



**CATHOLIC DIOCESE OF ST. PETERSBURG
PASTORAL CENTER AND AFFILIATES**

**Combined Financial Statements
and Supplementary Financial Information**

**June 30, 2024 and 2023
(With Independent Auditors' Report Thereon)**

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

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Independent Auditors' Report

Most Reverend Gregory L. Parkes, Bishop and
Diocesan Finance Council of the Catholic Diocese of St. Petersburg:

Opinion

We have audited the combined financial statements of the Catholic Diocese of St. Petersburg Pastoral Center and Affiliates (see Note 1 to the combined financial statements) (collectively, the "Pastoral Center"), which comprise the combined statements of financial position as of June 30, 2024 and 2023, and the related combined statements of activities and cash flows for the years then ended, the related combined statement of functional expenses for the year ended June 30, 2024, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Pastoral Center as of June 30, 2024 and 2023, the changes in their net assets and their cash flows for the years then ended, and their functional expenses for the year ended June 30, 2024, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Pastoral Center 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Pastoral Center'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pastoral Center'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 Summarized Comparative Information

We have previously audited the Pastoral Center's 2023 combined financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated December 20, 2023. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2023, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of financial position information by fund and the schedule of activities information by fund are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

CBIZ CPAs P.C.¹

December 18, 2024
St. Petersburg, Florida

¹In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Combined Statements of Financial Position

June 30, 2024 and 2023

Assets	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 56,904,213	47,266,194
Investments:		
Diocesan investments	111,864,859	101,174,162
Held for others	153,674,443	138,660,997
Insurance premiums receivable, net	951,407	439,293
Pledges receivable, net	682,870	1,153,802
Estates and trusts receivable	4,031,798	3,584,989
Loans receivable - parishes and schools, net	3,933,363	5,585,414
Prepaid expenses and other assets	2,974,484	1,508,271
Cemetery plots and other inventory	2,984,959	426,460
Notes and other receivables, net	8,850,055	8,859,037
Land, buildings and equipment, net	26,555,815	30,078,526
Right-of-use assets under operating leases	934,701	1,128,612
Right-of-use assets under finance leases	158,119	204,668
	<u>374,501,086</u>	<u>340,070,425</u>
Total assets	\$ 374,501,086	340,070,425
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 11,711,795	15,882,700
Deposits held in trust - parishes and schools	114,356,962	107,964,572
Deposits held in trust - other	39,317,481	30,696,425
Estimated liability for insurance claims	3,101,939	2,852,456
Annuity obligations	621,415	714,945
Operating lease liabilities	934,701	1,128,612
Finance lease liabilities	161,958	207,045
	<u>170,206,251</u>	<u>159,446,755</u>
Total liabilities	170,206,251	159,446,755
Net assets:		
Without donor restrictions:		
Undesignated	20,523,497	13,047,001
Invested in land, buildings and equipment, net	21,205,944	22,832,918
Designated for specific programs	132,522,370	112,506,853
	<u>174,251,811</u>	<u>148,386,772</u>
With donor restrictions	<u>30,043,024</u>	<u>32,236,898</u>
Total net assets	204,294,835	180,623,670
Total liabilities and net assets	\$ 374,501,086	340,070,425

See accompanying independent auditors' report and notes to combined financial statements.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Combined Statements of Activities

For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Support:						
Parish assessments and Catholic Ministry Appeal	\$ 4,288,793	7,849,239	12,138,032	3,059,875	8,918,433	11,978,308
Contributions and bequests	3,914,210	450,379	4,364,589	2,551,555	1,016,050	3,567,605
Revenue:						
Insurance premium revenue	30,861,711	-	30,861,711	27,532,571	-	27,532,571
Investment return	22,287,876	2,088,427	24,376,303	12,931,421	1,659,755	14,591,176
Interest income on loans	132,751	-	132,751	147,767	-	147,767
Programs and sales	8,119,605	314,272	8,433,877	6,892,990	16,971	6,909,961
Gain on sale of property and equipment	-	-	-	4,137	-	4,137
Other revenues	877,365	-	877,365	871,278	-	871,278
Change in value of split-interest agreements	438,146	-	438,146	(85,694)	338,785	253,091
Net assets released from restrictions	12,896,191	(12,896,191)	-	6,927,802	(6,927,802)	-
Total support and revenue	83,816,648	(2,193,874)	81,622,774	60,833,702	5,022,192	65,855,894
Expenses:						
Program services:						
Clergy, religious, vocations and seminarian education	2,853,359	-	2,853,359	2,760,917	-	2,760,917
Catholic formation and education	4,377,700	-	4,377,700	4,521,006	-	4,521,006
Catholic social services	4,432,794	-	4,432,794	4,147,601	-	4,147,601
Parish, school and diocesan services	4,502,579	-	4,502,579	5,080,883	-	5,080,883
Pastoral leadership	1,738,328	-	1,738,328	1,111,161	-	1,111,161
Catholic enterprises:						
Bethany Center	2,501,286	-	2,501,286	2,253,944	-	2,253,944
Calvary Catholic Cemetery	3,582,872	-	3,582,872	2,251,742	-	2,251,742
Insurance Trusts	27,833,850	-	27,833,850	20,568,521	-	20,568,521
Savings and Loan	2,100,177	-	2,100,177	1,144,039	-	1,144,039
Total program services	53,922,945	-	53,922,945	43,839,814	-	43,839,814
Supporting services:						
Administration and fundraising	4,028,664	-	4,028,664	1,680,644	-	1,680,644
Total expenses	57,951,609	-	57,951,609	45,520,458	-	45,520,458
Change in net assets	25,865,039	(2,193,874)	23,671,165	15,313,244	5,022,192	20,335,436
Net assets, beginning of year	148,386,772	32,236,898	180,623,670	133,073,528	27,214,706	160,288,234
Net assets, end of year	\$ 174,251,811	30,043,024	204,294,835	148,386,772	32,236,898	180,623,670

See accompanying independent auditors' report and notes to combined financial statements.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Combined Statement of Functional Expenses

**For the Year Ended June 30, 2024
(With Comparative Totals for 2023)**

	Program Services						Supporting Services			Total Expenses		
	Clergy, Religious, Vocations and Seminarian Education	Catholic Formation and Education	Catholic Social Services	Parish, School and Diocesan Services	Catholic Enterprises	Pastoral Leadership	Total	Administration	Fundraising	Total	2024	2023
Salaries	\$ 425,653	1,303,721	31,025	1,350,495	2,399,647	558,269	6,068,810	1,806,709	451,154	2,257,863	8,326,673	6,937,685
Employee benefits, less intradiocesan insurance premiums of \$1,157,999 and \$1,306,315	351,826	226,607	4,858	217,273	337,674	150,708	1,288,946	263,096	72,773	335,869	1,624,815	1,532,317
	777,479	1,530,328	35,883	1,567,768	2,737,321	708,977	7,357,756	2,069,805	523,927	2,593,732	9,951,488	8,470,002
Grants, contributions and subsidies to Diocesan entities	691,957	1,762,630	3,122,456	131,551	3,000	92,001	5,803,595	-	-	-	5,803,595	5,936,371
Grants to Diocesan School Corporations	35,399	85,902	1,109,125	129,630	-	1,000	1,361,056	-	-	-	1,361,056	1,433,568
Insurance claims	-	-	-	-	19,270,550	-	19,270,550	-	-	-	19,270,550	15,056,793
Insurance premiums	12,395	43,115	6,578	44,474	6,956,609	17,203	7,080,374	110,960	850	111,810	7,192,184	4,095,666
Programs/conferences sponsored/clergy support	1,005,304	562,797	10,986	1,236,661	146,442	61,834	3,024,024	5,357	11,820	17,177	3,041,201	2,069,487
Professional fees	44,687	13,386	13,152	192,912	1,256,149	262,747	1,783,033	479,891	408,012	887,903	2,670,936	2,354,270
Travel, meetings and education	32,630	40,550	1,608	114,037	35,103	52,277	276,205	69,333	5,044	74,377	350,582	273,895
Property maintenance and taxes	45,907	9,686	4,108	20,541	529,871	10,494	620,607	169,365	-	169,365	789,972	365,944
Utilities and telephone	31,880	30,658	17,255	140,142	200,605	35,773	456,313	31,142	2,241	33,383	489,696	424,977
Assessments and quotas	-	-	-	32,000	-	338,822	370,822	-	-	-	370,822	396,951
Building/equipment maintenance	64,814	144,648	42,018	226,269	316,088	53,095	846,932	42,018	-	42,018	888,950	688,775
Supplies	7,951	6,010	1,517	33,401	30,182	21,762	100,823	14,667	10,109	24,776	125,599	248,923
Postage	3,968	3,277	3,183	87,681	3,314	4,702	106,125	5,982	91,849	97,831	203,956	119,886
Dues and periodicals	10,835	4,787	242	9,088	4,269	8,958	38,179	3,271	1,172	4,443	42,622	62,215
Stipends and contract labor	23,970	18,453	500	2,880	3,360	2,400	51,563	-	-	-	51,563	68,487
Rent	429	13,629	429	184,941	-	429	199,857	429	2,269	2,698	202,555	195,015
Cost of sales and other related expenses	-	-	-	-	1,242,293	-	1,242,293	-	-	-	1,242,293	944,274
Advertising	-	-	-	29,833	121,865	2,100	153,798	11,293	17,244	28,537	182,335	53,228
Interest paid to independent entities on deposits held	517	517	517	2,582	2,376,554	517	2,381,204	517	-	517	2,381,721	990,272
Depreciation and amortization	63,237	96,118	63,237	316,188	1,019,267	63,237	1,621,284	63,237	-	63,237	1,684,521	1,594,203
Net provisions (recoveries) for loan and other losses	-	11,209	-	-	(234,657)	-	(223,448)	(123,140)	-	(123,140)	(346,588)	(322,744)
Total expenses	\$ 2,853,359	4,377,700	4,432,794	4,502,579	36,018,185	1,738,328	53,922,945	2,954,127	1,074,537	4,028,664	57,951,609	45,520,458

