

# **Diocese of Southwest Florida, Inc.**

## **Consolidated Financial Statements**

**December 31, 2024 and 2023**



**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**TABLE OF CONTENTS**

---

**INDEPENDENT AUDITOR'S REPORT ..... 3 - 5**

Consolidated Financial Statements for the Years Ended  
December 31, 2024 and 2023:

Consolidated Statements of Financial Position .....	6
Consolidated Statements of Activities.....	7 - 8
Consolidated Statement of Functional Expenses.....	9
Consolidated Statements of Cash Flows .....	10
Notes to Consolidated Financial Statements .....	11 - 28

**SUPPLEMENTARY INFORMATION**

Consolidating Statement of Financial Position .....	30
Consolidating Statement of Activities.....	31

## **INDEPENDENT AUDITOR'S REPORT**

To the Diocesan Council  
Diocese of Southwest Florida, Inc.  
Parrish, FL

### **Opinion**

We have audited the accompanying consolidated financial statements of the Diocese of Southwest Florida, Inc. and subsidiary (the Diocese), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2024, 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 the Diocese of Southwest Florida, Inc. and subsidiary as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in conformity 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 the Diocese 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 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 Diocese's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**CONTINUED**

## **INDEPENDENT AUDITOR'S REPORT - CONTINUED**

### **Auditor's Responsibilities for the Audit of the 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 Diocese'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Diocese'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.

**CONTINUED**

## **INDEPENDENT AUDITOR'S REPORT - CONTINUED**

### **Report on Summarized Comparative Information**

We have previously audited the Diocese 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in the consolidating statement of financial position and consolidating statement of activities as of and for the year ended December 31, 2024; is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*PDR CPAs + Advisors*

Oldsmar, Florida  
June 21, 2025

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Cash	\$ 1,242,022	\$ 1,593,618
Investments:		
Held for others	7,024,612	6,879,891
Held in endowment	12,421,000	11,415,591
Other	3,934,451	3,452,143
Apportionments and notes receivable, net of allowance for credit losses of \$50,624 and \$41,509 for 2024 and 2023, respectively	35,794	32,826
Accounts receivable	17,569	8,345
Loans receivable	2,612,934	2,750,071
Mortgage note receivable	1,191,722	1,213,125
Other assets	96,910	31,576
Note receivable	75,000	75,000
Land held for sale, net	1,400,000	1,714,976
Land, buildings, and equipment, net	8,063,057	8,360,693
<b>Total Assets</b>	<u>\$ 38,115,071</u>	<u>\$ 37,527,855</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 664,822	\$ 751,913
Deposits	159,934	112,243
Deposits held for others	7,024,612	6,879,891
<b>Total liabilities</b>	7,849,368	7,744,047
<b>Net Assets</b>		
Net assets without donor restrictions:		
Undesignated	1,828,879	2,520,108
Board-designated endowment	2,246,889	2,150,269
Board-designated other	7,952,767	7,487,416
Land, buildings, and equipment	8,063,057	8,360,693
<b>Total net assets without donor restrictions</b>	20,091,592	20,518,486
Net assets with donor restrictions	10,174,111	9,265,322
<b>Total net assets</b>	30,265,703	29,783,808
<b>Total Liabilities and Net Assets</b>	<u>\$ 38,115,071</u>	<u>\$ 37,527,855</u>

See accompanying notes to consolidated financial statements

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	Without Donor Restrictions	With Donor Restrictions	Total 2024	2023
<b>Support and Revenue</b>				
Diocesan apportionments, net	\$ 3,367,388	\$ -	\$ 3,367,388	\$ 3,964,234
Investment return, net of fees	485,181	987,778	1,472,959	1,826,817
Contributions and bequests	210,690	627,924	838,614	156,552
DaySpring operations	1,266,636	-	1,266,636	1,360,450
Program revenue	185,493	-	185,493	145,379
Capital income - major gifts	150,000	-	150,000	112,500
Interest income from loans to churches	87,738	-	87,738	92,324
Other interest income	4,752	-	4,752	2,163
Recovery of bad debt	110,045	-	110,045	56,893
	5,867,923	1,615,702	7,483,625	7,717,312
Net assets released from restrictions	706,913	(706,913)	-	-
<b>Total support and revenue</b>	6,574,836	908,789	7,483,625	7,717,312
<b>Operating Expenses</b>				
Program services:				
Congregation support	1,044,595	-	1,044,595	961,267
Ministry	1,697,194	-	1,697,194	1,688,312
DaySpring	2,589,706	-	2,589,706	2,326,629
<b>Total program services</b>	5,331,495	-	5,331,495	4,976,208
<b>Supporting Services:</b>				
Administrative	1,607,636	-	1,607,636	1,564,364
<b>Total operating expenses</b>	6,939,131	-	6,939,131	6,540,572
<b>Change in Net Assets from Operations</b>	(364,295)	908,789	544,494	1,176,740
<b>Other Changes - Revenue (Expense)</b>				
Impairment on land held for sale	(318,476)	-	(318,476)	-
Other income	255,877	-	255,877	4,131
Contributed land	-	-	-	1,430,000
<b>Total other changes</b>	(62,599)	-	(62,599)	1,434,131
<b>Change in Net Assets</b>	(426,894)	908,789	481,895	2,610,871
<b>Net Assets at Beginning of Year</b>	20,518,486	9,265,322	29,783,808	27,172,937
<b>Net Assets at End of Year</b>	\$ 20,091,592	\$ 10,174,111	\$ 30,265,703	\$ 29,783,808

