



Cathedral Arts Project, Inc.

FINANCIAL STATEMENTS

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cathedral Arts Project, Inc.
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cathedral Arts Project, Inc (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2024, 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 present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of the Source and Status of Funds Received from the City of Jacksonville is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the Schedule of the Source and Status of Funds Received from the City of Jacksonville is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Jacksonville, Florida
November 6, 2024

Cathedral Arts Project, Inc.
Statement of Financial Position

June 30,

2024

Assets

Current assets

Cash and cash equivalents	\$	1,968,989
Accounts receivable		135,030
Grants receivable		553,532
Promises to give		849,202
Prepaid expenses and other assets		36,843

Total current assets 3,543,596

Non-current assets

Promises to give, net		764,840
Beneficial interest in assets held at Community Foundation		1,698,529
Operating lease right-of-use assets, net		1,502,481
Property and equipment, net		192,819

Total non-current assets 4,158,669

Total assets \$ 7,702,265

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	39,169
Accrued expenses		12,788
Current portion of operating lease liabilities		164,924
Refundable advances		105,244

Total current liabilities 322,125

Long-term liabilities

Operating lease liabilities, less current portion		1,390,687
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Total liabilities 1,712,812

Net assets

Without donor restrictions		2,705,034
With donor restrictions		3,284,419

Total net assets 5,989,453

Total liabilities and net assets \$ 7,702,265

Cathedral Arts Project, Inc.
Statement of Activities

For the year ended June 30,

2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
<i>Governmental Support</i>			
Cultural Council of Greater Jacksonville	\$ 586,527	\$ -	\$ 586,527
Kids Hope Alliance	658,344	-	658,344
National Endowment for the Arts	50,000	-	50,000
Florida Department of State	103,470	-	103,470
Other local governments	3,500	-	3,500
Total governmental support	1,401,841	-	1,401,841
<i>Public Support</i>			
Contributions - corporate and foundations	707,457	21,050	728,507
Contributions - general public	237,124	-	237,124
In-kind contributions - Duval County Public Schools	241,046	-	241,046
In-kind contributions - other	177,701	-	177,701
Fundraising - Golf Tournament	119,401	-	119,401
Fundraising - Spring for the Arts	826,490	-	826,490
Fundraising - Showcase for the Arts	56,562	-	56,562
Total public support	2,365,781	21,050	2,386,831
<i>Other revenue</i>			
Program service fees	223,734	-	223,734
Investment income (loss), net	1,736	155,983	157,719
Total other revenue	225,470	155,983	381,453
Net assets released from restrictions	326,254	(326,254)	-
Total revenue and other support	4,319,346	(149,221)	4,170,125
Expenses			
<i>Program services</i>			
Education	3,009,775	-	3,009,775
Total program services	3,009,775	-	3,009,775
<i>Supporting services</i>			
General and administrative	385,130	-	385,130
Fundraising	560,415	-	560,415
Total supporting services	945,545	-	945,545
Total expenses	3,955,320	-	3,955,320
Change in net assets	364,026	(149,221)	214,805
Net assets at beginning of year	2,341,008	3,433,640	5,774,648
Net assets at end of year	\$ 2,705,034	\$ 3,284,419	\$ 5,989,453

Cathedral Arts Project, Inc.
Statement of Functional Expenses

For the year ended June 30, 2024

	Program Services		Supporting Services			2024 Total
	Education	General and Administrative	Fundraising	Supporting Subtotal		
Salaries and benefits	\$ 1,662,275	\$ 182,650	\$ 272,021	\$ 454,671	\$ 2,116,946	
Professional and contract services	462,573	9,200	48,267	57,467	520,040	
Supplies	137,021	1,027	94,487	95,514	232,535	
Occupancy	69,507	2,160	2,640	4,800	74,307	
Utilities	9,228	1,038	1,269	2,307	11,535	
Postage and shipping	243	2,601	626	3,227	3,470	
Printing and publications	11,589	4,574	2,402	6,976	18,565	
Advertising and promotion	17,554	5,670	350	6,020	23,574	
Travel	59,472	10,002	4,358	14,360	73,832	
Conferences and meetings	16,254	9,665	84,966	94,631	110,885	
Membership dues	13,194	10,652	11,824	22,476	35,670	
Insurance	22,442	2,525	3,086	5,611	28,053	
Equipment rental and maintenance	2,421	272	333	605	3,026	
Other expense	483,074	138,265	27,883	166,148	649,222	
Depreciation	42,928	4,829	5,903	10,732	53,660	
Total	\$ 3,009,775	\$ 385,130	\$ 560,415	\$ 945,545	\$ 3,955,320	

