIXED ASSETS

The Diocese records (i.e., capitalizes) all non-budgetary fixed asset acquisitions at cost. It is the Diocese's policy to capitalize expenditures for these items in excess of \$2,500. Lesser amounts are expensed. Depreciation is recorded on such acquisitions on the straight-line method with estimated useful life of 10 to 40 years for the buildings and improvements, and 5 to 10 years for furniture, fixtures, and equipment.

The composition of fixed assets at December 31, 2022, is as follows:

Land	\$ 440,500
Buildings and improvements	2,336,909
Furniture, fixtures, and equipment	<u>296,250</u>
	3,073,659
Less accumulated depreciation	<u>(2,052,110)</u>
	<u>\$ 1,021,549</u>

Depreciation expense amounted to \$31,176 for the year ended December 31, 2022.

#### NOTE F – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Diocese to concentrations of credit risk consist principally of cash and temporary cash investments, loans receivable, and several investments. The Diocese places its cash and temporary cash investments balances with a federally insured financial institution, while certain cash and cash equivalents investments and other investments (i.e., mutual funds) are maintained in a brokerage account with separate SIPC insurance to include related supplemental brokerage insurance protection. The certificates of deposit maintained in the brokerage account are federally insured. However, the Diocese is exposed to loss to the extent that such account balances exceed such insured limits. Concentrations of credit risk with respect to loans receivable are limited due to the related nature of the payor.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### DIOCESE OF CENTRAL FLORIDA, INC.

#### NOTE G – LEASE

The Diocese leases office equipment under an operating lease, which expires in January, 2025. Current monthly lease payments are \$75. Total lease expense for 2022 under this operating lease was \$1,206.

Future minimum lease payments of this operating lease for the years subsequent to December 31, 2022 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2023	900
2024	900
2025	675
	<u>\$ 2,475</u>

#### NOTE H – INCOME TAXES

For income tax purposes, as noted in Note A, Diocese is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and the laws of the State of Florida, and maintains nonprivate foundation status in accordance with the Internal Revenue Code. As an eligible religious entity, the Diocese is not required to file Form 990, an annual information return, with the Internal Revenue Service. However, the Diocese is required to file income tax returns (federal form 990-T) and pay federal and state (form F-1120) income taxes on any unrelated business income (none to date).

The Diocese has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Diocese to any material income tax exposure. Accordingly, there are no open federal or state tax years under audit.

#### NOTE I – LIQUIDITY AND AVAILABILITY OF RESOURCES

The organization has \$232,615 of cash and \$778,278 of operating investment funds available within one year of the balance sheet date to meet needs for general expenditures. In addition, during the year the Diocese transfers from the long-term investments accounts amounts in which the time or purpose restriction has been met.

#### NOTE J – ENDOWMENT FUNDS

The Diocese's endowment consists of Slemaker and Theological Trust funds established for basically one purpose, which is to support the Diocese's activities. The Diocese's endowment includes only donor-restricted endowment funds as no funds are designated by the Board of Directors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Diocese has interpreted applicable Florida State law, the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"), effective as of July 1, 2012, as requiring the

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### DIOCESE OF CENTRAL FLORIDA, INC.

#### NOTE J – ENDOWMENT FUNDS - CONTINUED

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, the Diocese classifies as permanently restricted net assets (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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by the FUPMIFA. The Diocese considers the following factors in making a determination to appropriate or accumulate income from donor-restricted endowment funds:

- 1) Duration and preservation of the endowment fund
- 2) The purposes of the Diocese and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation or deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Diocese
- 7) The investment policy of the Diocese

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a sustainable and increasing level of endowment income to support its ministry. Under this policy, as approved by the Board of Directors, the investment objective for the endowment portfolio is a rate of return one to two percentage points in excess of the prevailing bank money market rate with strong emphasis on preservation of capital (the Diocese's most important investment objective). The endowment assets are invested in a manner that is intended to produce results that equal or exceed the benchmark referred to above, while preserving capital and maintaining liquidity in accordance with the requirements of the purpose of the specific endowment monies. Accordingly, the Diocese expects its endowment funds, over time, to provide a reasonable net rate of return and the growth desirable to allow the income generating potential of the funds to keep up with inflation, and also, in the case of the Slemaker funds, the growth to enable the fund to keep pace with any rising land and construction costs and the ever-increasing number of congregations desiring to build.

Specifically, the expected Nature of Investments is as follows:

#### Slemaker Investments

The primary investment instrument for the Slemaker Fund are loans to missions within the Diocese for the acquisition, development and expansion of mission properties. The Loan policy is as follows:

1. The maximum amount per loan shall be \$300,000.
2. The initial length of the loan will be 39 months. For the first three months of the loan the interest rate will be zero percent, thereafter, the interest rate will increase to 3%. Payments will be based on a 20-year amortization schedule, with payment in full due at the end of the 39 months period.
3. The loan may be renewed at the borrower's request for an additional year at which time the terms may be modified. The loan can be renewed up to nine times, each in a one-year cycle, with the possibility of modified terms each time. Payments will be based on a 20-year amortization schedule with full payment due at the end of each year.