See accompanying notes to consolidated financial statements

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Diocesan apportionments, net	\$ 3,964,234	\$ -	\$ 3,964,234
Investment return, net of fees	632,179	1,194,638	1,826,817
Contributions and bequests	42,736	113,816	156,552
DaySpring operations	1,360,450	-	1,360,450
Program revenue	145,379	-	145,379
Capital income - major gifts	112,500	-	112,500
Interest income from loans to churches	92,324	-	92,324
Other interest income	2,163	-	2,163
Recovery of bad debt	56,893	-	56,893
	6,408,858	1,308,454	7,717,312
Net assets released from restrictions	639,326	(639,326)	-
<b>Total support and revenue</b>	7,048,184	669,128	7,717,312
<b>Operating Expenses</b>			
Program services:			
Congregation support	961,267	-	961,267
Ministry	1,688,312	-	1,688,312
DaySpring	2,326,629	-	2,326,629
<b>Total program services</b>	4,976,208	-	4,976,208
<b>Supporting Services:</b>			
Administrative	1,564,364	-	1,564,364
<b>Total operating expenses</b>	6,540,572	-	6,540,572
<b>Change in Net Assets from Operations</b>	507,612	669,128	1,176,740
<b>Other Changes - Revenue (Expense)</b>			
Contributed land	1,430,000	-	1,430,000
Other income	4,131	-	4,131
<b>Total other changes</b>	1,434,131	-	1,434,131
<b>Change in Net Assets</b>	1,941,743	669,128	2,610,871
<b>Net Assets at Beginning of Year</b>	18,576,743	8,596,194	27,172,937
<b>Net Assets at End of the Year</b>	<u>\$ 20,518,486</u>	<u>\$ 9,265,322</u>	<u>\$ 29,783,808</u>

See accompanying notes to consolidated financial statements

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	Program Services					Total	
	Congregation Support	Ministry	DaySpring	Total Program Services	Administrative	2024	2023
Salaries and employee benefits	\$ 439,375	\$ 291,805	\$ 1,106,833	\$ 1,838,013	\$ 952,944	\$ 2,790,957	\$ 2,658,328
Program ministry	-	1,235,029	-	1,235,029	-	1,235,029	1,286,073
Food services	-	-	302,476	302,476	-	302,476	310,703
Grounds and building maintenance	-	-	187,501	187,501	-	187,501	106,050
Grants to congregations	426,332	-	-	426,332	-	426,332	487,923
Occupancy	-	33,816	160,328	194,144	35,926	230,070	240,549
Guest services	-	-	49,284	49,284	-	49,284	31,056
Insurance	-	-	288,480	288,480	52,204	340,684	317,336
Credit loss expense	178,888	-	-	178,888	-	178,888	69,102
Travel	-	87,669	1,449	89,118	-	89,118	8,476
Meetings and conventions	-	-	-	-	34,512	34,512	116,926
Office expenses	-	-	2,907	2,907	15,065	17,972	22,237
Computer services	-	-	3,738	3,738	64,033	67,771	72,510
Miscellaneous	-	-	101,097	101,097	266,803	367,900	162,332
Scholarships	-	23,875	-	23,875	-	23,875	36,046
Donations	-	25,000	-	25,000	-	25,000	23,310
Legal and accounting	-	-	70	70	48,086	48,156	44,003
Postage	-	-	759	759	7,909	8,668	9,899
Repairs and maintenance	-	-	-	-	26,828	26,828	35,909
Cemetery	-	-	-	-	14,940	14,940	37,711
Education and training	-	-	2,608	2,608	-	2,608	2,300
Dues and subscriptions	-	-	9,019	9,019	-	9,019	2,937
<b>Total Expenses Before Depreciation</b>	<b>1,044,595</b>	<b>1,697,194</b>	<b>2,216,549</b>	<b>4,958,338</b>	<b>1,519,250</b>	<b>6,477,588</b>	<b>6,081,716</b>
Depreciation	-	-	373,157	373,157	88,386	461,543	458,856
<b>Total Expenses</b>	<b>\$ 1,044,595</b>	<b>\$ 1,697,194</b>	<b>\$ 2,589,706</b>	<b>\$ 5,331,495</b>	<b>\$ 1,607,636</b>	<b>\$ 6,939,131</b>	<b>\$ 6,540,572</b>

See accompanying notes to consolidated financial statements

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 481,895	\$ 2,610,871
<b>Adjustments to reconcile change in net assets to net cash used in operating activities:</b>		
Depreciation	461,543	458,856
Loss on disposal of fixed assets	18,003	9,614
Realized and unrealized gain on investments	(1,402,465)	(1,739,450)
Contributed land	-	(1,430,000)
Impairment on land held for sale	318,476	-
Increase (decrease) in allowance for uncollectible receivables	11,257	(63,401)
(Increase) decrease in apportionments and notes receivable	(12,081)	37,965
(Increase) decrease in accounts receivable	(11,366)	14,090
(Increase) decrease in other assets	(65,334)	14,110
(Decrease) increase in accounts payable and accrued expenses	(87,091)	97,057
Increase in deposits	47,691	37,692
Contributions restricted for endowment	(452,808)	(67,146)
<b>Net cash used in operating activities</b>	(692,280)	(19,742)
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(1,854,309)	(7,736,348)
Proceeds from sale of investments	1,624,335	6,954,540
Increase in deposits held for others	144,721	868,294
Payments received on loans receivable	578,439	563,352
Proceeds disbursed for loans receivable	(419,900)	(312,256)
Purchases of land, buildings, and equipment	(185,410)	(610,015)
<b>Net cash used in investing activities</b>	(112,124)	(272,433)
<b>Cash Flows from Financing Activities:</b>		
Contributions restricted for endowment	452,808	67,146
<b>Net cash provided by financing activities</b>	452,808	67,146
<b>Net Decrease in Cash</b>	(351,596)	(225,029)
<b>Cash at Beginning of Year</b>	1,593,618	1,818,647
<b>Cash at End of Year</b>	<u>\$ 1,242,022</u>	<u>\$ 1,593,618</u>