See accompanying independent auditors' report and notes to combined financial statements.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Combined 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	\$ 23,671,165	20,335,436
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for doubtful accounts, net of recoveries	(346,588)	(322,744)
Provision for insurance claims, net of recoveries	249,483	(277,946)
Loss (gain) on sale of property and equipment	15,969	(4,137)
Depreciation and amortization expense	1,684,521	1,594,203
Net realized and unrealized gains on investments	(9,526,240)	(7,040,016)
Noncash contribution under charitable gift annuity agreement	-	(13,820)
Change in value of split-interest agreements	(438,146)	(253,091)
Changes in operating assets and liabilities:		
Accounts receivable	(358,713)	(1,417,835)
Prepaid expenses and other assets	(1,466,213)	(540,072)
Cemetery plots and other inventory	250,516	112,988
Accounts payable, accrued expenses and other liabilities	(4,170,905)	8,469,736
Deposits held in trust	<u>7,978,499</u>	<u>14,579,934</u>
Net cash provided by operating activities	17,543,348	35,222,636
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	24,677,854	18,754,993
Purchases of investments	<u>(33,820,810)</u>	<u>(25,634,531)</u>
Net purchases of investments	(9,142,956)	(6,879,538)
Collections on loans receivable	2,283,356	8,345,457
Loans to Diocesan entities - parishes and schools	(282,257)	(7,497,023)
Collections on notes and other receivables	324,053	354,141
Purchases of land, buildings, and equipment	(929,247)	(2,083,686)
Proceeds from the sale of capital assets	<u>-</u>	<u>7,503</u>
Net cash used in investing activities	(7,747,051)	(7,753,146)
Cash flows from financing activities:		
Cash received under charitable gift annuity agreement	-	25,000
Payments to donor annuitants	(102,193)	(97,353)
Principal paid on finance lease liabilities	<u>(56,085)</u>	<u>(54,646)</u>
Net cash used in financing activities	<u>(158,278)</u>	<u>(126,999)</u>
Net increase in cash and cash equivalents	9,638,019	27,342,491
Cash and cash equivalents, beginning of year	<u>47,266,194</u>	<u>19,923,703</u>
Cash and cash equivalents, end of year	\$ <u>56,904,213</u>	\$ <u>47,266,194</u>
Supplemental cash flow information:		
Cash paid for interest	\$ <u>2,381,721</u>	<u>990,272</u>
Noncash investing and financing activities:		
Change in value of deposits held in trust - Non-Diocesan entities	\$ <u>(7,034,947)</u>	<u>(2,978,024)</u>
Initial recognition of operating lease right-of-use assets and related operating lease liabilities upon adoption of ASC 842	\$ <u>-</u>	<u>1,293,352</u>
Initial recognition of finance lease right-of-use assets and related finance lease liabilities upon adoption of ASC 842	\$ <u>-</u>	<u>261,691</u>
Recognition of new operating lease right-of-use assets and related operating lease liabilities	\$ <u>-</u>	<u>13,770</u>
Recognition of new operating lease right-of-use assets and related operating lease liabilities	\$ <u>10,998</u>	<u>-</u>

See accompanying independent auditors' report and notes to combined financial statements.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements

June 30, 2024 and 2023

(1) Nature of Operations and Basis for Presentation

The Catholic Diocese of St. Petersburg (the “Diocese”) was established by the Roman Catholic Church in 1968 to serve the Catholic community in Citrus, Hernando, Hillsborough, Pasco and Pinellas Counties in West Central Florida. The Diocese of St. Petersburg, Inc. employs Bishop Gregory L. Parkes and his supporting staff to administer Diocesan assets and minister to parishes, schools and other Diocesan entities.

For the purposes of this financial report, the assets, liabilities, net assets, and activities of Diocese of St. Petersburg, Inc. have been reported on a combined basis with those of the following separate legal entities due to some degree of common control and for the convenience of the primary users of these combined financial statements who are interested in all combined entities (collectively referred to as the “Pastoral Center and Affiliates” or simply the “Pastoral Center”):

- WBVM - 90.5 FM, Inc.
- Bethany Center, Inc.
- Our Lady of Good Counsel Camp, Inc.
- Miserere Guild, Inc. d/b/a Calvary Catholic Cemetery
- Miserere Guild of Hillsborough, Inc. d/b/a Resurrection Cemetery, Inc.
- Savings and Loan Trust of the Diocese of St. Petersburg (“Savings and Loan Trust”)
- Insurance and Employee Benefit Trust of the Diocese of St. Petersburg (“Insurance and Employee Benefit Trust”)
- Emmaus Foundation, Inc. d/b/a The Catholic Foundation of the Diocese of St. Petersburg (the “Catholic Foundation”)
- Parish Sustainability Corporation

This financial report is intended to provide transparency and accountability to the parishioners of the Diocese, many of whom have made financial contributions directly to the Diocese, or indirectly supported the Diocese through the financial support of parishes. In addition, this report serves other users who are also interested in the financial condition of entities that are funded through other sources. Inclusion in this report does not indicate that assets, net assets, or cash flows of any entity are available for other entities, nor do any liabilities attach to any of the entities with which an entity has been combined. Each entity has a specific purpose, and its governing board has a fiduciary responsibility to the owners or beneficiaries of that entity. Assets which entities have acquired are distinct from the assets of other entities even though they may be commingled in a fund such as the Savings and Loan Trust of the Diocese of St. Petersburg.

The Pastoral Center’s audited combined financial statements do not include the assets, liabilities, net assets or activities of certain other separate legal entities with independent Boards of Directors such as parishes, missions, parochial schools, Diocesan high school corporations, Morning Star school corporations, Catholic Academies - Diocese of St. Petersburg, Inc., Catholic School System - Diocese of St. Petersburg, Inc., Catholic Formation, Inc., Catholic Charities, Diocese of St. Petersburg, Inc., DOSP USF Housing, Inc., multiple corporations providing affordable housing and other entities.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(1) Nature of Operations and Basis for Presentation - Continued

The operations of the Diocese regularly include related party transactions with entities that are not combined, as well as with those that are combined. The Pastoral Center receives the majority of its operational support from approximately 80 parishes in the five-county area of the Diocese. In addition, the Pastoral Center provides significant financial support to many of the entities mentioned above, including those which are combined for reporting purposes and those which are not combined for reporting purposes.

The Pastoral Center has the following major types of ministries and program activities.

Pastoral Programs

Ministries and Apostolates: faith ministries and migrant apostolates; Miserere Guild, Inc., d/b/a Calvary Catholic Cemetery; WBVM - 90.5 FM, Inc., a radio station; Bethany Center, Inc., a retreat center; and Our Lady of Good Counsel Camp, Inc., a summer camp.

Catholic Formation and Education: education and formational ministries and programs; Catholic Education Foundation, Inc. whose purpose is to support the Catholic schools of the Catholic Diocese of St. Petersburg; and Emmaus Foundation, Inc. d/b/a The Catholic Foundation of the Diocese of St. Petersburg.

Social Services: providing support to Catholic Charities, and other operating ministries and social service activities.

Clergy Development and Religious: promoting and educating candidates to the priesthood, providing clergy support, providing support to seminaries and providing program services to the religious women and men in Diocesan institutions.

Parochial Services: providing various ministry and administrative support services to parishes, educational institutions and other Diocesan entities.

Insurance Programs: administration of the Diocesan insurance and employee benefit programs (operated within a trust).

Savings and Loan Programs: an investing and lending program utilizing commingled funds for the Pastoral Center, parishes and educational institutions (operated within a trust).

Property Administration: various activities related to the planning and maintenance of all Diocesan owned properties.

Stewardship: programs for encouraging and developing giving within the Diocese.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

These combined financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Pastoral Center as a whole. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed stipulations. Included in net assets without donor restrictions are net assets designated for specific programs by management based upon the nature and types of programs. Such designations are subject to change.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed stipulations are expected to be met by actions of the Pastoral Center and/or the passage of time or include a stipulation that assets provided be maintained in perpetuity by the Pastoral Center. Generally, the donors of these assets permit the Pastoral Center to use all or part of the income earned on related investments for general or specific purposes.

