

**CATHOLIC FOUNDATION OF
NORTHWEST FLORIDA, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
TABLE OF CONTENTS
JUNE 30, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Catholic Foundation of Northwest Florida, Inc.

Opinion

We have audited the accompanying financial statements of Catholic Foundation of Northwest Florida, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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.

Warren Averett, LLC

Pensacola, Florida
September 30, 2024

CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 1,621,828	\$ 2,040,137
Investments	27,178,811	23,774,433
Other assets	<u>9,067</u>	<u>9,067</u>
TOTAL ASSETS	<u><u>\$ 28,809,706</u></u>	<u><u>\$ 25,823,637</u></u>
LIABILITIES		
LIABILITIES		
Accounts payable	\$ 6,115	\$ 950
NET ASSETS		
Without donor restrictions	28,646,618	25,665,714
With donor restrictions	<u>156,973</u>	<u>156,973</u>
Total net assets	<u>28,803,591</u>	<u>25,822,687</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 28,809,706</u></u>	<u><u>\$ 25,823,637</u></u>

See notes to the financial statements.

**CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
SUPPORT AND OTHER REVENUES		
Contributions	\$ 443,601	\$ 288,869
Investment return, net	3,249,490	2,023,060
In-kind revenue	<u>45,582</u>	<u>43,624</u>
Total support and other revenue	3,738,673	2,355,553
EXPENSES		
Program services	680,200	770,465
Supporting services		
General and administrative	35,770	34,208
Fundraising expenses	<u>41,799</u>	<u>53,330</u>
Total expenses	<u>757,769</u>	<u>858,003</u>
TOTAL CHANGE IN NET ASSETS	2,980,904	1,497,550
NET ASSETS, BEGINNING OF YEAR	<u>25,822,687</u>	<u>24,325,137</u>
NET ASSETS, END OF YEAR	<u><u>\$ 28,803,591</u></u>	<u><u>\$ 25,822,687</u></u>

See notes to the financial statements.

**CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Supporting Services				2024 Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Grants to parishes	\$ 680,200	\$ -	\$ -	\$ -	\$ 680,200
Office expenses	-	733	9,377	10,110	10,110
Office space	-	13,160	14,840	28,000	28,000
Payroll	-	-	17,582	17,582	17,582
Professional fees	-	21,661	-	21,661	21,661
Repairs and maintenance	-	216	-	216	216
Total expenses	<u>\$ 680,200</u>	<u>\$ 35,770</u>	<u>\$ 41,799</u>	<u>\$ 77,569</u>	<u>\$ 757,769</u>

See notes to the financial statements.

**CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	2023 Total
Grants to parishes	\$ 770,465	\$ -	\$ -	\$ -	\$ 770,465
Office expenses	-	369	22,866	23,235	23,235
Office space	-	13,160	14,840	28,000	28,000
Payroll	-	-	15,624	15,624	15,624
Professional fees	-	20,461	-	20,461	20,461
Repairs and maintenance	-	218	-	218	218
Total expenses	<u>\$ 770,465</u>	<u>\$ 34,208</u>	<u>\$ 53,330</u>	<u>\$ 87,538</u>	<u>\$ 858,003</u>

See notes to the financial statements.

CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,980,904	\$ 1,497,550
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized gains on investments, net	(2,787,538)	(1,644,013)
Increase (decrease) in:		
Accounts payable	<u>5,165</u>	<u>(4,018)</u>
Net cash provided by (used in) operating activities	198,531	(150,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(22,746,075)	(8,826,425)
Proceeds from sales of investments	<u>22,129,235</u>	<u>9,850,170</u>
Net cash (used in) provided by investing activities	<u>(616,840)</u>	<u>1,023,745</u>
NET CHANGE IN CASH	(418,309)	873,264
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,040,137</u>	<u>1,166,873</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,621,828</u></u>	<u><u>\$ 2,040,137</u></u>

See notes to the financial statements.

CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Catholic Foundation of Northwest Florida, Inc. (the Foundation) is a not-for-profit corporation organized in the state of Florida in 2005. The Foundation is committed to ensuring that the Catholic Diocese of Pensacola–Tallahassee (the Diocese), its parishes and its ministries have the charitable and community resources necessary to sustain its programs that enhance life, spiritual health, dignity and the wholeness of those it serves. The Foundation's programs are supported primarily by contributions and investment earnings.

A summary of the Foundation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The Foundation follows standards of accounting and financial reporting prescribed for nonprofit organizations. The Foundation uses the accrual basis of accounting.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are net assets available for general use and are not subject to donor restrictions.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation did not have any net assets for the year ended June 30, 2024 and 2023, where the donor-imposed restriction was perpetual in nature.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Gifts and grants, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Gifts and grants of assets other than cash are recorded at their estimated fair value and per the fair value policies. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in gift and grant revenue in accordance with the donor-imposed restrictions, if any, on the gifts or grants. Gifts or grants with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied.

CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased within three months of maturity to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the statement of financial position. Unrealized gains and losses are included in changes in net assets.

Fair Value

The fair value accounting standards define fair value and establish a fair-value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets, which may include quoted prices for similar assets or liabilities or other inputs, which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Foundation have been summarized on a functional basis in the statement of activities. Most expenses are charged directly to program services or general and administrative and fundraising based on specific identification. Accordingly, some costs have been allocated among the program and supporting services benefited by allocations based on time and effort, occupancy costs or a weighted average square footage basis.