See accompanying notes to consolidated financial statements

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE A - NATURE OF ORGANIZATION**

Diocese of Southwest Florida, Inc. (the Episcopal Diocese) is a not-for-profit corporation existing under the laws of the State of Florida. It is one of 109 dioceses of the Protestant Episcopal Church in the U.S.A. (101 domestic and 8 overseas). As such, the Episcopal Diocese 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 Episcopal Diocese is comprised of twelve counties stretching along the west coast of Florida from Hernando County in the north to Collier County in the south. The Diocese of Southwest Florida, Inc. is divided geographically into seven deaneries: Tampa, Clearwater, St. Petersburg, Manasota, Venice, Fort Myers, and Naples.

The consolidated financial statements (collectively referred to as the Diocese) include the accounts of the administrative offices of the Episcopal Diocese which are fiscally responsible to the Bishop of the Diocese of Southwest Florida, and also include the accounts of the Episcopal Conference Center, Diocese of Southwest Florida, Inc. (DaySpring). All significant inter-organization transactions have been eliminated (see **NOTE F**).

The consolidated financial statements of the Diocese do not include the various churches, missions, and other religious organizations which operate within the Episcopal Diocese, but which are primarily responsible to their own governing boards. The 77 congregations within the Episcopal Diocese have total endowment assets of \$59,256,842 and combined normal operating income of \$59,859,152 as of and for the year ended December 31, 2024.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The consolidated financial statements of the Diocese have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Diocese to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Diocese. These net assets may be used at the discretion of the Diocese's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Diocese or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**DIOCESE OF SOUTHWEST FLORIDA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Basis of Presentation - Continued**

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. As contributions with donor-imposed restrictions are expended, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

Contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. At December 31, 2024 and 2023, the Diocese had no outstanding pledges or bequests.

**Measure of Operations**

The consolidated statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Diocese's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with US GAAP requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates. Significant estimates include the allowance for uncollectible receivables, useful lives on related assets, valuation of contributed land and allocation of expenses by function.

**Assets Held for Sale**

In accordance with ASC 360-10-45, long-lived assets classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. During the year ended December 31, 2024, the Organization classified a parcel of land as held for sale and an impairment loss was recognized. See **NOTE K** for additional disclosures.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Fair Value Measurement**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

**Cash**

Cash consists of cash on deposit with financial institutions. The Diocese considers all highly liquid assets with a maturity of three months or less when purchased as cash.

Financial instruments which potentially subject the Diocese to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ended December 31, 2024 and 2023, the Diocese's cash balance may have exceeded the federally insured limits. However, the Diocese has not experienced and does not expect to incur any losses in such accounts.

**Allowance for Credit Losses**

**Apportionment and Notes Receivable**

The Diocese's receivables consist of apportionment and note receivables due from the churches. Management manages credit risk by evaluating each church's credit worthiness on an ongoing basis. Management periodically assesses the collectability of its receivables by reviewing each outstanding balance, as well as bad debt write-offs experienced in the past, and current and developing general economic conditions, and provides for allowances of credit losses. Determination of delinquent receivables is based upon the contractual terms of the receivable with the individual church. If management determines a receivable balance is uncollectible, it is written off through a charge against earnings. At December 31, 2024 and 2023, the allowance for credit losses was \$50,624 and \$41,509, respectively.

**Loans and Mortgage Note Receivables**

Loans and mortgage note receivables from the churches are interest and noninterest bearing, unsecured except for the one mortgage note receivable, and are carried in the accompanying consolidated statements of financial position at December 31, 2024 and 2023 at the amount expected by management to be collected over the terms of the loans and mortgage note. Management periodically assesses the collectability of these receivables by reviewing each outstanding balance and current and developing general economic conditions, and provides for allowances of credit losses.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Allowance for Credit Losses - Continued**

*Loans and Mortgage Note Receivables - Continued*

Management has determined that an allowance for credit losses is not warranted at December 31, 2024 and 2023 for loans and mortgage note receivables. See **NOTES H AND I** for additional disclosures related to loans and mortgage note receivables.

**Investments**

The Diocese invests in common trust funds which hold a variety of investments including equity and fixed income securities and derivative instruments. The common trust funds are managed by a financial institution. Investments are carried at fair value using market based inputs including sales of the same or similar securities in active markets for equity securities and pricing models based on security ratings, interest rates and maturity dates for fixed income securities. Realized and unrealized gains and losses are reflected in the consolidated statements of activities.

**Bishop Grey Retirement Foundation, Inc.**

The Diocese elects four members to the governing board of the Bishop Gray Retirement Foundation, Inc. (the Foundation). The Foundation is a not-for-profit Florida corporation, organized to provide retirement support for the aged under the auspices and control of the Central, Southwest, and Southeast Florida Diocese of the Protestant Episcopal Church currently through a "scholarship program" which is intended to help eligible elderly Episcopalians from the three dioceses obtain quality housing and healthcare. Since the Diocese only acts in an advisory capacity, the Foundation's assets and related income are not recorded in the Diocese consolidated financial statements. Total assets of the Foundation at December 31, 2024 and 2023 were approximately \$14.6 million and \$13.8 million, respectively.

**Land, Buildings, and Equipment**

Land, buildings, and equipment are stated at cost if purchased or at estimated fair value at the date of gift if donated. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 28 years. Expenditures in excess of \$1,000 with an estimated useful life in excess of one year are capitalized.