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. Expirations of donor restricted assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, including unconditional promises to give (pledges), are recognized as revenues 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 and are subsequently adjusted as necessary based on any permanent impairment of their fair value.

Interfund balances and interfund transactions are eliminated from these combined financial statements.

Assets are presented in the accompanying combined statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

(b) Cash and Cash Equivalents

Other than short-term investments, the Pastoral Center considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Cash is on deposit at several high-quality financial institutions in bank deposit accounts which at times, may exceed federally insured limits. The Pastoral Center has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(c) Loans Receivable - Parishes and Schools (Savings and Loan Trust)

A savings and loan program is administered by a Board of Trustees appointed by the Bishop of the Diocese. Loans made from the Trust are restricted to qualified Diocesan entities including parishes, schools and Catholic Charities. Loans may be made for construction projects and operational needs of the entities. Entities must submit written applications for loans demonstrating, among other things, their ability to repay the loan. All borrowings of Diocesan entities must be approved by the Bishop. All loans made by the Savings and Loan Trust must be approved by the Board of Trustees, however, the Trustees have delegated the authority to the Bishop to approve emergency loans of less than \$50,000.

Loans are made at fixed interest rates (currently 3%) that are reviewed and adjusted periodically as necessary by the Trustees based upon the needs of the Trust and current market rate conditions. Such loans are amortized over periods ranging from 3 years to 30 years, depending on the size and type of loan, and the financial condition and needs of the entity. In some cases, usually involving construction projects, loans are not amortized until the completion of all of the requirements of the project or another event. In some cases, based on the entity's financial condition and/or the purpose of the loan, loans are made at zero percent interest.

On a quarterly basis, Pastoral Center management reviews the payment history of each loan, and based on such history, the financial condition of the entity and other pertinent factors, establishes an allowance for loans that they believe may not be collectible. Such allowances are reported to and approved by the Trustees on a quarterly basis as part of the Trust's quarterly financial statements.

(d) Notes and Other Receivables

Certain other notes and accounts receivable result from the ministries and operations of the Pastoral Center. Included are long-term, non-interest-bearing land loans to certain parishes, stop-loss insurance claims' recoveries, costs advanced on low-income housing construction projects of the Diocese, Cemetery trade receivables, parish assessment receivables and other miscellaneous advances that are made outside the Savings and Loan Trust. Except for the land loans, these receivables are usually collected within one year. However, management analyzes the collectability of the receivables in this account on a quarterly basis, records an estimated allowance for uncollectible items, and reports the receivables net of the allowance.

(e) Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded net of an allowance for doubtful pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for doubtful pledges. The discounts on those amounts are computed using a risk adjusted interest rate which corresponds with the collection period of the respective pledge. Amortization of discounts is included in contribution revenue.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(f) Bequests Receivable

The Catholic Foundation recognizes its interest in estates in process as a receivable (when the Court declares the related will valid) at fair value and as net assets with donor restrictions.

(g) Estates and Trusts Receivable

The Pastoral Center recognizes a receivable and revenue for their interest in estates and trusts in process based on the inventories of assets and conditions contained in the respective documents. The Pastoral Center records receivables (when the court declares the related document valid) as net assets with donor restrictions. As funds (those with time or purpose restrictions) are collected, donor restricted assets are reclassified to net assets without donor restrictions if the donor-stipulated purpose has been fulfilled and reported in the combined statements of activities as net assets released from restrictions.

(h) Land, Buildings and Equipment

Land, buildings and equipment are stated at cost, when purchased or at fair value at date of gift, when donated. Land is valued at cost which, in the aggregate, is less than fair value. Depreciation on buildings and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

(i) Pledges Payable

Unconditional promises for expenditures approved by the Board of Trustees and management are recorded as pledges payable in the year they are approved, and the recipient is identified. These unconditional promises are expected to be paid in future years as specified in the approval process.

(j) Impairment of Long-Lived Assets

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. Assets to be disposed of would be separately presented in the combined statements of financial position and reported at the lower of carrying amount or fair value less costs to sell and no longer depreciated. No impairment charges were recorded during the years ended June 30, 2024 and 2023.

In addition to consideration of impairment upon events or changes in circumstances described above, management regularly evaluates the remaining lives of its impaired long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over the remaining lives.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(k) Fair Value of Financial Instruments

At June 30, 2024 and 2023, the following methods, assumptions and accounting principles were used to estimate the fair value of each of the following classes of financial instruments for which it is practical to estimate that value:

Pledges Receivable: The fair value is determined at the present value of the amount pledged based on the risk adjusted interest rate which corresponds with the collection period of the respective pledge.

Loans Receivable: Except for non-interest-bearing loans (see Note 7), the carrying amount of loans receivable approximates fair value because these financial instruments bear rates which approximate current market rates for loans of similar collateral position, credit quality and maturities. Noninterest bearing loans relate to planned construction for certain parishes.

Notes and Other Receivables: The carrying amount of notes and other receivables includes land purchase receivables that are not subject to repayment terms at the present time. Such land purchase receivables were \$4,736,903 and \$5,060,956 at June 30, 2024 and 2023, respectively, and are non-interest bearing. It is not practical, nor possible, to obtain independent estimates of the fair values for these receivables (see Note 8).

Savings Deposits: The carrying amount of savings deposits approximates fair value because of the short-term maturities of these financial instruments.

(l) Endowments

The Pastoral Center follows applicable Florida law with respect to donor-restricted funds and complies with any donor-imposed restrictions on the use of the investment income or net appreciation resulting from the donor restricted funds in perpetuity. However, when there is an absence of donor restrictions on the use of the investment income or net appreciation, the Pastoral Center follows applicable law.

The Pastoral Center has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment assets, which include both internally designated and donor restricted endowments while seeking to maintain the purchasing power of these endowment assets over the long term. The objective is to maintain the purchasing power of endowment assets in perpetuity by seeking long-term returns, which either match or exceed the spending rate plus inflation.

To satisfy its long-term rate-of-return objectives, the Pastoral Center relies on a total return strategy using higher returning asset classes. Asset allocation is global in scope and allows the investment of foreign and domestic securities in the portfolio. The Pastoral Center targets a diversified asset allocation that places an emphasis on equity-based and fixed income mutual funds, and marketable equity securities to achieve its long-term return objectives within prudent risk constraints.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(m) Going Concern Evaluation

On an annual basis, as required by Accounting Standards Codification (“ASC”) Topic 205, *Presentation of Financial Statements - Going Concern*, the Pastoral Center performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Pastoral Center’s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

(n) Revenue Recognition

The Pastoral Center recognizes revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Pastoral Center has evaluated each of the five steps of Topic 606 which are as follows: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligations; and (5) Recognize revenue when (or as) performance obligations are satisfied.

The Pastoral Center considers a contract with a customer to exist under Topic 606 when there is approval and commitment from the Pastoral Center and the customer, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. The Pastoral Center evaluates each service deliverable contracted with the customer to determine whether it represents promises to transfer distinct services under ASC Topic 606. These are referred to as performance obligations. One or more service deliverables often represent a single performance obligation. This evaluation requires significant judgment and the impact of combining or separating performance obligations may change the time over which revenue from the contract is recognized.

The Pastoral Center derives revenue from contracts with customers from its parish and school assessments, cemetery sales, asset management fees, administrative service fees, Bethany Retreat Center lodging, food and meeting space sales, and program and conference fees associated with various ministries.

Parish and School Assessments: Parish assessments help fund the various ministry budgets of the Pastoral Center and are recorded in the year the parish is assessed by the Pastoral Center. Such assessment is based on each parish’s offertory, among other factors. Assessments are billed annually, and the Pastoral Center recognizes revenues over time since parishes receive and consume the benefits of the services provided by the Pastoral Center ratably over the year. The Catholic Ministry Appeal (“CMA”) represents pledges received from parishioners to help pay their parish’s assessment. CMA pledges receivable at June 30, 2024 and 2023 are included in net assets with donor restrictions since they will not be available to the Diocese until the next fiscal year.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(n) Revenue Recognition - Continued

Cemetery Sales: Cemetery operations generate revenue primarily through sales of cemetery interment rights (primarily grave sites, lawn crypts, mausoleum spaces and niches), related cemetery merchandise (such as outer burial containers, memorial markers and floral placements) and services (interments, inurnments and installation of cemetery merchandise). Cemetery services and products are provided on both an at-need and pre-need basis. Cemetery arrangements sold at the time of death are referred to as at-need cemetery contracts. The performance obligation on these at-need contracts for cemetery property, merchandise and services are distinct. The performance obligations from the time of death to the disposition of the remains, include delivering cemetery property, unearthing the ground, interring remains and installing merchandise on the cemetery grounds. Each item on the contract is recognized as a distinct good or service.

The performance obligation is satisfied, and revenue is recognized on the purchase date of the interment right, on the date of the cemetery service, and on the date of delivery of the merchandise (set on cemetery grounds). Payment is due at or before the time of transfer. Outstanding balances due from customers, if any, on completed at-need contracts are included in notes and other receivables on the accompanying combined statements of financial position. The performance obligation is satisfied at the date of the service, the purchase of the interment right or the delivery of the merchandise as control has transferred to the customer. At this time, the contract is signed by the customer and the Cemetery is entitled to payment.