Funds not loaned to congregations will be invested, primarily in cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

DIOCESE OF CENTRAL FLORIDA, INC.

NOTE J – ENDOWMENT FUNDS – CONTINUED

Theological Trust Investments

The primary goal for the management of this Fund is to provide growth and a return accompanied by an acceptable level of risk.

The Theological Trust Fund shall be managed in accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). This permanently-restricted endowment fund is to benefit current and future generations with proceeds reinvested.

Accordingly, the Diocese's investment considerations, in order of priority are:

1. **Growth:** Moderate growth is desirable to enable the fund's income generating potential to keep up with inflation.
2. **Preservation of capital:** The Diocese shall at all times consider the preservation of capital to be its most important investment objective.
3. **Liquidity:** The primary purpose of the Fund is to facilitate cash flow in the event it's needed to fund the operations of the Diocese.
4. **Rate of return:** The Fund should attempt to achieve a rate of return equal to 90-day T-Bills.

The primary investment instrument for the Fund will be cash and cash equivalents balanced with bond and mutual funds.

For both Funds, the following types of investments are authorized:

- Money market funds at banks, credit unions, investment companies, and financial institutions, insured by FDIC or equivalent whenever possible.
- Certificates of deposit of six months or less at banks, credit unions, and financial institutions, insured by FDIC or equivalent whenever possible.
- U.S. Government and agency issues of six months or less.
- Government and investment-grade corporate bonds with short-term maturities of three years or less, mutual funds (to include index funds) and Exchange-Traded Funds (ETFs).

The Diocese has a policy of appropriating for distribution each year only enough endowment fund income to fund any shortfalls in its operating budget for the year. In establishing this policy, the Diocese considered the long-term expected return on its endowment. Accordingly, over the long term, the Diocese expects the current spending policy to allow its retained endowment fund income to grow and the fair value of its restricted in perpetuity endowment fund balance to be maintained.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the applicable law requires the Diocese to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2022.

# NOTES TO FINANCIAL STATEMENTS - CONTINUED

## DIOCESE OF CENTRAL FLORIDA, INC.

### NOTE J – ENDOWMENT FUNDS – CONTINUED

As of and for the year ended December 31, 2022, the Diocese had the following endowment-related activities:

Composition of Endowment Net Assets by Type of Fund	2022 Restricted in Perpetuity
Donor-restricted endowment funds (invested as outlined above and in Note B)	\$ 1,348,481
<u>Changes in Endowment Net Assets</u>	
Endowment net assets, beginning of year	\$ 1,348,481
Investment return:	
Ordinary income	12,703
Net realized and unrealized loss - net	(58,309)
	(45,606)
Allocation to net assets with donor restriction	(12,703)
Allocation to net assets without donor restriction	58,309
	45,606
Endowment net assets, end of year	\$ 1,348,481

### NOTE K – ADOPTED PRONOUNCEMENTS

The Diocese has adopted the Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires the Diocese to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregated by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with exception of increased disclosure.

### NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2023, the date which the financial statements were available to be issued.



SUPPLEMENTARY INFORMATION

LOANS RECEIVABLE - RELATED ENTITIES

DIOCESE OF CENTRAL FLORIDA, INC.

Year Ended December 31, 2022

Location	Related Entity	Balances January 1, 2022	Loans Made	Principal Reductions	Balances December 31, 2022
<u>Net asset restricted by time or purpose - Church Expansion</u>					
Orlando	St. Mary of the Angels	\$ 186,261	\$ -	\$ 11,368	\$ 174,893
Fort Pierce	St. Andrew's Church	-	300,000	5,750	294,250
Fruitland Park	Holy Trinity	48,184	-	8,666	39,518
Haines City	St. Mark's	232,209	-	22,946	209,263
Longwood	Christ Church	24,448	30,500	3,201	51,747
Longwood	Resurrection	1,746,209	-	27,623	1,718,586
Orlando	Christ the King	487	60,000	2,654	57,833
Pt. St. Lucie	Holy Faith	114,554	-	-	114,554
St. Cloud	St. Luke & St. Peter	-	300,000	1,496	298,504
Oviedo	Canterbury Retreat	360,000	-	-	360,000
Winter Park	St. Richard's	-	200,000	-	200,000
		<u>\$ 2,712,352</u>	<u>\$ 890,500</u>	<u>\$ 83,704</u>	<u>\$ 3,519,148</u>

Net asset restricted in perpetuity - Slemaker

Daytona Beach	St. Timothy's	\$ 16,335	\$ -	\$ 3,075	\$ 13,260
Melbourne	Hope Church	147,717	-	2,400	145,317
Palm Bay	Blessed Redeemer	185,061	-	28,279	156,782
		<u>\$ 349,113</u>	<u>\$ -</u>	<u>\$ 33,754</u>	<u>\$ 315,359</u>

NON-OPERATING PROPERTIES

DIOCESE OF CENTRAL FLORIDA, INC.