**Impairment of Long-Lived Assets**

In accordance with FASB ASC Topic 360, *Property, Plant, and Equipment*, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the use and eventual disposition of the asset, excluding interest. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Impairment of Long-Lived Assets - Continued**

the consolidated statements of financial position and reported at the lower of carrying amount or fair value less costs to sell, and are no longer depreciated.

In addition to consideration of impairment upon occurrence of specific events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over the remaining useful lives. At December 31, 2024 and 2023, there were no impairments.

**Diocesan Apportionments**

The Diocese's principal source of revenue consists of apportionments received from congregations located within the Diocese. The apportionment is generally based upon 10% of the congregations' total operating revenue and 10% of total capital income for the fiscal year ended two years prior.

On an annual basis, apportionments receivable balances are reviewed for collectability and any allowance for credit losses is recorded. Management budgets 5% of the annual apportionment for credit losses. The amount of unused allowance for credit losses is treated as recovery of bad debt in the consolidated statements of activities. Recovery of credit losses totaled \$110,045 and \$56,893 for the years ended December 31, 2024 and 2023, respectively.

The Diocesan Council may elect to return a portion of the unused budgeted uncollectable amount as a dividend to congregations who are current on their apportionment at year-end. The Diocesan Council approved a \$110,778 Mission and Ministry Dividend for the year ended December 31, 2023 that was distributed on a pro rata basis. This provision is under the sole discretion of the Diocesan Council and is determined on an annual basis. No dividend to congregations was approved for the year ended December 31, 2024.

The Episcopal Diocese is a member of the Worldwide Anglican Communion and the Episcopal Church in the United States. The suggested pledge to the Budget for the Episcopal Church is 15% of certain revenues less \$200,000 exemption during 2024 and 2023. The "asking" expense was approximately \$503,000 and \$455,000 for the years ended December 31, 2024 and 2023, respectively, and is included in ministry expense on the consolidated statements of activities.

**DaySpring Operations**

DaySpring, a ministry of the Diocese, provides room and board accommodations for various groups and ministries. Revenue is recognized for these services at the point in time when all services have been provided. Advance deposits received from groups and ministries are recorded as liabilities and recorded as "deposits" on the accompanying consolidated statements of financial position. At the conclusion of each event, deposits are reclassified to earned revenue. Generally, there are no accounts receivable from these services as amounts earned, less advance deposits, are collected at the conclusion of each event. Revenue associated with affiliated groups within the Episcopal Diocese account for approximately 19% of DaySpring revenues for 2024 and 2023.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Deposits Held for Others**

The Diocese holds deposits for parishes for investment purposes in which the Diocese has recorded a "deposit held for others" on the accompanying consolidated statements of financial position.

**Income Tax Status**

The Diocese is a non-profit agency under the laws of the State of Florida and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Diocese is listed as a subordinate of the group exemption of the Protestant Episcopal Church in the United States of America and therefore is exempt from income tax. Accordingly, the accompanying consolidated financial statements reflect no provision for income taxes.

The Diocese has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; and to review other matters that may be considered tax positions. No amounts of unrecognized tax benefits have been recorded by the Diocese as of December 31, 2024 and 2023.

**Related Party Consolidation**

FASB ASC Topic 958-810, *Not-For-Profit Entity Consolidation*, clarifies the application of consolidated financial statements to certain related party entities in which a not-for-profit entity has characteristics of a controlling and economic financial interest. This guidance clarifies how to identify a related party entity in which the not-for-profit entity has a controlling and economic interest and how to determine when a not-for-profit entity should include the assets, liabilities, net assets, and results of activities of the related party entity in its consolidated financial statements.

Management has concluded that DaySpring, a related party under common control, is a related party entity in which Diocese has both controlling and economic interest. Management has elected to include the related assets, liabilities, net assets, and results of activities of DaySpring in these consolidated financial statements, as required by US GAAP.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Functional Allocation of Expenses**

The costs of providing the various program and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the consolidated statements of activities. Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure and classification. Certain costs have been allocated among the programs and supporting services benefited based on direct usage or management's estimates of the benefit derived by each activity. The expenses that are allocated include the following:

<b><u>Expense</u></b>	<b><u>Method of Allocation</u></b>
Salaries and related expenses	Time and effort
Legal and accounting	Directly identifiable
Computer services	Directly identifiable
Occupancy	Directly identifiable
Insurance	Directly identifiable
Office expense	Directly identifiable
Postage	Directly identifiable
Miscellaneous	Directly identifiable
Depreciation	Directly identifiable

**NOTE C - AVAILABILITY AND LIQUIDITY**

The following represents the Diocese's financial assets at December 31:

	<b><u>2024</u></b>	<b><u>2023</u></b>
Financial Assets:		
Cash	\$ 1,242,022	\$ 1,593,618
Investments - other	3,934,278	3,465,721
Apportionments and notes receivable, net	35,794	32,826
Accounts receivable, net	<u>17,569</u>	<u>8,345</u>
Total financial assets	5,229,663	5,100,510
Less Amounts Not Available to be Used Within One Year:		
Amounts payable for specific users	456,087	360,615
Conference deposits for following year	<u>159,934</u>	<u>112,243</u>
	616,021	472,858
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,613,642</u>	<u>\$ 4,627,652</u>

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE C - AVAILABILITY AND LIQUIDITY - CONTINUED**

The Diocese's goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$3 million). As part of its ongoing liquidity plan, excess cash is invested in short-term investments, including money market accounts.

As described in **NOTE L**, the Diocese has a \$3.0 million line-of-credit available to meet construction related cash flow needs through the implementation of the 10-year \$20 million DaySpring Master Plan started in 2015.