Cemetery arrangements sold prior to death are referred to as pre-need cemetery contracts. Amounts paid by the customer, pursuant to the pre-need funeral contracts, initially are recognized as deferred revenue and are recognized as revenue when control of the funeral service and/or merchandise revenue is transferred to the customer. For pre-need cemetery interment rights, the performance obligation is the sale of the interment right and revenue is recognized at the time the contract is signed. Control of cemetery interment rights is transferred to the customer upon execution of the contract as customers select a specific location and space for their interment right, thus, restricting the cemetery from other use or transfer of the contracted cemetery property. The interment right is deeded to the customer when the contract is paid in full.

Within the Cemetery sales contract for interment rights, the Cemetery commits to maintaining graves, crypts, niches and memorial gardens in perpetuity, and segregating 10% of such sales as a reserve designated for this commitment. Based on this commitment, the Cemetery allocates a portion of the sales contract as a long-term liability to recognize this performance obligation.

The Cemetery pays commissions on new at-need and pre-need contracts. Topic 606 also requires the deferral of incremental direct selling costs to the period in which the related revenue is recognized, when material. The Cemetery recognizes 100% of commission expense at the time the contract has been fully collected. The portion of the commission attributable to the portion of the pre-need contracts for graves, crypts, niches and memorial gardens that are fully paid and still pre-need (not completed) is considered immaterial and therefore, as a practical matter, this portion of the sales commission is recognized at time of collection and not deferred until contract completion.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(n) Revenue Recognition - Continued

Asset Management Fees: The Catholic Foundation manages investments on behalf of the Diocese and various Diocesan entities. The Catholic Foundation charges 75 basis points of the assets under management as an asset management fee. The asset management fee is calculated monthly and billed quarterly. There are no performance-based incentive fees. The Catholic Foundation recognizes asset management fees over the time period the assets are held.

Administrative Service Fees: The Pastoral Center provides accounting support services to certain parishes and schools within the Diocese of St. Petersburg. Pricing is based on a monthly fee for standard accounting services. Special projects are billed separately at an hourly rate, when applicable. Revenue is recognized over time since the accounting services are considered a series of distinct services in which the parishes and schools receive and consume the benefits as services are performed by the Pastoral Center.

Bethany Center Sales: Bethany Center, Inc. operates a retreat facility including private overnight accommodations, meeting space and food services. Bethany Center recognizes revenues from lodging, food and conferences when the service is provided to the customer, generally over the time period of the conference or retreat. Bethany Center has determined that over time recognition is appropriate because the customer receives and consumes the benefit of the services ratably over the days the conference or retreat is held.

Programs and Conference Fees: The Pastoral Center administers a variety of ministries which include the charging of program fees and/or attendance fees. The Pastoral Center recognizes revenue for ministries and program fees over the time period of the related event since the customer receives and consumes the benefit of the services ratably over the days the ministry or conference is held.

Advertising: Spirit FM is a Christian radio station owned by the Diocese of St. Petersburg. Spirit FM broadcasts contemporary Christian music and offers Christ-centered programs. Spirit FM accepts donations from sponsors that are recognized on the radio station. Revenue is recognized ratably over the time period when the spot is broadcast. Contracts typically cover a period of 3-4 weeks and are billed by contract. To the extent the amount billed exceeds the amount of revenue recognized at any reporting period, the excess is deferred until the advertising spots are aired. Commissions of 15% are paid to media agents and are recognized over the time period of the broadcast contract.

(o) Insurance Premium Revenue

All Diocesan entities, including parishes and schools, are required to participate in the insurance programs that are administered through the Insurance and Employee Benefit Trust. The insurance programs include the following types of coverage: Property, Liability, Workers' Compensation, Vehicle, Unemployment Compensation, Group Health, Group Life, Short-term Disability, Long-term Disability, Student Accident, and Special Events. Some of these programs are fully insured through independent underwriters; some are self-funded; and some are funded with a combination of fully insured and self-funded sources. The two self-funded programs with the highest potential risk (Workers' Compensation and Group Health) use fully insured specific stop-loss insurances to protect against catastrophic losses.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(o) Insurance Premium Revenue - Continued

Participating entities are charged premiums based upon the estimated costs of the programs, including insurance premiums paid to underwriters, self-insured claims expenses, excess and stop-loss insurance premiums, professional administration fees, necessary reserves and administration costs.

(p) Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Diocese have been summarized on a functional basis in the combined statement of functional expenses. Expenses directly attributable to a specific functional area of the Pastoral Center are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on a square footage analysis for all indirect occupancy-related expenses.

(q) Leases

The Pastoral Center leases office space, residential housing and certain office equipment. The Pastoral Center determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities on the accompanying combined statements of financial position. Finance leases are included in finance lease ROU assets and finance lease liabilities on the accompanying combined statements of financial position.

ROU assets represent the Pastoral Center’s right to use an underlying asset for the lease term and lease liabilities represent the Pastoral Center’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Pastoral Center’s leases do not provide an implicit rate, the Pastoral Center uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Pastoral Center’s lease terms may include options to extend or terminate the lease when it is reasonably certain the Pastoral Center will exercise the option. The Pastoral Center’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(r) Reclassifications

Certain amounts appearing in the 2023 combined financial statements have been reclassified to conform to the presentation in 2024.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(s) Income Taxes

In an annually updated ruling, the Internal Revenue Service has held that the agencies, instrumentalities and educational, charitable and religious institutions operated, supervised or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in “The Official Catholic Directory” are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Diocese and the entities within these combined financial statements are listed in “The Official Catholic Directory” and therefore the Pastoral Center is exempt from income tax. Accordingly, the accompanying combined 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 or liabilities have been recorded by the Pastoral Center as of June 30, 2024 or 2023.

(t) Use of Estimates

The preparation of the combined financial statements in accordance with generally accepted accounting principles in the United States of America requires management of the Pastoral Center to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Significant items subject to such estimates include the estimates of the allowances for uncollectible loans and pledges and the reserves for insurance claims. Actual results could differ from those estimates.

(u) Subsequent Events

In accordance with generally accepted accounting principles in the United States of America the management of the Pastoral Center must evaluate subsequent events and must recognize and disclose events or transactions occurring after the combined statement of financial position date under certain circumstances. The Pastoral Center evaluated its June 30, 2024 combined financial statements for subsequent events through December 18, 2024, the date the combined financial statements were available to be issued. The Pastoral Center is not aware of any subsequent events which would require recognition or disclosure in the combined financial statements.

(v) Recent Accounting Pronouncements

On July 1, 2023, the Pastoral Center adopted ASC Topic 326, *Financial Instruments - Credit Losses*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable and loans receivable. The Pastoral Center adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. There was no material impact on the Pastoral Center’s combined financial statements as a result of the adoption.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(3) Investments

Investments at June 30, 2024 and 2023 consist of the following:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Mutual funds:				
Large cap growth	\$ 1,605,392	1,428,361	1,480,484	1,416,622
Small cap value	8,719,242	8,269,257	16,323,790	16,522,649
Domestic fixed income	56,312,227	64,064,251	48,792,904	55,663,424
Ultra short bond fund	23,974,554	24,227,444	-	-
Global balanced	19,953,900	21,725,950	21,129,460	23,299,967
International equity	28,012,135	25,076,672	25,455,445	24,688,825
Marketable equity securities:				
Domestic small cap	9,282,200	8,294,603	-	-
Bonds and other income securities:				
U.S. Government obligations	7,987,686	8,060,020	7,106,544	7,201,107
Mortgage-backed securities	1,097,852	1,132,614	900,079	912,173
Corporate bonds	7,062,180	7,778,743	28,865,622	29,999,725
Aggregate bond index	311,192	352,598	314,609	352,598
Alternative investments:				
Passive S&P 500	33,063,837	10,505,504	28,523,955	10,133,149
Common trust funds:				
US large company index	29,841,768	29,328,471	27,454,214	27,546,554
Large cap pure growth	25,847,963	23,718,000	20,726,209	22,739,578
Short-term investments:				
Prime obligations institutional	12,467,174	12,467,174	12,522,844	12,522,844
Certificates of deposit	-	-	239,000	239,000
	\$ 265,539,302	246,429,662	239,835,159	233,238,215

Investments at June 30, 2024 and 2023 are held for the following funds/activities:

	2024	2023
Savings and Loan Fund Trust	\$ 153,110,647	139,179,582
Emmaus Foundation, Inc.	45,215,994	37,145,486
Endowed Funds	11,037,482	10,493,744
Cemetery Funds	6,741,169	6,228,878
Parish Sustainability Corporation	49,434,010	46,787,469
Total investments	\$ 265,539,302	239,835,159
Including:		
Held in Trust for Parishes and Schools	\$ 114,356,962	107,964,572
Held in Trust for the Catholic Foundation and other Funds	39,317,481	30,696,425
Total investments held in trust	\$ 153,674,443	138,660,997

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(3) Investments - Continued

The components of net investment return for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 15,114,276	7,668,717
Net realized and unrealized gains	9,526,240	7,040,016
Management and custodial fees	<u>(264,213)</u>	<u>(117,557)</u>
Total investment return, net	<u>\$ 24,376,303</u>	<u>14,591,176</u>

(4) Insurance and Employee Benefits Trust

Reserves for self-funded insurance claims for potential uninsured losses are computed using actuarial valuations and management estimates. In the opinion of management, the reserves for insurance claims of \$3,101,939 and \$2,852,456 at June 30, 2024 and 2023, respectively, represent adequate provision for unpaid losses which have been incurred, but may not be reported, as of June 30, 2024 and 2023.