Year Ended December 31, 2022

<u>Location</u>	<u>Name</u>	<u>Carrying Amount</u>
<u>Assets restricted by time or purpose - Church Expansion</u>		
Church Properties:		
Daytona Beach	St. Timothy	\$ 54,203
Fort Meade	Christ Church	49,396
Deland	Holy Presence	62,375
Okahumpka	Corpus Christi	237,021
Other:		
Marion County	Ocala Property	5,074
North Carolina/ Buncombe County	High Vista	39,591
Marion County	Orange Lake Cemetery	105
Brevard County	Port Malibar property	111,201
Seminole County	1901 W. County Road 419	<u>1,392,586</u>
		<u>\$ 1,951,552</u>

DETAIL OF SUPPORT, REVENUES, AND EXPENSES - CURRENT YEAR BUDGET -  
OPERATING FUND - MODIFIED CASH BASIS

DIOCESE OF CENTRAL FLORIDA, INC.

Year Ended December 31, 2022

	2022 Actual	2022 Budget	(Under) Over Budget
Support and Revenues:			
Assessment	\$ 2,528,574	\$ 2,493,700	\$ 34,874
Other Income	25,255	306,900	(281,645)
	<u>2,553,829</u>	<u>2,800,600</u>	<u>(246,771)</u>
Expenses:			
Outreach:			
Diocesan Assessment	399,050	399,050	-
National and World Mission	64,275	50,350	13,925
Outreach Ministries	<u>104,152</u>	<u>105,500</u>	<u>(1,348)</u>
Total Outreach	<u>567,477</u>	<u>554,900</u>	<u>12,577</u>
Ministry:			
Congregational Support	326,100	326,250	(150)
Convention, Commissions & Ministries	119,855	164,800	(44,945)
Training and Education	77,898	47,000	30,898
Youth Ministry	22,139	29,600	(7,461)
Communications	<u>97,142</u>	<u>125,950</u>	<u>(28,808)</u>
Total Ministry	<u>643,134</u>	<u>693,600</u>	<u>(50,466)</u>
Supporting Services:			
Diocesan Staff	1,300,338	1,273,325	27,013
Administrative:			
Diocesan Office	99,572	107,375	(7,803)
Insurance and Professional Services	88,842	93,600	(4,758)
Travel, Hospitality, Prof. Development	<u>85,052</u>	<u>77,800</u>	<u>7,252</u>
Total Administrative	<u>273,466</u>	<u>278,775</u>	<u>(5,309)</u>
Total Supporting Services	<u>1,573,804</u>	<u>1,552,100</u>	<u>21,704</u>
	<u>2,784,415</u>	<u>2,800,600</u>	<u>(16,185)</u>
Expenses Under (Over) Support and Revenues	<u>\$ (230,586)</u>	<u>\$ -</u>	<u>\$ (230,586)</u>

DETAIL OF CUSTODIAL/TRUST ACCOUNTS - AT FAIR VALUE

DIOCESE OF CENTRAL FLORIDA, INC.

Year Ended December 31, 2022

	Balances January 1, 2022	2022 Activity	Additions	Distributions	Balances December 31, 2022
<b>Custodial Accounts:</b>					
Church of the Redeemer - Avon Park	\$ 10,208	\$ (1,483)	\$ -	\$ -	\$ 8,725
All Saints - Enterprise	27,812	(4,017)	-	(1,071)	22,724
Mowery Trust	504,323	(70,498)	-	(19,000)	414,825
Good Shepherd - Lake Wales	10,024	(1,457)	-	(383)	8,184
All Saints - Lakeland	2,449	(367)	-	(87)	1,995
Good Shepherd - Maitland	15,322	(2,209)	-	(590)	12,523
St. John - Melbourne	10,204	(1,482)	-	(391)	8,331
St. Luke - Orlando	102,583	(14,820)	-	(3,934)	83,829
All Saints - Winter Park	10,405	(1,505)	-	(399)	8,501
	<u>693,330</u>	<u>(97,838)</u>	<u>-</u>	<u>(25,855)</u>	<u>569,637</u>
<b>Trust Accounts:</b>					
Donald L. Biggers Trust	323,827	(43,821)	-	(3,414)	276,592
Robert E. S. Carr Estate	5,309	(715)	-	-	4,594
D.P. Street Bequest	40,459	(5,438)	-	-	35,021
Frances C. Thornton Trust	148,962	(20,012)	-	-	128,950
Evans Trust - Conference Center	5,000	(626)	-	(200)	4,174
Virginia B. Smith Estate	56,213	(7,071)	-	(2,100)	47,042
	<u>579,770</u>	<u>(77,683)</u>	<u>-</u>	<u>(5,714)</u>	<u>496,373</u>
	<u>\$ 1,273,100</u>	<u>\$ (175,521)</u>	<u>\$ -</u>	<u>\$ (31,569)</u>	<u>\$ 1,066,010 (A)</u>

(A) Primarily carried in investments at December 31, 2022 (see Page 3).