In the case of extraordinary circumstances, the Diocese can immediately access the available (unrestricted) balance of the Revolving Loan Fund \$1,182,047 and \$938,732 or Mission Fund \$2,752,231 and \$2,526,989 for the years ended December 31, 2024 and 2023, respectively. The Revolving Loan Fund is intended for loans to congregations, often as a lender of last resort when bank loans are not an option. Mission Fund is intended for use for real property to grow the church. These two funds comprise Investments – other in the above schedule.

**NOTE D - INVESTMENTS**

At December 31, 2024 and 2023, the Diocese held investments as follows:

	<b>2024</b>		<b>2023</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Equity Funds	\$ 1,727,535	\$ 1,552,698	\$ -	\$ -
ECF - Investment Fund	16,038,642	20,645,318	16,828,381	20,808,893
ECF - Income Fund	1,152,858	1,182,047	773,933	938,732
	<u>\$18,919,035</u>	<u>\$23,380,063</u>	<u>\$17,602,314</u>	<u>\$21,747,625</u>

Investments included in the consolidated statements of financial position at December 31, 2024 and 2023 are measured at the reporting date using Level 2 inputs, except for the equity funds which is classified as level 1.

Investment return was comprised of the following for the years ended December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Dividends and interest	\$ 186,983	\$ 148,677
Net realized and unrealized gains (losses)	1,402,465	1,739,450
Investment fees	<u>(116,489)</u>	<u>(61,310)</u>
Investment return, net of fees	<u>\$ 1,472,959</u>	<u>\$ 1,826,817</u>

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE E - APPORTIONMENTS, NOTES RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES**

During the years ended December 31, 2024 and 2023, the Diocese reviewed the individual apportionment receivable balances for collectability. As of December 31, 2024 and 2023, the apportionments and notes receivable included:

	<u>2024</u>	<u>2023</u>
Apportionments converted to notes	\$ 16,539	\$ 10,129
Current apportionments receivable	69,879	64,206
Allowance for credit losses	<u>(50,624)</u>	<u>(41,509)</u>
Net apportionments and notes receivable	<u>\$ 35,794</u>	<u>\$ 32,826</u>

The activity in the allowance for credit losses during the year ended December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 41,509	\$ 104,910
Credit loss expense	176,746	69,102
Write-offs and adjustments	<u>(167,631)</u>	<u>(132,503)</u>
Ending balance	<u>\$ 50,624</u>	<u>\$ 41,509</u>

**NOTE F - DAYSPRING ELIMINATIONS AND RELATED ACTIVITY**

The consolidated financial statements of the Diocese include related DaySpring balances and activities. For this reason, elimination of related party receivables and payables, along with corresponding revenues and expenses are necessary at year-end. Eliminating entries were made to properly account for the investment in DaySpring of \$8,970,978 and \$8,705,705 at December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, \$516,277 and \$522,425, respectively, of DaySpring support and revenue was eliminated along with the transfer of \$46,137 and \$49,295, respectively, of total return distribution per the spending rule included in the endowment fund.

**NOTE G - NOTE RECEIVABLE**

During 2022, a new Bishop was installed at the Diocese. In connection with the new Bishop's Letter of Agreement, a \$75,000 loan was made to assist with housing expenses. The loan is noninterest bearing and matures June 30, 2037. The Diocese has agreed to forgive one-tenth of the loan annually beginning on the fifth anniversary of service or July 1, 2027, provided the Bishop continues to serve the Diocese. If such service should end before the loan is fully forgiven, the remaining balance shall be due and payable with 30 days of the last day of service.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE H - LOANS RECEIVABLE**

At December 31, 2024 and 2023, the Diocese had interest and non-interest bearing loans receivable due from member churches. Repayment terms and scheduled payments are made according to each Church's agreement with the Diocese. As of December 31, 2024 and 2023, the loans outstanding included:

	<u>2024</u>	<u>2023</u>
Iona Hope Episcopal Church, Fort Myers	\$ 639,656	\$ 670,712
St. Monica's Episcopal Church, Naples	288,661	306,552
Church of the Good Shepherd, Dunedin	-	149,410
St. Nathaniel's Episcopal Church, North Port	176,073	185,782
St. Alfred, Palm Harbor	459,200	488,565
Church of the Good Shepherd, Punta Gorda	87,406	113,198
St. John the Divine, Sun City Center	49,805	65,437
St. Alban, St. Pete Beach	48,605	56,826
St. Mary's Episcopal Church, Tampa	29,499	41,500
St. Mary Magdalene	17,081	28,187
St. Vincent, St. Petersburg	26,753	33,375
St. Raphael, Fort Myers Beach	999	10,858
St. Martin, Hudson	-	20,576
St. Marks, Marco Island	12,139	17,482
Resurrection Episcopal Church, Largo	11,233	16,602
Church of the Good Shepherd, La Belle	-	14,280
St. John, Clearwater	17,605	20,506
St. Margaret, Scotland	78,765	90,000
St. Thomas, St. Petersburg	163,276	177,158
Nativity	40,617	22,284
All Souls Episcopal Church	38,087	-
Church of the Good Shepherd, La Belle	150,000	150,000
Church of the Epiphany	20,007	25,781
St. Mark's Episcopal Church	125,000	45,000
Church of the Good Shepherd, Venice	114,936	-
St. Peters, Plant City	17,531	-
Allowance for credit losses	-	-
	<u>          </u>	<u>          </u>
Net loans receivable	<u>\$ 2,612,934</u>	<u>\$ 2,750,071</u>

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE I - MORTGAGE NOTE RECEIVABLE**

On December 22, 2004, the Diocese executed a mortgage in the amount of \$1,500,000 by and between St. Mark's Episcopal Church for construction of their new facilities. The mortgage receivable, which bears interest at 3% and is payable over 30 years, is due in monthly installments of \$6,324 beginning April 1, 2005. The note is secured by real property. The Diocesan Council approved the deferral of principal payments and required interest only payments for four years. Beginning January 2013, St. Mark's Episcopal Church began making principal payments per Council Resolution 2013-01-d, based on the 2013 agreement, which modified terms for 2013-2015 at 1% interest on 50-year amortization. Diocesan Council approved interest only payments beginning March 2018 and extended through December 2021. As of December 31, 2024 and 2023, the note had an outstanding balance of \$1,191,722 and \$1,213,125, respectively. Management considers the amount to be fully collectible.

