



PRESBYTERY OF ST. AUGUSTINE, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 12



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Presbytery of St. Augustine, Inc.
Jacksonville, Florida

Opinion

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

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

Basis for Opinion

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

Prior Period Financial Statements

The 2022 financial statements were reviewed by us, and our report thereon, dated April 24, 2023, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

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

Auditor Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
Presbytery of St. Augustine, Inc.
Jacksonville, Florida

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Presbytery's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Presbytery'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.

Neville Wainio CPAs

St. Augustine, Florida
April 26, 2024

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PRESBYTERY OF ST. AUGUSTINE, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS		Audited 2023	Reviewed 2022
Cash and cash equivalents		\$ 176,010	\$ 155,308
Investments		2,875,392	1,777,553
Accounts receivable		197,633	107,467
Prepaid expenses and other assets		7,657	18,496
Note receivable		286,716	-
Property and equipment, net		<u>1,331,581</u>	<u>1,386,372</u>
Total Assets		<u>\$ 4,874,989</u>	<u>\$ 3,445,196</u>
LIABILITIES AND NET ASSETS			
Accounts payable and accrued expenses		<u>\$ 66,393</u>	<u>\$ 49,999</u>
Total Liabilities		<u>66,393</u>	<u>49,999</u>
Net assets without donor restrictions		3,766,706	2,378,947
Net assets with donor restrictions		<u>1,041,890</u>	<u>1,016,250</u>
Total Net Assets		<u>4,808,596</u>	<u>3,395,197</u>
Total Liabilities and Net Asset		<u>\$ 4,874,989</u>	<u>\$ 3,445,196</u>

See notes to the financial statements

PRESBYTERY OF ST. AUGUSTINE, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Audited Total
REVENUES AND SUPPORT			
Unified giving	\$ 334,904	\$ -	\$ 334,904
Management fees and reimbursable expenses	84,736	-	84,736
Fund contributions	16,499	264,812	281,311
Interest and dividend income	57,924	15,017	72,941
Realized gain on investment	72,767	-	72,767
Unrealized gain on investments	329,649	9,798	339,447
Realized gain on the sale of assets	1,212,580	-	1,212,580
Total revenues	2,109,059	289,627	2,398,686
Net assets released from restrictions	263,987	(263,987)	-
Total revenues and support	2,373,046	25,640	2,398,686
EXPENSES			
Program expenses	826,289	-	826,289
General and administrative	158,998	-	158,998
Total expenses	985,287	-	985,287
CHANGE IN NET ASSETS	1,387,759	25,640	1,413,399
NET ASSETS - BEGINNING OF YEAR	2,378,947	1,016,250	3,395,197
NET ASSETS - END OF YEAR	\$ 3,766,706	\$ 1,041,890	\$ 4,808,596

See notes to the financial statements

PRESBYTERY OF ST. AUGUSTINE, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Reviewed Total
REVENUES AND SUPPORT			
Unified giving	\$ 320,003	\$ -	\$ 320,003
Management fees and reimbursable expenses	75,555	-	75,555
Fund contributions	24,852	25,000	49,852
Interest and dividend income	25,328	18,232	43,560
Realized (loss) on investment	(5,477)	(2,485)	(7,962)
Unrealized (loss) on investments	(210,016)	(137,724)	(347,740)
Realized gain on the sale of assets	-	271,730	271,730
Total revenues	230,245	174,753	404,998
Net assets released from restrictions	154,121	(154,121)	-
Total revenues and support	384,366	20,632	404,998
EXPENSES			
Program expenses	406,050	-	406,050
General and administrative	152,609	-	152,609
Total expenses	558,659	-	558,659
CHANGE IN NET ASSETS	(174,293)	20,632	(153,661)
NET ASSETS - BEGINNING OF YEAR	2,553,240	995,618	3,548,858
NET ASSETS - END OF YEAR	\$ 2,378,947	\$ 1,016,250	\$ 3,395,197