Insurance premiums receivable from participating entities at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Insurance premiums receivable	\$ 1,845,195	1,266,097
Less allowance for credit losses	<u>(893,788)</u>	<u>(826,804)</u>
Net insurance premiums receivable	<u>\$ 951,407</u>	<u>439,293</u>

The activity in the allowance for credit losses was as follows:

	<u>Amount</u>
Balance at June 30, 2022	\$ 800,432
Net provision (recoveries)	<u>26,372</u>
Balance at June 30, 2023	826,804
Net provision (recoveries)	<u>66,984</u>
Balance at June 30, 2024	<u>\$ 893,788</u>

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(5) Pledges Receivable

Pledges receivable from participating parishes and other entities at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Pledges receivable	\$ 682,870	1,153,802
Less allowance for doubtful pledges	<u>-</u>	<u>-</u>
Net pledges receivable	<u>\$ 682,870</u>	<u>1,153,802</u>

An allowance for doubtful pledges is provided for balances due when the collection of such amounts is considered doubtful. As of June 30, 2024 and 2023, an allowance for doubtful pledges was not considered necessary.

(6) Estate and Trusts Receivable

The Pastoral Center has been named the remainder beneficiary under three charitable remainder trusts. The first trust was established in 1977 as a charitable remainder annuity trust that pays \$300 per month to the donor over their lifetime. The Pastoral Center was also named a beneficiary under a charitable remainder annuity trust established in 2001 whereby the trust pays \$1,000 per month to the donor over their lifetime. In 2001, the Pastoral Center was also named the remainder beneficiary under a trust which pays out actual earnings to the donor over their lifetime. Upon the death of each donor, the Pastoral Center will be entitled to the remaining assets held in each trust. At June 30, 2024 and 2023, the outstanding receivable under these charitable trusts was \$4,031,798 and \$3,584,989, respectively.

(7) Loans Receivable - Parishes and Schools (Savings and Loan Fund Trust)

Loans receivable from Diocesan entities at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Parishes and parochial schools	\$ 6,693,095	8,133,538
High schools	<u>198,931</u>	<u>759,587</u>
	6,892,026	8,893,125
Less allowance for credit losses	<u>(2,958,663)</u>	<u>(3,307,711)</u>
Loans receivable, net	<u>\$ 3,933,363</u>	<u>5,585,414</u>

An allowance for credit losses is provided for balances due when the collection of such amounts is considered doubtful. Although the Trust continues to work with these entities and has restructured the terms on certain loans, at present there has been no decision made as to a definitive and adequate means of repayment. The interest rate charged for loans ranged from 3% to 4% during the years ended June 30, 2024 and 2023, except for loans of \$2,414,706 and \$3,806,135 outstanding as of June 30, 2024 and 2023, respectively, which are non-interest bearing.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(7) Loans Receivable - Parishes and Schools (Savings and Loan Fund Trust) - Continued

The activity in the allowance for credit losses was as follows:

	<u>Amount</u>
Balance at June 30, 2022	\$ 3,533,955
Net provision (recoveries)	<u>(226,244)</u>
Balance at June 30, 2023	3,307,711
Net provision (recoveries)	<u>(349,048)</u>
Balance at June 30, 2024	\$ <u><u>2,958,663</u></u>

(8) Notes and Other Receivables

Notes and other receivables are as follows:

	<u>2024</u>	<u>2023</u>
Land purchase receivables	\$ 4,736,903	5,060,956
Ministry and program trade receivables	1,873,805	1,765,582
Parish assessment receivables	1,176,815	1,269,924
Other	<u>3,355,143</u>	<u>3,119,710</u>
	11,142,666	11,216,172
Less allowance for credit losses	<u>(2,292,611)</u>	<u>(2,357,135)</u>
Notes and other receivables, net	\$ <u><u>8,850,055</u></u>	<u><u>8,859,037</u></u>

The activity in the allowance for credit losses was as follows:

	<u>Amount</u>
Balance at June 30, 2022	\$ 2,480,007
Net provision (recoveries)	<u>(122,872)</u>
Balance at June 30, 2023	2,357,135
Net provision (recoveries)	<u>(64,524)</u>
Balance at June 30, 2024	\$ <u><u>2,292,611</u></u>

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(8) Notes and Other Receivables - Continued

The land purchase receivables included in notes and other receivables are amounts advanced to fourteen parishes to fund the cost of the parishes' land, determined in accordance with Diocesan Policy at the time of the creation of the parish. The amounts paid are non-interest bearing and are not subject to a recovery agreement at the present time. However, by agreement with the parishes, under certain circumstances, the Bishop of the Diocese of St. Petersburg may demand that the amounts be repaid to the Savings and Loan Fund Trust. Management has classified these transactions with the parishes as receivables at their book value since (1) it is not known when the Bishop may request the recovery of the amounts paid; and (2) the amounts paid are ultimately secured by the parishes' property, and in the event of the closing and sale of the parish, first dollar proceeds would come to the Savings and Loan Fund Trust of the Diocese of St. Petersburg and would be sufficient to recover the receivables.

(9) Land, Buildings and Equipment

Land, buildings and equipment consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>Useful Life</u>
Buildings and improvements	\$ 34,566,938	33,986,384	10 - 30 years
Construction-in-progress	872,013	4,788,926	-
Computer equipment	1,159,737	1,132,257	5 - 10 years
Furniture and fixtures	3,893,878	3,681,604	5 - 20 years
Vehicles	<u>486,421</u>	<u>412,588</u>	3 - 5 years
	40,978,987	44,001,759	
Less accumulated depreciation	<u>(27,978,810)</u>	<u>(26,444,783)</u>	
	13,000,177	17,556,976	
Land	<u>13,555,638</u>	<u>12,521,550</u>	
	<u>\$ 26,555,815</u>	<u>30,078,526</u>	

Depreciation expense for the years ended June 30, 2024 and 2023 was \$1,626,974 and \$1,537,180, respectively.

(10) Leases

The Pastoral Center leases equipment, office and residential space during the course of operations under operating leases. Effective October 2009, the Pastoral Center entered into an agreement to lease office space from a parish for WBVM - 90.5 FM, Inc. for a term of 25 years. The lease may be terminated by the Pastoral Center with six months written notice to the parish. The leases have remaining lease terms ranging from one to eleven years. Leases with initial terms of 12 months or less are not recorded on the combined statement of financial position. Expense under these short-term leases is recognized on a straight-line basis over the lease term.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(10) Leases - Continued

The weighted-average lease terms and discount rates as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term:		
Operating leases	8.9 years	9.3 years
Finance leases	2.9 years	3.7 years
Weighted average discount rate:		
Operating leases	2.98%	2.97%
Finance leases	2.97%	2.88%

The components of lease costs under operating and finance leases for the years ended June 30, 2024 and 2023 include the following:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 193,913	192,399
Short-term leases	8,643	2,616
	<u>\$ 202,556</u>	<u>195,015</u>
Finance lease costs:		
Amortization of lease assets included in depreciation and amortization expense	\$ 57,547	57,023
Interest on lease liabilities included in interest expense	5,240	6,100
	<u>\$ 62,787</u>	<u>63,123</u>

The following summarizes cash flow information related to leases for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 226,143	192,399
Operating cash flows from finance leases	5,240	6,100
Financing cash flows from finance leases	56,085	54,646
	<u>\$ -</u>	<u>13,770</u>
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ -	13,770
Finance leases	10,998	-

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(10) Leases - Continued

The maturities of lease liabilities as of June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>
2025	\$ 184,911	60,015
2026	152,964	59,406
2027	94,818	45,133
2028	93,306	2,313
2029	91,793	-
Thereafter	481,916	-
	<hr/>	<hr/>
Total payments	1,099,708	166,867
Less interest	<u>(165,007)</u>	<u>(4,909)</u>
Present value of lease liabilities	<u>\$ 934,701</u>	<u>161,958</u>

(11) Bank Debt

The unsecured line of credit is for working capital needs up to \$10,000,000 and the balance drawn was \$0 at June 30, 2024 and 2023. The line of credit bears interest at a rate of Secured Overnight Financing Rate (SOFR) plus 1.03% (6.578% at June 30, 2024) and matures on September 6, 2026.

The Pastoral Center is subject to a financial covenant with the bank which stipulates the Pastoral Center must maintain unencumbered and unrestricted investments, with a fair value of the lesser of \$15 million or the total loans outstanding, including amounts due to the bank for which the Diocese or Pastoral Center has guaranteed repayment or is a co-signor (see Note 18) or \$18.5 million. At June 30, 2024 and 2023, the Pastoral Center was in compliance with this covenant.