**NOTE J - CONDITIONAL PROMISES TO GIVE**

During 2016, the Diocese began a major donor campaign for the restricted purpose to upgrade the facilities at DaySpring. These pledges are an intention to give, rather than a promise, and are not legally binding to the donor. At December 31, 2023, the Diocese had \$7,167 of conditional pledges outstanding. Since these amounts represent conditional promises to give, they are not recorded as contribution revenue until the donor conditions are met and the cash is received. During the year ended December 31, 2024, all conditions were met and no additional conditional pledges were received.

**NOTE K - LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment, consist of the following at December 31, 2024 and 2023:

	<b>2024</b>			<b>2023</b>
	<b>Diocese</b>	<b>DaySpring</b>	<b>Total</b>	<b>Total</b>
Land and improvements	\$ 219,328	\$ 1,879,267	\$ 2,098,595	\$ 2,094,804
Buildings	1,850,027	9,105,073	10,955,100	10,905,694
Furniture and equipment	264,626	1,441,356	1,705,982	1,619,719
Vehicles	50,566	71,278	121,844	129,787
Construction in progress	-	-	-	13,738
	2,384,547	12,496,974	14,881,521	14,763,742
Less accumulated depreciation	(1,139,475)	(5,678,989)	(6,818,464)	(6,403,049)
	<u>\$ 1,245,072</u>	<u>\$ 6,817,985</u>	<u>\$ 8,063,057</u>	<u>\$ 8,360,693</u>

Depreciation expense for the years ended December 31, 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
Diocese	\$ 88,386	\$ 85,150
DaySpring	<u>373,157</u>	<u>373,706</u>
	<u>\$ 461,543</u>	<u>\$ 458,856</u>

**DIOCESE OF SOUTHWEST FLORIDA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

---

**NOTE K - LAND, BUILDINGS, AND EQUIPMENT - CONTINUED**

The Diocese approved a 3-phase plan to upgrade the facilities at DaySpring Episcopal Center. Phase 1 of this plan includes construction of a new program center and a new pool complex. Phase 2 includes new residential rooms, and Phase 3 includes a new multi-purpose worship center. Phases 2 and 3 are as yet unfunded, and initiation is dependent on gifts and fund raising.

In December 2019, the Diocesan Council approved a \$1.6 million intermediate Phase of transition projects. These projects include the relocation of the ropes course (completed in 2020), as well as a donor recognition gathering area and a new maintenance building which were completed in 2022.

*Land Held for Sale and Impairment*

In June 2023, The Church of St. Bede (the Church) concluded operations, and during the Diocesan Convention in October 2023, it was formally closed. In connection with this decision, the Church's net assets, including its land and building, were transferred to the Diocese of Southwest Florida, Inc. The building, deemed not repairable due to deferred maintenance, was demolished in 2023, and the Diocese recorded the contributed land at its estimated fair value of \$1,430,000. Costs of \$284,976 related to demolition and site preparation were capitalized as part of the land held for development as of December 31, 2023.

In 2024, the land was reclassified as held for sale under a signed contract for \$1,400,000, with closing expected in 2025. In accordance with ASC 360-10-45, assets held for sale are measured at the lower of carrying amount or fair value less cost to sell. Based on market conditions and estimated selling costs, an impairment loss of \$318,476 was recognized in 2024 and is included in the accompanying consolidated statement of activities.

**NOTE L - LINE-OF-CREDIT**

The Diocese obtained a \$3,000,000 unsecured line-of-credit with a financial institution in 2016 for purposes of implementing the construction ten year master plan at DaySpring. The interest rate on the line-of-credit is based on the prime rate minus 0.25% (7.25% at December 31, 2024). There were no amounts outstanding on the line-of-credit at December 31, 2024 and 2023. The Diocese had \$3,000,000 available for use at December 31, 2024 and 2023.

**NOTE M - BOARD-DESIGNATED NET ASSETS**

At December 31, 2024 and 2023, the Diocesan Council has designated unrestricted net assets for the following:

	<u>2024</u>	<u>2023</u>
Mission fund	\$ 2,752,231	\$ 2,526,989
Capital revolving loan fund	5,200,536	4,960,427
DaySpring endowment	221,272	247,691
Diocesan endowment	<u>2,025,617</u>	<u>1,902,578</u>
	<u>\$10,199,656</u>	<u>\$ 9,637,685</u>

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE N - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of gifts and other unexpended support available for the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Benefit of elderly	\$ 2,734,287	\$ 2,568,197
Congregation loans	159,702	149,156
Ministry development	239,367	207,817
St. Bartholomew	87,864	82,527
SCF chaplaincy	45,378	42,622
Missions	1,210,957	980,016
Bishop's discretionary	116,090	76,553
Underprivileged	107,173	97,167
Theological education	1,059,836	991,528
Episcopal charities grants	354,167	283,566
DaySpring	149,391	252,222
Other	<u>506,251</u>	<u>235,759</u>
	6,770,463	5,967,130
Donor-restricted endowment funds:		
Bishop's discretionary	534,689	534,689
Missions	392,438	392,438
Benefit of elderly	335,889	335,889
Ministry development	280,054	280,054
Education	122,159	122,159
DaySpring endowment	810,914	777,056
Episcopal charities grants	894,393	822,795
Other	<u>33,112</u>	<u>33,112</u>
	<u>3,403,648</u>	<u>3,298,192</u>
Total net assets with donor restrictions	<u><u>\$10,174,111</u></u>	<u><u>\$ 9,265,322</u></u>