See notes to the financial statements

PRESBYTERY OF ST. AUGUSTINE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		
	Program Expenses	General and Administrative	Audited Total
Salaries, wages and employee benefits	\$ 239,033	\$ 49,626	\$ 288,659
Outreach and missions	263,987	-	263,987
Grants	201,270	-	201,270
Committee	45,412	-	45,412
Office expenses	6,093	31,196	37,289
Utilities	20,046	8,813	28,859
Insurance	8,774	15,488	24,262
Professional fees	-	10,280	10,280
Maintenance and repairs	5,083	18,434	23,517
Depreciation	31,341	9,581	40,922
Bad debt expense	-	12,653	12,653
Other expenses	5,250	2,927	8,177
Total expenses	\$ 826,289	\$ 158,998	\$ 985,287

See notes to the financial statements

PRESBYTERY OF ST. AUGUSTINE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022		
	Program Expenses	General and Administrative	Reviewed Total
Salaries, wages and employee benefits	\$ 255,506	\$ 47,965	\$ 303,471
Committee	55,938	-	55,938
Office expenses	5,711	29,783	35,494
Utilities	33,515	11,795	45,310
Insurance	15,252	15,696	30,948
Professional fees	-	10,950	10,950
Maintenance and repairs	5,613	23,545	29,158
Depreciation	29,029	9,676	38,705
Other expenses	5,486	3,199	8,685
Total expenses	\$ 406,050	\$ 152,609	\$ 558,659

PRELIMINARY

See notes to the financial statements

PRESBYTERY OF ST. AUGUSTINE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Audited 2023	Reviewed 2022
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,413,399	\$ (153,661)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation	40,922	38,705
Realized (gain) loss on investments	(72,767)	7,962
Unrealized (gain) loss on investments	(339,447)	347,740
(Increase) in accounts receivable	(90,165)	(8,854)
Decrease (increase) in prepaid expenses and other assets	10,839	(9,923)
Decrease in accounts payable	16,395	38,929
Net Cash Provided by Operating Activities	<u>979,176</u>	<u>260,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(81,520)
Proceeds from sale of assets	925,474	271,730
(Increase) in notes receivable	(286,716)	-
Purchase of investments	(1,597,232)	(610,524)
Net Cash (Used) By Investing Activities	<u>(958,474)</u>	<u>(420,314)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,702	(159,416)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>155,308</u>	<u>314,724</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 176,010</u>	<u>\$ 155,308</u>
SUPPLEMENTAL DISCLOSURES:		
Right-of-use-asset obtained in exchange for operating lease obligation	<u>\$ -</u>	<u>\$ 9,248</u>

See notes to the financial statements

PRESBYTERY OF ST. AUGUSTINE, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Presbytery of St. Augustine, Inc. (the "Presbytery", a Florida nonprofit organization), that operates as a constituent of the Presbyterian Church of the United States of America ("PCUSA"). The Presbytery is supported through assessments and contributions from the congregations of the Presbyterian Churches located in Florida's northeast and north-central regions to which it is dedicated to providing support and leadership.

The PCUSA's governing bodies consist of the General Assembly, the Synod of the South Atlantic, the Presbytery, and the Session. The constitution of the PCUSA designates that all property held by or for a particular church, a presbytery, a synod, the General Assembly, or the PCUSA, whether legal title is lodged in corporation, a trustee or trustees, or an incorporated association, and whether the property is used in programs of a particular church or of a more inclusive governing body or retained for the production of income, is held in trust nevertheless for the use and benefit of the PCUSA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Presbytery have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred. Net assets, expenses, distributions, gains, and losses are classified based on the existence or absence of donor-imposed or other external restrictions. Accordingly, net assets of the Presbytery and changes therein are classified and reported as follows:

- The change in net assets with donor restrictions.
- The change in net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on management's knowledge and experience. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in banks and invested in liquid assets with maturities of less than three months when acquired. The Presbytery maintains its cash in bank deposit accounts, which at times may exceed federally insured limits.