Endowments Policy

Although no permanent endowments existed during the year, the Foundation has policies to follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the state of Florida in 2012.

Tax Exemption

The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Foundation is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles. The Foundation's tax returns are subject to possible examination by taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Subsequent Events

The Foundation has evaluated events and transactions that occurred between June 30, 2024 and September 30, 2024, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. INVESTMENTS

Investments are recorded at fair value determined from quoted prices in active markets for identical assets (Level 1 inputs) and are summarized as follows:

	2024			2023		
	Unrealized			Unrealized		
	Gains			Gains		
	Cost	(Losses)	Fair Value	Cost	(Losses)	Fair Value
Fixed income	\$ 8,792,581	\$ (542,803)	\$ 8,249,778	\$ 8,537,539	\$ (1,075,882)	\$ 7,461,657
Equities	16,862,175	2,066,858	18,929,033	14,894,975	1,417,801	16,312,776
	<u>\$ 25,654,756</u>	<u>\$ 1,524,055</u>	<u>\$ 27,178,811</u>	<u>\$ 23,432,514</u>	<u>\$ 341,919</u>	<u>\$ 23,774,433</u>

3. ENDOWMENTS

The Foundation's board has established various designations of net assets without donor restrictions as "board designated" endowments. The programs for which the funds are designated include religious formation, family life ministry, youth ministry, seminarian education, campus ministry, catholic schools, adult and young adult ministries, ethnic ministries, Catholic Charities, facility renovation projects, priests' retirement and future parish site expansion. All endowment funds are held in a Merrill Lynch account as of June 30, 2024 and 2023. No other types of endowments exist.

The following depicts the activity for the board designated endowment funds for the years ended June 30, 2024 and 2023:

	2024	2023
Endowment net assets, beginning of year	\$ 25,665,714	\$ 24,168,164
Donations and other support	489,183	332,493
Investment return	3,249,490	2,023,060
Amounts appropriated for expenditure	<u>(757,769)</u>	<u>(858,003)</u>
Endowment net assets, end of year	<u>\$ 28,646,618</u>	<u>\$ 25,665,714</u>

CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Return Objectives and Risk Parameters

The Foundation's assets are invested in accordance with investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives, the Board of Directors has taken into account the financial needs and circumstances of the Foundation, the time horizon available for investment, the nature of the Foundation's cash flows and liabilities and other factors that affect their risk tolerance.

Strategies Employed for Achieving Objectives

To satisfy its long-term, rate-of-return objectives, the investment of assets is guided by the following underlying principles: (1) to achieve a positive rate of return over the long term that will contribute to the cash flow needs of Foundation; (2) to provide for asset growth at a rate in excess of the rate of inflation; (3) to diversify the assets in order to reduce the risk of wide swings in market value from year to year or of incurring large losses that could occur from concentrated positions; and (4) to achieve investment results over the long term that compare favorably with those of other endowments and organizations, professionally managed portfolios and of appropriate market indexes.

Spending Policy

The Foundation has a spending policy to govern the rate funds are expended. The spending rate is calculated on a three-year average of the market value of the endowments as of December 31st. The spending policy and respective draw amounts are reviewed annually, and the investment committee recommends a draw amount, either as a percentage of market value or a dollar amount, to the full Board for its consideration and approval. Annually, a maximum target of 5% may be allocated for spending.

4. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024 and 2023, \$156,973 is restricted in nature by donor-intended purpose. Approximately \$90,000 of this total is restricted for seminarian education, and approximately \$60,000 is restricted for various ministry and parish endowments.

5. RELATED PARTIES

The Foundation's office space and salary for the Executive Director are provided by the Diocese at no charge. In-kind revenue and expense related to the office space and payroll totaled approximately \$46,000 and \$43,000 for the years ended June 30, 2024 and 2023, respectively.

The Foundation's bookkeeping is provided by the Diocese. Bookkeeping services paid to the Diocese totaled approximately \$12,000 and \$11,000 for the years ended June 30, 2024 and 2023, respectively.

**CATHOLIC FOUNDATION OF NORTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

6. CONCENTRATIONS AND CREDIT RISK

The Foundation's cash and investments are held with a financial institution and an investment firm and are federally insured for \$250,000 and for \$500,000 under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investors Protection Corporation (SIPC), respectively.

At June 30, 2024 and 2023, the aggregate balances were in excess of the insurance and therefore bear some risk since they are not collateralized. The Foundation has not experienced any losses on its cash or investments to date as related to the FDIC and SIPC insurance limits.

At June 30, 2024 and 2023, the Foundation had approximately \$860,000 and \$0, respectively, on deposit with the Diocese, which places its cash and investments in financial institutions and investment firms that are federally insured for \$250,000 and \$500,000 under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investors Protection Corporation (SIPC), respectively.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves. The following table reflects the Foundation's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,621,828	\$ 2,040,137
Investments- Board Designated	<u>27,178,811</u>	<u>23,774,433</u>
Total financial assets	28,800,639	25,814,570
Contractual or donor-imposed restrictions:		
Board designated endowments	(27,178,811)	(23,774,433)
Other donor restrictions	<u>(156,973)</u>	<u>(156,973)</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 1,464,855</u></u>	<u><u>\$ 1,883,164</u></u>