**NOTE O - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions as follows during the years ended December 31, 2024 and 2023, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE O - NET ASSETS RELEASED FROM RESTRICTIONS - CONTINUED**

Purpose restrictions accomplished:

	<u>2024</u>	<u>2023</u>
Benefit of elderly	\$ 100,577	\$ 101,382
Congregation Loans	12,000	8,500
Ministry development	19,106	19,260
St. Bartholomew	3,232	3,258
College chaplaincy	1,669	1,683
Missions	65,607	66,126
Theological education	41,362	41,693
Bishop's discretionary	23,932	23,835
Underprivileged	6,059	6,107
DaySpring	199,162	40,700
Episcopal charities grants	47,264	59,161
Hurricane relief	175,116	255,700
Other	11,827	11,921
	<u>\$ 706,913</u>	<u>\$ 639,326</u>

**NOTE P - ENDOWMENT FUNDS**

Effective July 1, 2012, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) and in accordance with ASC Topic 958-205-45-28, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, the Diocese classifies investment earnings on endowments as a component of net assets with donor restrictions if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Diocese reclassifies the amount appropriated as a component of net assets without donor restrictions.

The Diocese's endowment consists of several individual funds established for a variety of purposes. Its endowment consists of donor-restricted funds and is subject to donor intent and the terms of its governing documents as well as the provisions of FUPMIFA. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Diocese's Diocesan Council has interpreted the wishes of donors and state law 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 of the contrary. As a result of this interpretation, the Diocese classifies as permanently restricted (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 permanently restricted is considered to be temporarily restricted until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by FUPMIFA.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE P - ENDOWMENT FUNDS - CONTINUED**

In accordance with FUPMIFA, 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 fund
- (2) The purposes of the Diocese 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 the Diocese
- (7) The investment policies of the Diocese

For the years ended December 31, 2024 and 2023, the Diocese has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

*Investment Return Objectives, Risk Parameters, and Strategies*

The Diocese has adopted investment and spending policies, approved by the Diocesan Council, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed-income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to provide a high level of cash distribution, while growing the funds if possible. Therefore, the Diocese expects its endowment assets, over time, to produce an average rate of return of approximately 7-9% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund, investment assets and allocation between asset classes, and strategies and managed to not expose the fund to unacceptable levels of risk.

*Spending Policy*

The Diocese is operating under an endowment spending policy which dictates that the endowment fund transfer to the operating fund an agreed-upon percentage of the fund. The Diocese estimates the distribution to fall in the range of three to five percent. In establishing this policy, the Diocese considers 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. 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.

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE P - ENDOWMENT FUNDS - CONTINUED**

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Board-designated endowment funds	\$ 2,246,889	\$ -	\$ 2,246,889
With donor restrictions endowment funds	<u>-</u>	<u>10,174,111</u>	<u>10,174,111</u>
	<u>\$ 2,246,889</u>	<u>\$ 10,174,111</u>	<u>\$ 12,421,000</u>

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance, beginning of year	\$ 2,150,269	\$ 9,265,322	\$ 11,415,591
Contributions	-	452,808	452,808
Interest and dividends, net of investment expenses	-	74,582	74,582
Net appreciation	222,300	913,196	1,135,496
Amount appropriated for expenditures	<u>(125,680)</u>	<u>(531,797)</u>	<u>(657,477)</u>
Balance, end of year	<u>\$ 2,246,889</u>	<u>\$ 10,174,111</u>	<u>\$ 12,421,000</u>

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Board-designated endowment funds	\$ 2,150,269	\$ -	\$ 2,150,269
Donor-restricted endowment funds	<u>-</u>	<u>9,265,322</u>	<u>\$ 9,265,322</u>
	<u>\$ 2,150,269</u>	<u>\$ 9,265,322</u>	<u>\$ 11,415,591</u>

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

---

**NOTE P - ENDOWMENT FUNDS - CONTINUED**

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance, beginning of year	\$ 1,959,247	\$ 8,387,166	\$ 10,346,413
Contributions	-	67,146	67,146
Interest and dividends, net of investment expenses	-	51,765	51,765
Net appreciation	274,722	1,142,873	1,417,595
Amount appropriated for expenditures	<u>(83,700)</u>	<u>(383,628)</u>	<u>(467,328)</u>
Balance, end of year	<u>\$ 2,150,269</u>	<u>\$ 9,265,322</u>	<u>\$ 11,415,591</u>

**NOTE Q - PENSION PLAN**

The Clergy and the lay employees of the Diocese are participants in separate pension plans. The Clergy and lay employees are covered by the Church Pension Fund. The Clergy are covered by a defined benefit plan and the lay employees are covered by a defined contribution plan. The plan covering lay employees calls for annual contributions by the Diocese, based on a percent of aggregate employee compensation. Total pension expense for all employees for the years ended December 31, 2024 and 2023 was \$137,386 and \$137,659, respectively. The Church Pension Fund is part of a National Plan and additional information with the respect to the Diocese of Southwest Florida, Inc. is not available as the plan is evaluated on an aggregate basis.

The DaySpring employees also participate in a separate pension plan through the Church Pension Fund. Total expense for the years ended December 31, 2024 and 2023 was \$72,343 and \$62,803, respectively.