There was no interest paid on the line of credit during the years ended June 30, 2024 and 2023.

(12) Deposits Held in Trust - Non-Diocesan Entities

Deposits held in trust - Non-Diocesan entities are held and managed by the Catholic Foundation under various programs for the benefit of various ministries in the Diocese. The net investment income earned or losses incurred on these deposits is distributed to the participants.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(12) Deposits Held in Trust - Non-Diocesan Entities - Continued

Deposits held in trust for non-Diocesan entities at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
A Catholic corporation	\$ 15,034,419	13,553,735
School endowments	11,186,249	9,954,568
Other Diocesan entities	18,143	16,417
A Parochial school	2,564,255	2,412,109
Other entities	<u>10,514,415</u>	<u>4,759,596</u>
 Total	 <u>\$ 39,317,481</u>	 <u>30,696,425</u>

(13) Annuity Obligations

The Catholic Foundation is certified by the State of Florida to market and manage charitable gift annuity contracts. Under these contracts, a donor transfers assets to the Catholic Foundation at the beginning of the contract and the Catholic Foundation makes predetermined quarterly payments to the donor, or in certain cases donors' spouses, over their remaining lifetimes. Upon the donors' death, the remaining assets are available for the Catholic Foundation's use, subject to any specific donor restrictions. Annuity obligations are stated at the actuarial present value of future cash flows expected to be paid to donors over their lifetimes. The discount rates used in computing the present value of annuity obligations range from 1.2% to 6.2% as of June 30, 2024 and 2023. At June 30, 2024 and 2023, annuity obligations totaled \$621,415 and \$714,945, respectively.

State law requires the Catholic Foundation to maintain a reserve fund in connection with its gift annuity program. The required amount to be maintained in the fund is based on a multiple of the actuarial value of the related annuity obligations.

(14) Designated for Specific Programs

Net assets designated for specific programs at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Cemetery operations and care	\$ 16,297,688	14,149,336
Insurance/employee benefit trust	54,342,112	48,884,156
Annual Pastoral Appeal	-	16,358
Savings and Loan Trust	61,325,036	48,869,881
Communications and other	1,030	1,030
Good Counsel Camp	<u>556,504</u>	<u>586,092</u>
 Total	 <u>\$ 132,522,370</u>	 <u>112,506,853</u>

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(15) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
<i>Purpose restrictions:</i>		
Catholic formation and education	\$ 2,482,676	1,885,433
Affordable housing	363,843	3,310,603
Assistance to the needy	117,617	123,428
Clergy and seminarian support	1,145,618	898,779
Communications	250,989	218,403
Other ministries	<u>1,880,490</u>	<u>1,316,166</u>
	6,241,233	7,752,812
<i>Time restrictions:</i>		
Assistance to the needy	3,874,267	3,431,170
Annual Pastoral Appeal	6,565,307	7,838,960
Charitable gift annuities	<u>486,203</u>	<u>487,836</u>
	10,925,777	11,757,966
<i>To be held in perpetuity:</i>		
Catholic formation and education	6,637,765	6,602,583
Seminarian support	2,385,573	2,385,573
Diocesan ministries	1,815,004	1,809,004
Parish ministry and support	1,682,193	1,621,678
Other	<u>355,479</u>	<u>307,282</u>
	<u>12,876,014</u>	<u>12,726,120</u>
Total net assets with donor restrictions	\$ <u><u>30,043,024</u></u>	<u><u>32,236,898</u></u>

Net assets with donor restrictions in perpetuity are invested in one of three ways. They are either invested in the Diocesan Savings and Loan Trust where they earn a fixed rate of return; or, they are placed in the Catholic Foundation for investment with independent investment managers; or, they are placed directly with independent investment institutions. The Trust and the Foundation are governed by separate Boards of Trustees that are appointed by the Bishop of the Diocese of St. Petersburg. These Trustees oversee the investment of these funds. For those funds placed with independent investment managers and institutions, investment policies are adopted that consider the purposes and needs for the earnings based on the individual restrictions of the funds' donors.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(16) Endowments

The Diocese has interpreted Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Diocese classifies as donor restricted net assets in perpetuity (a) the original value of the gifts donated to the permanent endowment; (b) the original value of the subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as restricted net assets in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Diocese in a manner consistent with the standard of prudence prescribed by FUPMIFA. Any amount not appropriated for expenditure will be reclassified, subject to the original endowment restrictions imposed by the donor.

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

- The duration and preservation of the fund
- The purposes of the Pastoral Center
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Pastoral Center
- The investment policies of the Pastoral Center

The Diocese has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the Diocese relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation is utilized to achieve its long-term return objectives with prudent risks.

The Diocese has a policy of appropriating distributions each year of approximately 4% to 5% of the endowment funds. Accordingly, over the long term, the Diocese expects the current spending policy to allow its endowments to grow. This is consistent with the Diocese’s objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(16) Endowments - Continued

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
<i>2024:</i>			
Board-designated endowments	\$ 572,701	-	572,701
Donor-restricted endowments	<u>-</u>	<u>16,323,480</u>	<u>16,323,480</u>
	<u>\$ 572,701</u>	<u>16,323,480</u>	<u>16,896,181</u>
<i>2023:</i>			
Board-designated endowments	\$ 571,673	-	571,673
Donor-restricted endowments	<u>-</u>	<u>14,928,178</u>	<u>14,928,178</u>
	<u>\$ 571,673</u>	<u>14,928,178</u>	<u>15,499,851</u>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance, June 30, 2022	\$ 232,645	13,950,482	14,183,127
Contributions	121,785	620,714	742,499
Net investment income	21,114	1,143,961	1,165,075
Reclassifications	347,762	(347,762)	-
Withdrawals	<u>(151,633)</u>	<u>(439,217)</u>	<u>(590,850)</u>
Balance, June 30, 2023	571,673	14,928,178	15,499,851
Contributions	-	279,246	279,246
Net investment income	70,519	1,798,676	1,869,195
Reclassifications	1,028	(1,028)	-
Withdrawals	<u>(70,519)</u>	<u>(681,592)</u>	<u>(752,111)</u>
Balance, June 30, 2024	<u>\$ 572,701</u>	<u>16,323,480</u>	<u>16,896,181</u>

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(17) Fair Value Measurements

The Pastoral Center evaluates the fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the combined financial statements on a recurring basis. In accordance with FASB ASC Topic 820, *Fair Value Measurement*, fair value measurements are evaluated by a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Pastoral Center’s assumptions (unobservable inputs). Determining where an asset or liability falls within the hierarchy depends on the lowest level of input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy under ASC Topic 820 are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Pastoral Center has the ability to access.

Level 2: Inputs to the valuation methodology include:

- (a) Quoted prices for similar assets or liabilities in active markets;
- (b) Quoted prices for identical or similar assets or liabilities in inactive markets;
- (c) Inputs other than quoted prices that are observable for the asset or liability;
- (d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The Pastoral Center evaluates its hierarchy disclosures annually and based on various factors it is possible that an asset or liability may be classified differently from year to year. The Pastoral Center’s alternative investments and common collective trusts are valued at net asset value (“NAV”). The Pastoral Center does not have any unfunded commitments for these investments and the investments are redeemable daily.

Fair value of assets measured on a recurring basis at June 30, 2024 are as follows:

At June 30, 2024:	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Mutual funds	\$ 138,577,450	138,577,450	-	-
Common stock	9,282,200	9,282,200	-	-
Bonds and other income securities	16,458,910	311,192	16,147,718	-
Short-term investments	<u>12,467,174</u>	<u>12,467,174</u>	<u>-</u>	<u>-</u>
	176,785,734	160,638,016	16,147,718	-
Estates and trusts receivable	<u>4,031,798</u>	<u>-</u>	<u>-</u>	<u>4,031,798</u>
	<u>\$ 180,817,532</u>	<u>160,638,016</u>	<u>16,147,718</u>	<u>4,031,798</u>

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(17) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at June 30, 2023 are as follows:

At June 30, 2023:	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Mutual funds	\$ 113,182,083	113,182,083	-	-
Bonds and other income securities	37,186,854	314,609	36,872,245	-
Short-term investments	12,522,844	12,522,844	-	-
Certificate of deposit	239,000	-	239,000	-
	<u>163,130,781</u>	<u>126,019,536</u>	<u>37,111,245</u>	<u>-</u>
Estates and trusts receivable	<u>3,584,989</u>	<u>-</u>	<u>-</u>	<u>3,584,989</u>
	<u>\$ 166,715,770</u>	<u>126,019,536</u>	<u>37,111,245</u>	<u>3,584,989</u>

In accordance with ASC Subtopic 820-10, investments that were measured at fair value using the NAV practical expedient have not been classified in the fair value hierarchy above. The following table reconciles the Pastoral Center's investments at fair value, within the fair value hierarchy, to total investments at fair value, as reported in the combined statements of financial position as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Investments at fair value within the fair value hierarchy	\$ 176,785,734	163,130,781
Alternative investments measured at NAV	33,063,837	28,523,955
Common collective trusts measured at NAV	<u>55,689,731</u>	<u>48,180,423</u>
Total investments	<u>\$ 265,539,302</u>	<u>239,835,159</u>