Investments

Investments are composed of mutual funds and are carried at fair value. Investment return is presented net of investment fees.

Fair Value Measurements

Authoritative guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). As a basis for considering such assumptions, the three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value are as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

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

Accounts Receivable and Allowance for Accounts Receivable

Accounts receivable consist primarily from churches and are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projection of trends. Outstanding balances are closely monitored by management and balances considered to be uncollectible are written off at the end of each year. During the year, the Presbytery writes off all accounts receivable, and unconditional promises to give ("receivables") balances deemed to be uncollectible. If a portion of the remaining receivables balances are considered questionable regarding full collection, Presbytery will provide an allowance for doubtful accounts for those questionable accounts.

PRESBYTERY OF ST. AUGUSTINE, INC.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Property and Equipment

Property and equipment are stated at cost, if purchased. Donations of property and equipment are recorded at their estimated fair market value at the date of donation. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and furnishings are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service as instructed by the donor. Donor restricted net assets are then reclassified to net assets without donor restrictions at that time. Expenditures or renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Expenditures that are less than \$1,000 are expensed as incurred. Property and equipment are depreciated using the straight-line method over their estimated useful lives, ranging from three (3) to forty (40) years.

Impairment of Long-lived Assets

Long-lived assets, such as premises and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The Presbytery assesses the recoverability of long-lived assets by determining whether the assets can be recovered from future cash flows.

Recoverability of long-lived assets is dependent upon, among other things, the Presbytery's ability to continue to achieve profitability so as to be able to meet its obligations when they become due. In the opinion of management, based upon current information and projections, long-lived assets will be recovered over the period of the benefit.

Right of Use Assets and Lease Liabilities

Leases are capitalized as a right of use asset and lease liability. Cash flows are discounted at the risk free rate for instruments of comparable maturity at the time of commencement. Management elects to expense any short term leases with a term of twelve (12) months or less over the respective lease term.

Net Assets

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are in the same year in which the contributions are received are classified as net assets without donor restrictions.

Functional Expenses

The costs of providing the programs and services of the Presbytery have been summarized on a functional basis. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management estimates of time and usage by personnel and programs. Although management believes the methods used were appropriate, other methods could produce different results.

Donated Services

A substantial number of volunteers have donated certain clerical services to the Presbytery. These donated services are not presented in the financial statements since the services do not require specialized skills.

Expense Allocation

For the years ended December 31, 2023 and 2022, the Presbytery allocated general and administrative among the programs benefited. The allocation was based on each of the program's proportionate share of total revenue.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. MANAGEMENT OF LIQUIDITY

The Presbytery has financial assets available within one year of the statement of financial position date for general expenditures as follows.

	2023	2022
Financial assets without donor restriction at December 31:		
Cash and cash equivalents	\$ 176,010	\$ 155,308
Investments	2,875,392	1,777,553
Accounts receivable	197,633	107,467
Financial assets available within one year	<u>\$ 3,249,035</u>	<u>\$ 2,040,328</u>

PRESBYTERY OF ST. AUGUSTINE, INC.

NOTES TO FINANCIAL STATEMENTS

3. MANAGEMENT OF LIQUIDITY (CONCLUDED)

None of the financial assets described above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of December 31, 2023 and 2022. As part of the Presbytery's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Presbytery's investments and accounts receivable that are restricted totaled \$141,473 and \$401,034 as of December 31, 2023 and 2022, respectively. These amounts were not available due to donor imposed restrictions within one year of the statement of financial position date and amounts set aside for long term investing.