Cathedral Arts Project, Inc.
Statement of Cash Flows

For the year ended June 30,

2024

Operating Activities

Change in net assets	\$ 214,805
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	53,660
Amortization of right-of-use assets	114,732
Unrealized and realized loss (gain) on investments	36,237
Contributions of marketable securities	(90,709)
Changes in operating assets and liabilities	
Accounts receivable	(135,030)
Grants receivable	(331,104)
Promises to give, net	884,298
Prepaid expenses and other assets	(18,762)
Beneficial interest in assets held at Community Foundation	(576,099)
Accounts payable	(17,826)
Accrued expenses	(958)
Refundable advances	(44,756)
Operating lease liabilities	(160,239)

Net cash provided by (used in) operating activities (71,751)

Investing Activities

Purchase of property and equipment	(52,183)
Proceeds from sale of investments	90,709

Net cash provided by (used in) investing activities 38,526

Net change in cash and cash equivalents (33,225)

Cash and cash equivalents, at beginning of year 2,002,214

Cash and cash equivalents, at end of year \$ 1,968,989

Schedule of Noncash Transactions

Lease liabilities arising from obtaining right-of-use assets	
Operating leases	\$ 1,336,110

Cathedral Arts Project, Inc. **Notes to Financial Statements**

Note 1: DESCRIPTION OF THE ORGANIZATION

The Cathedral Arts Project, Inc. (the Organization) is a not-for-profit corporation located in Jacksonville, Florida, that seeks to both provide and increase access to quality arts education to children and youth who might not otherwise be exposed to such. This is accomplished through advocacy, partnership building and afterschool, school day and summer programs in dance, media arts, music, theater and visual arts for children and youth throughout Duval County. Priority for direct services is given to those who attend lower-income schools and/or participate in programs at community centers that serve lower-income families. The Organization's support comes primarily from corporations, private foundations and individuals.

The Organization conducts the following programs:

Education – The Organization provides afterschool, school day and summer programs in dance, media arts, music, theater and visual arts for children and youth.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to contributions of non-financial assets and allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts and Grants Receivable

Accounts and grants receivable represent amounts owed to the Organization which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Cathedral Arts Project, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. There was no allowance for credit losses at June 30, 2024.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment in excess of \$250 with an estimated useful life greater than one year and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position.

Cathedral Arts Project, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the 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 leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Program services fees, special event revenue and payments under various contracts is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position. There were no performance obligations at June 30, 2024.

Cathedral Arts Project, Inc. **Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

A significant portion of the Organization's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. Donated investments are sold upon receipt.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended June 30, 2024, advertising costs totaled \$8,520.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions. No unrelated business income was identified during the year ended June 30, 2024.

Cathedral Arts Project, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2024, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation. Reclassification of \$553,303 of net assets with donor restrictions at the beginning of the year was reclassified as net assets without donor restrictions at the beginning of the year on the statement of activities.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 6, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Organization adopted ASU 2016-13 on July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only. Please refer to accounts and grants receivable and allowance for credit losses policies.

Cathedral Arts Project, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2024
Total assets at year end	\$ 7,702,265
Less non-financial assets	
Prepaid expenses and other assets	(36,843)
Operating lease right-of-use assets, net	(1,502,481)
Property and equipment, net	(192,819)
<hr/>	
Financial assets at year-end	5,970,122
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(3,284,419)
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Financial assets available to meet cash needs for general expenditures within one year	\$ 2,685,703

The Organization is principally supported by its contributions and grants. The goal of the Organization is to maintain available financial assets to meet its next six months of operating expenses of approximately \$1,675,000.

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE

Accounts receivable consist of the following:

<i>June 30,</i>	2024
Programs	61,585
Other	73,445
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Total accounts receivable	\$ 135,030

Cathedral Arts Project, Inc.
Notes to Financial Statements

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE (Continued)

Promises to give consist of the following:

<i>June 30,</i>	2024
Receivable within one year	\$ 849,202
Receivable in one to five years	800,000
Total promises to give	1,649,202
Discounted at 4.395%	(35,160)
Promises to give, net	\$ 1,614,042

Note 5: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2024:

	Estimated Useful Lives (in years)	2024
Computers and software	3-5	\$ 159,108
Furniture, fixtures and equipment	5-10	227,257
Website	3-5	40,347
Telephone equipment	5-7	23,734
Program equipment	3-7	31,049
Leasehold improvements	5-15	159,365
Total depreciable property and equipment		640,860
Less accumulated depreciation		(448,041)
Total property and equipment, net		\$ 192,819

Depreciation expense for the year ended June 30, 2024 amounted to \$53,660.