**NOTE R - POSTRETIREMENT BENEFITS**

Under a plan adopted January 1, 1999, the Diocese provides certain health care benefits for clergy and lay retirees. Eligibility for those benefits occurs upon the attainment of age 65 and a minimum of ten years of service while working for the Diocese. The Diocese has the right to amend or terminate the program at any time; therefore, no future obligations are recorded under generally accepted accounting principles. In 2011, the Diocese adopted a new policy that affected the calculation of the total retiree benefit amount starting in 2012. The new policy provides for the Diocese to designate a total retiree benefit amount each year as part of their annual budgeting process. This amount is based on the income released from the endowment funds restricted for the benefit of the elderly, may include funds from current year Diocesan operating funds and is then divided by the budgeted number of eligible retirees each year. Total postretirement benefit expense for the years ended December 31, 2024 and 2023 was \$99,336 and \$95,735, respectively.

**DIOCESE OF SOUTHWEST FLORIDA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

---

**NOTE S - SUBSEQUENT EVENTS**

The Diocese has evaluated events occurring after the consolidated statements of financial position date through June 21, 2025, the date which the consolidated financial statements were available to be issued. The Diocese is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**DIOCESE OF SOUTHWEST FLORIDA, INC.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024**

Assets	Diocese Operating	DaySpring Operating	Eliminating Entries	Total
Cash	\$ 1,088,200	\$ 153,822	\$ -	\$ 1,242,022
Investments:				
Held for others	7,024,612	-	-	7,024,612
Held in endowment	12,421,000	-	-	12,421,000
Other	3,934,451	-	-	3,934,451
Apportionments and notes receivable, net	35,794	-	-	35,794
Accounts receivable, net	-	17,569	-	17,569
Loans receivable, net	2,856,267	-	(243,333)	2,612,934
Mortgage note receivable	1,191,722	-	-	1,191,722
Other assets	96,910	-	-	96,910
Note receivable	75,000	-	-	75,000
Land held for sale, net	1,400,000	-	-	1,400,000
Land, buildings, and equipment, net	1,245,072	6,817,985	-	8,063,057
Investment in DaySpring	8,970,978	-	(8,970,978)	-
<b>Total assets</b>	<u>\$ 40,340,006</u>	<u>\$ 6,989,376</u>	<u>\$ (9,214,311)</u>	<u>\$ 38,115,071</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 559,396	\$ 105,426	\$ -	\$ 664,822
Loan payable, net	-	243,333	(243,333)	-
Deposits	-	159,934	-	159,934
Deposits held for others	7,024,612	-	-	7,024,612
<b>Total liabilities</b>	7,584,008	508,693	(243,333)	7,849,368
<b>Net Assets</b>				
Net assets without donor restrictions:				
Undesignated	11,137,159	(337,302)	(8,970,978)	1,828,879
Board-designated endowment	2,246,889	-	-	2,246,889
Board-designated other	7,952,767	-	-	7,952,767
Land, buildings, and equipment	1,245,072	6,817,985	-	8,063,057
<b>Total net assets without donor restrictions</b>	22,581,887	6,480,683	(8,970,978)	20,091,592
Net assets with donor restrictions	10,174,111	-	-	10,174,111
<b>Total net assets</b>	<u>32,755,998</u>	<u>6,480,683</u>	<u>(8,970,978)</u>	<u>30,265,703</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 40,340,006</u>	<u>\$ 6,989,376</u>	<u>\$ (9,214,311)</u>	<u>\$ 38,115,071</u>

See independent auditor's report

**DIOCESE OF SOUTHWEST FLORIDA, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024**

	<u>Diocese Operating</u>	<u>DaySpring Operating</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Support and Revenue</b>				
Diocesan apportionments	\$ 3,367,388	\$ -	\$ -	\$ 3,367,388
Investment return, net of fees	1,472,959	46,137	(46,137)	1,472,959
Contributions and bequests	827,951	9,087	1,576	838,614
DaySpring operations	-	1,784,489	(517,853)	1,266,636
Program revenue	185,493	-	-	185,493
Capital income - major gifts	150,000	-	-	150,000
Interest income from loans to churches	87,738	-	-	87,738
Other interest income	-	4,752	-	4,752
Recovery of bad debt	110,045	-	-	110,045
<b>Total support and revenue</b>	6,201,574	1,844,465	(562,414)	7,483,625
<b>Operating Expenses</b>				
Program services:				
Congregation Support	1,108,833	-	(64,238)	1,044,595
Ministry	1,941,259	-	(244,065)	1,697,194
DaySpring	65,135	2,500,571	24,000	2,589,706
<b>Total program services</b>	3,115,227	2,500,571	(284,303)	5,331,495
<b>Supporting services:</b>				
Administrative	1,885,747	-	(278,111)	1,607,636
<b>Total operating expenses</b>	5,000,974	2,500,571	(562,414)	6,939,131
<b>Change in Net Assets from Operations</b>	1,200,600	(656,106)	-	544,494
<b>Other Changes - Revenue (Expense)</b>				
Impairment on land held for sale	(318,476)	-	-	(318,476)
Other income	240,451	15,426	-	255,877
<b>Total other changes</b>	(78,025)	15,426	-	(62,599)
<b>Change in Net Assets</b>	1,122,575	(640,680)	-	481,895
<b>Net Assets at Beginning of Year</b>	31,633,423	(1,849,615)	-	29,783,808
<b>Net Assets at End of Year</b>	<u>\$ 32,755,998</u>	<u>\$ (2,490,295)</u>	<u>\$ -</u>	<u>\$ 30,265,703</u>

See independent auditor's report