4. INVESTMENTS

Investments consist of the following as of December 31:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Equity mutual funds	\$ 2,353,338	\$ 2,875,392	\$ 1,831,055	\$ 1,777,553
	<u>\$ 2,353,338</u>	<u>\$ 2,875,392</u>	<u>\$ 1,831,055</u>	<u>\$ 1,777,553</u>

The Presbytery's investments consisted of the following classifications at December 31:

	2023	2022
Net assets without donor restriction	\$ 2,733,920	\$ 1,376,519
Net assets with donor restriction	141,472	401,034
	<u>\$ 2,875,392</u>	<u>\$ 1,777,553</u>

5. FAIR VALUE MEASUREMENTS

Assets and liabilities remeasured and disclosed at fair value on a recurring basis as of December 31, 2023 and 2022 are set forth in the table below:

	December 31, 2023			Fair Value
	Level 1	Level 2	Level 3	
Equity mutual funds	\$ 2,875,392	\$ -	\$ -	\$ 2,875,392
	<u>\$ 2,875,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,875,392</u>
	December 31, 2022			Fair Value
	Level 1	Level 2	Level 3	
Equity mutual funds	\$ 1,777,553	\$ -	\$ -	\$ 1,777,553
	<u>\$ 1,777,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,777,553</u>

6. NOTES RECEIVABLE

The Presbytery obtained a note receivable in the sale of property. The note was in the amount of \$300,000 and written on September 7, 2023. Monthly payments of principal and interest are received in the amount of \$2,781 with a stated interest rate of 7.5% until the note matures on October 1, 2028 at which time a balloon payment is due.

Future minimum payments are:

2024	\$ 11,396
2025	12,279
2026	13,233
2027	14,260
2028	235,548
	<u>\$ 286,716</u>

7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, consists of:

	2023	2022
Highlands-GNV Property	\$ 1,295,102	\$ 1,310,558
Building and improvements	466,969	465,383
Equipment	51,328	51,328
Total cost	1,813,399	1,827,269
Less accumulated depreciation	(481,818)	(440,897)
	<u>\$ 1,331,581</u>	<u>\$ 1,386,372</u>

8. PROMISES TO GIVE

Each year the Presbytery asks its member churches to submit pledge cards indicating the donations the churches intend to give for general support and various special projects during the upcoming year. The pledge cards clearly indicate that the information is to be used only for the Presbytery's budgetary purposes and that the churches may rescind the pledges at any time. Since these pledges do not meet the criteria for revenue recognition under FASB ASC 958, they are not reflected as contributions in the statement of activities until the pledges are collected.

9. NET ASSETS RELEASED FROM RESTRICTIONS

The source of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donor or by the passage of time totaled \$263,987 and \$154,121 for the years ended December 31, 2023 and 2022, respectively.

PRESBYTERY OF ST. AUGUSTINE, INC.

NOTES TO FINANCIAL STATEMENTS

10. COMMITMENTS AND CONTINGENCIES

In exercising its oversight responsibility, the Presbytery has made loan guarantees and commitments for several churches that have built or remodeled their facilities and properties. These guarantees and commitments obligate the Presbytery to honor the various mortgages if the respective churches fail to make required payments, and they are not recorded in the Presbytery's financial statements. The Presbytery believes that these guarantees and commitments do not represent unusual risks as the mortgages are collateralized by church facilities and properties. The Presbytery guaranteed approximately \$3 million and \$3.28 million in church mortgages at December 31, 2023 and 2022, respectively.

11. INCOME TAXES

Pursuant to a determination letter received from the Internal Revenue Service, the Presbytery is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt.

The Presbytery evaluates its tax positions for any uncertainties based on the technical merits of the position taken. The Presbytery recognizes the tax benefit from any uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities.

Currently, the tax years ended 2022, 2021 and 2020 are open and subject to examination by the Internal Revenue Service. However, the Presbytery is not currently under audit nor has the Presbytery been contacted by any of these jurisdictions.

12. SUBSEQUENT EVENTS

The Presbytery has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 26, 2024, the date the financial statements were available to be issued. As of this date, the Presbytery is under contract with an unrelated party to purchase the Highlands property in the amount of \$1,250,000. The closing of the sale is expected to occur in May 2024.