The following table sets forth a summary of changes in fair value using significant unobservable inputs (Level 3) for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Estates and trusts receivable, beginning of year	\$ 3,584,989	3,243,642
Total unrealized gains included in the change in net assets	<u>446,809</u>	<u>341,347</u>
Estates and trusts receivable, end of year	<u>\$ 4,031,798</u>	<u>3,584,989</u>

Quantitative Information about Significant Unobservable Inputs used in Level 3 Fair Value Measurements

The Pastoral Center utilizes discounted cash flows to estimate the fair value of the estates and trusts receivable. At June 30, 2024, significant unobservable inputs include using discount rates ranging from 4.3% to 5.6% and estimated life expectancies ranging from 4.3 years to 10.5 years.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(18) Commitments and Contingencies

(a) Loan Contingencies

The Diocese entered into a financing arrangement with a financial institution to provide up to \$40 million in financing for construction and renovation projects undertaken by Diocesan parishes, a high school and Catholic Charities, Diocese of St. Petersburg, Inc. The respective Diocesan entities are responsible for repayment of any amounts borrowed, and the Savings and Loan Trust of the Diocese is a co-signer on all loans. The loans have maturity dates that range from July 1, 2026 to January 26, 2031, however the loans are subject to renewal at those times. The amount outstanding on borrowings by Diocesan entities, which is not reflected in these combined financial statements at June 30, 2024 and 2023 under this line of credit, was \$18,529,514 and \$22,472,388, respectively. The Diocese has not experienced any losses on these borrowings for the years ended June 30, 2024 and 2023.

(b) Guarantees

The Pastoral Center has guaranteed all loans issued under the \$40 million financing agreement, as well as a \$600,000 revolving line of credit at a commercial bank by Catholic Charities, Diocese of St. Petersburg, Inc. The \$600,000 revolving line of credit bears interest at a variable rate based on the SOFR, plus 1.47% and is not less than 3.0%. It is not practical to obtain independent estimates of the fair values for the contingent liability for this guaranteed debt.

(c) Litigation

The Pastoral Center is subject to asserted and unasserted claims arising in the course of its activities. While the result of litigation cannot be predicted with absolute certainty, management believes the final outcome will not have a materially adverse effect on the Pastoral Center's financial condition. The Pastoral Center has accrued for estimated losses as of June 30, 2024 and 2023.

(19) Pension Plan

The Diocese has a multiemployer defined benefit pension plan named "Pension Plan for the Employees of the Entities of the Diocese of St. Petersburg" (the "Plan"). The Plan is a non-contributory plan and covers employees of all Diocesan entities who meet participation requirements. The Pastoral Center and the other employer entities of the Diocese make contributions to the Plan equal to amounts accrued for pension expense, which includes the amortization of past service cost over periods of 15 to 30 years. Information concerning plan assets and accrued benefits is not kept with respect to each individual participating entity; the Plan is administered and evaluated only on an aggregate basis. Eligible employees, as defined in the plan document, are entitled to pension benefits beginning with normal retirement age equal to a defined amount per unit of service. In addition, eligible employees, as defined in the plan document, may be entitled to early retirement and disability benefits under certain circumstances. As a Church, the Plan is not subject to ERISA. A favorable Determination Letter was received from the Internal Revenue Service for the Plan during 2014. The Pastoral Center's total pension expense for the years ended June 30, 2024 and 2023 was \$881,943 and \$939,757, respectively.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(19) Pension Plan - Continued

Total contributions to the Plan by all participating entities were approximately \$9.6 million and \$9.1 million for the years ended June 30, 2024 and 2023, respectively.

As of June 30, 2024, the most recent actuarial valuation, the accumulated Plan benefits and the assets available for such benefits are as follows:

	<u>Amount</u>
Vested benefits:	
Participants currently receiving payments	\$ 159,825,010
Terminated vested participants	32,913,542
Other participants	<u>65,767,445</u>
	258,505,997
Nonvested benefits	<u>3,619,313</u>
Total actuarial present value of accumulated plan benefits	\$ <u>262,125,310</u>
Net assets available for plan benefits	\$ <u><u>236,961,937</u></u>

The Pastoral Center also offers a 401(k) Plan for substantially all of the employees of the entities of the Diocese. This plan is administered separately from the Defined Benefit Pension Plan discussed above. This plan is a non-contributory plan, and as such, the Pastoral Center did not make any contributions to the plan during fiscal years 2024 and 2023.

(20) Related Parties

In addition to the operating ministries disclosed in Note 1, there are certain other ministries operating outside the geographic area of the Diocese that are not included in the combined financial statements, in which the Pastoral Center has an economic and ministerial interest. They are ministries owned and operated by dioceses included in the Province of Florida, as follows: St. Vincent de Paul Regional Seminary, The Florida Catholic Conference (“FCC”), and the Florida Conference of Catholic Bishops (“FCCB”).

The Pastoral Center’s percentage of ownership in the seminary is between 20% and 25%, and for the FCC and FCCB is between 40% and 45%. The Pastoral Center, and the other dioceses in the Province of Florida, provide support to each of these ministries in the form of tuition and operating subsidies.

For the years ended June 30, 2024 and 2023, the Diocese provided operating subsidies to the St. Vincent de Paul Regional Seminary in the amounts of \$32,619 and \$42,127, respectively, to the FCC in the amounts of \$68,513 and \$112,731, respectively, and to FCCB in the amounts of \$103,217 and \$86,014, respectively.

As explained in Note 1, the Diocese has formed separately incorporated entities that operate within the Diocese that are not included in the combined financial statements.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(20) Related Parties - Continued

Two Catholic School Corporations were formed to provide support to certain Catholic Schools of the Diocese. Parish assessments include a special assessment for the schools in the amount of \$1,283,932 and \$1,0079,473, for the years ended June 30, 2024 and 2023, respectively. The related subsidy expense for 2024 and 2023 was approximately \$1,284,000 and \$999,000, respectively.

Three corporations which own and operate affordable housing refinanced their projects and contributed a combined total of \$7,557,205 to the Pastoral Center during the year ended June 30, 2021 as a restricted contribution to be used for affordable housing. As of June 30, 2024 and 2023, \$363,843 and \$3,310,603, respectively, remains available in cash and is classified as a component of net assets with donor restrictions.

During 2016, the Diocese created DOSP USF Housing, Inc., a not-for-profit Florida corporation for the purpose of investing in the development of faith-based student housing adjacent to the campus of the University of South Florida in Tampa, Florida. During 2017, the Diocese advanced \$1,715,000 to DOSP USF Housing, Inc. as initial funding of this entity. This loan has accrued interest at 4% since inception. The balance due was \$1,431,094 and \$1,402,604 as of June 30, 2024 and 2023, respectively. Due to the start-up nature of this activity, repayment terms have not been set. The provision for credit losses includes an allowance for approximately 25% of the outstanding balance as of June 30, 2024 and 2023.

During 2023, the Diocese created St. John XXIII Retirement Center, a not-for-profit Florida corporation for the purpose of providing a retirement home for retired priests. For the years ended June 30, 2024 and 2023, the Diocese provided support to St. John XXIII Retirement Center of \$1,575 and \$77,380, respectively.

(21) Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the combined statements of financial position.

(22) Liquidity and Availability of Resources

The Pastoral Center is supported by contributions both with and without donor restrictions and must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Pastoral Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER AND AFFILIATES

Notes to Combined Financial Statements - Continued

(22) Liquidity and Availability of Resources - Continued

As of June 30, 2024 and 2023, the Pastoral Center's financial assets available to meet general expenditures within one year were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 56,904,213	47,266,194
Investments	265,539,302	239,835,159
Insurance premiums receivable	951,407	439,293
Pledges receivable	682,870	1,153,802
Estates and trusts receivable	4,031,798	3,584,989
Loans receivable	3,933,363	5,585,414
Notes and other receivables	<u>8,850,055</u>	<u>8,859,037</u>
Total financial assets	340,893,008	306,723,888
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Endowments	(12,876,014)	(12,726,120)
Deposits held in trust	(153,674,443)	(138,660,997)
Long-term contributions receivable	(4,031,798)	(3,584,989)
Long-term loans receivable	(3,933,363)	(5,585,414)
Long-term notes and other receivables	(8,850,055)	(8,859,037)
Donor-imposed restrictions	(6,241,233)	(7,752,812)
Time restrictions	(3,874,267)	(3,431,170)
Charitable gift annuities	<u>(486,203)</u>	<u>(487,836)</u>
Total contractual or donor-imposed restrictions	(193,967,376)	(181,088,375)
Board-designations for specific purposes, net of long-term receivables above	<u>(121,806,909)</u>	<u>(100,213,535)</u>
Financial assets available to meet general expenditures within one year	\$ <u>25,118,723</u>	<u>25,421,978</u>

General expenditures of the Pastoral Center totaled approximately \$57.9 million and \$45.5 million in 2024 and 2023, respectively.

SUPPLEMENTARY FINANCIAL INFORMATION

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER

Schedule of Financial Position Information by Fund

June 30, 2024

	Diocese of St. Petersburg, Inc.			Savings and Loan Trust	Insurance / Benefits Trust	Calvary Cemetery	(Emmaus) Catholic Foundation	Parish Sustainability Corporation	Elimination Entries	Total
	Operating Funds	Endowment Funds	Total							
Assets										
Cash and cash equivalents	\$ 34,000,722	106,103	34,106,825	37,752,926	22,098,674	3,333,688	3,863,147	45,049	(44,296,096) (a)	56,904,213
Investments	2,431,357	8,606,125	11,037,482	153,110,647	-	6,741,169	112,428,655	49,434,010	(67,212,661) (b)	265,539,302
Insurance premiums receivable, net	4,871	-	4,871	-	946,536	-	-	-	-	951,407
Pledges receivable, net	682,870	-	682,870	-	-	-	-	-	-	682,870
Estates and trusts receivable	4,031,798	-	4,031,798	-	-	-	-	-	-	4,031,798
Loans receivable - parishes and schools, net	-	-	-	49,933,363	-	-	-	-	(46,000,000) (c)	3,933,363
Prepaid expenses and other assets	245,816	-	245,816	-	2,257,265	469,170	2,233	-	-	2,974,484
Cemetery plots and other inventory	3,500	-	3,500	-	-	2,981,459	-	-	-	2,984,959
Notes and other receivables, net	2,038,236	-	2,038,236	6,994,698	-	2,045,195	-	-	(2,228,074) (c)	8,850,055
Land, buildings and equipment, net	22,764,160	-	22,764,160	-	-	4,737,759	300,000	-	(1,246,104) (d)	26,555,815
Right-of-use assets under operating leases	934,701	-	934,701	-	-	-	-	-	-	934,701
Right-of-use assets under finance leases	157,528	-	157,528	-	-	591	-	-	-	158,119
Due from other funds	-	-	-	-	36,106,667	2,368,272	-	-	(38,474,939) (b)	-
Total assets	\$ 67,295,559	8,712,228	76,007,787	247,791,634	61,409,142	22,677,303	116,594,035	49,479,059	(199,457,874)	374,501,086

(Continued)

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER

Schedule of Financial Position Information by Fund - Continued

	Diocese of St. Petersburg, Inc.			Savings and Loan Trust	Insurance / Benefits Trust	Calvary Cemetery	(Emmaus) Catholic Foundation	Parish Sustainability Corporation	Elimination Entries	Total
	Operating Funds	Endowment Funds	Total							
Liabilities and Net Assets										
Liabilities:										
Accounts payable, accrued expenses and other liabilities	\$ 4,031,913	-	4,031,913	79,697	3,965,091	3,137,078	498,016	-	-	11,711,795
Deposits held in trust - parishes and schools	-	-	-	158,653,058	-	-	-	-	(44,296,096) (a)	114,356,962
Deposits held in trust - other	-	-	-	-	-	244,209	106,285,933	-	(67,212,661) (b)	39,317,481
Estimated liability for insurance claims	-	-	-	-	3,101,939	-	-	-	-	3,101,939
Annuity obligations	-	-	-	-	-	-	621,415	-	-	621,415
Operating lease liabilities	934,701	-	934,701	-	-	-	-	-	-	934,701
Finance lease liabilities	161,351	-	161,351	-	-	607	-	-	-	161,958
Loans payable	2,228,074	-	2,228,074	-	-	-	-	46,000,000	(48,228,074) (c)	-
Due to other funds	9,217,307	708,630	9,925,937	27,733,843	-	-	536,963	278,196	(38,474,939) (b)	-
Total liabilities	16,573,346	708,630	17,281,976	186,466,598	7,067,030	3,381,894	107,942,327	46,278,196	(198,211,770)	170,206,251
Net assets:										
Without donor restrictions:										
Undesignated	15,414,241	-	15,414,241	-	-	-	1,908,393	3,200,863	-	20,523,497
Invested in land, buildings and equipment	19,454,327	-	19,454,327	-	-	2,997,721	-	-	(1,246,104) (d)	21,205,944
Designated for specific programs	557,534	-	557,534	61,325,036	54,342,112	16,297,688	-	-	-	132,522,370
Total unrestricted	35,426,102	-	35,426,102	61,325,036	54,342,112	19,295,409	1,908,393	3,200,863	(1,246,104)	174,251,811
With donor restrictions	15,296,111	8,003,598	23,299,709	-	-	-	6,743,315	-	-	30,043,024
Total net assets	50,722,213	8,003,598	58,725,811	61,325,036	54,342,112	19,295,409	8,651,708	3,200,863	(1,246,104)	204,294,835
Total liabilities and net assets	\$ 67,295,559	8,712,228	76,007,787	247,791,634	61,409,142	22,677,303	116,594,035	49,479,059	(199,457,874)	374,501,086

- (a) Elimination of interdiocesan savings account
- (b) Elimination of interdiocesan accounts
- (c) Elimination of interdiocesan borrowings
- (d) Elimination of interdiocesan property sale

CATHOLIC DIOCESE OF ST. PETERSBURG PASTORAL CENTER

Schedule of Activities Information by Fund

For the Year Ended June 30, 2024

	<u>Diocese of St. Petersburg, Inc.</u>			<u>Savings and Loan Trust</u>	<u>Insurance / Benefits Trust</u>	<u>Calvary Cemetery</u>	<u>(Emmaus) Catholic Foundation</u>	<u>Parish Sustainability Corporation</u>	<u>Elimination Entries</u>	<u>Total</u>
	<u>Operating Funds</u>	<u>Endowment Funds</u>	<u>Total</u>							
Support and revenue:										
Support:										
Parish assessments and Catholic Ministry Appeal	\$ 14,918,891	-	14,918,891	-	-	-	-	-	(2,780,859) (a)	12,138,032
Contributions and bequests	4,247,406	-	4,247,406	-	-	757,214	496,106	-	(1,136,137) (a)	4,364,589
Revenue:										
Insurance premium revenues	-	-	-	-	32,325,015	-	-	-	(1,463,304) (b)	30,861,711
Investment return	1,976,898	2,104	1,979,002	15,498,935	431,783	806,370	719,647	5,428,292	(487,726) (c)	24,376,303
Programs, sales and other revenue	4,952,055	-	4,952,055	123,414	600	4,508,918	594,071	-	(735,065) (c)	9,443,993
Change in value of split-interest agreements	446,809	-	446,809	-	-	-	(8,663)	-	-	438,146
Transfers from other funds	9,197,201	-	9,197,201	-	2,158	386,915	290,137	-	(9,876,411) (d)	-
Total support and revenue	35,739,260	2,104	35,741,364	15,622,349	32,759,556	6,459,417	2,091,298	5,428,292	(16,479,502)	81,622,774
Expenses:										
Salaries and employee benefits	9,643,832	-	9,643,832	-	-	1,547,647	223,112	-	(1,157,999) (b)	10,256,592
Grants, contributions and subsidies	8,200,095	-	8,200,095	-	-	3,000	328,783	2,780,859	(4,148,088) (a)	7,164,649
Insurance claims	-	-	-	-	19,270,558	-	-	-	-	19,270,558
Interest on deposits	-	-	-	3,126,006	-	-	-	-	(749,525) (c)	2,376,481
Interest on bank debt	5,168	-	5,168	-	-	72	-	-	-	5,240
Insurance premiums	411,986	-	411,986	-	6,614,694	164,435	1,268	-	(305,305) (b)	6,887,078
Program and other expenses	7,846,399	129,354	7,975,753	72,743	907,691	1,793,311	139,579	-	(242,174) (c)	10,646,903
Depreciation	1,452,467	-	1,452,467	-	-	232,054	-	-	-	1,684,521
Net provisions (recoveries) for loan and other losses	(111,931)	-	(111,931)	(349,047)	66,984	53,581	-	-	-	(340,413)
Transfers to other funds	8,080,387	1,253	8,081,640	317,492	441,673	745,469	290,137	-	(9,876,411) (d)	-
Total expenses	35,528,403	130,607	35,659,010	3,167,194	27,301,600	4,539,569	982,879	2,780,859	(16,479,502)	57,951,609
Change in net assets	210,857	(128,503)	82,354	12,455,155	5,457,956	1,919,848	1,108,419	2,647,433	-	23,671,165
Net assets, beginning of year	50,511,356	8,132,101	58,643,457	48,869,881	48,884,156	17,375,561	7,543,289	553,430	(1,246,104)	180,623,670
Net assets, end of year	\$ 50,722,213	8,003,598	58,725,811	61,325,036	54,342,112	19,295,409	8,651,708	3,200,863	(1,246,104)	204,294,835

- (a) Elimination of interfund grants
- (b) Elimination of interfund insurance premiums and expense
- (c) Elimination of interfund savings interest, programs, professional and administrative fees
- (d) Elimination of interfund transfers
- (e) Elimination of interest on interdiocesan borrowings