Cathedral Arts Project, Inc.
Notes to Financial Statements

Note 6: LEASES

The Organization has operating leases for office space and equipment. The leases have remaining lease terms of approximately 3 to 10 years, some of which may include options to extend the leases for up to 5 years, and some of which may include options to terminate the leases within 2 years.

The components of lease expense and weighted average remaining lease term and discount rates consist of the following:

<i>For the year ended June 30,</i>	2024
Operating lease cost	\$ 184,720

<i>For the year ended June 30,</i>	2024
Weighted average remaining lease term	
Operating leases	10.33 years
Weighted average discount rate	
Operating leases	4.36%

Future minimum lease payments under non-cancellable leases as of June 30, 2024, were as follows:

<i>For the years ending June 30,</i>	Operating Leases
2025	\$ 164,924
2026	169,766
2027	174,763
2028	176,990
2029	180,778
Thereafter	1,094,783
Total future minimum lease payments	1,962,004
Less imputed interest	(406,393)
Present value of lease liabilities	\$ 1,555,611
Reported as of June 30, 2024	
Current portion of operating lease liabilities	\$ 164,924
Operating lease liabilities, less current portion	1,390,687
Total	\$ 1,555,611

Cathedral Arts Project, Inc.
Notes to Financial Statements

Note 7: NET ASSETS

A summary of net assets with donor restrictions consists of the following:

<i>June 30,</i>	2024
Time restricted	\$ 489,012
Purpose restricted	
Youth Crisis Center and Pre-Trial Detention Facility	21,050
Education	97,803
Pledge receivable restricted for endowment	978,025
Endowments	1,698,529
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Total net assets with donor restrictions	\$ 3,284,419

A summary of the release of donor restrictions consists of the following:

<i>For the year ended June 30,</i>	2024
Time restrictions	\$ 218,052
Purpose restrictions	
Education	92,213
Pledge receivable restricted for endowment	15,989
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Total net assets released from donor restrictions	\$ 326,254

Note 8: REVENUE

The Organization recognizes revenue at a point in time for its program service fees and special events. As of June 30, 2024, there are no performance obligations to be satisfied.

The Organization's method of recognizing revenue is the output method for performance obligations to be utilized at a point in time.

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

<i>June 30,</i>	2024
Contract assets	
Accounts receivable, beginning of year	\$ -
Accounts receivable, end of year	\$ 61,585

Cathedral Arts Project, Inc.
Notes to Financial Statements

Note 9: CONTRIBUTIONS OF NON-FINANCIAL ASSETS

All donated space, services, and goods were utilized by the Organization’s program and supporting services. There were no donor-imposed restrictions associated with the contributed space, services, or goods.

The components of donated space, services and goods contributed to the Organization consists of the following for the year ended June 30, 2024:

<i>For the year ended June 30, 2024</i>	Donated Space	Donated Services	Donated Goods	Total
Program services				
Education	\$ 241,046	\$ -	\$ 46	\$ 241,092
Supporting services				
General and administrative	-	177,655	-	177,655
Total contributed space, services and goods	\$ 241,046	\$ 177,655	\$ 46	\$ 418,747

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated goods are valued at the fair value on the date of receipt for similar products.

Note 10: ENDOWMENTS

The Organization has transferred assets to The Community Foundation for Northeast Florida, Inc. (the Foundation) which is holding them as agency funds for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to modify any condition or restriction on the distribution of the Funds if in the Foundation’s sole judgement such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation. The Funds are subject to the Foundation’s investment and spending policies.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at an average rate of 3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. The funds are subject to the Foundation’s investment and spending policies.

Cathedral Arts Project, Inc.
Notes to Financial Statements

Note 10: ENDOWMENTS (Continued)

Endowment net asset composition by type of fund consists of the following:

<i>June 30,</i>	2024
Endowment funds with donor restrictions	\$ 1,698,529
Total endowment funds	\$ 1,698,529

Changes in endowment net assets consists of the following for the year ended June 30, 2024:

<i>June 30, 2024</i>	With Donor Restrictions
Endowment net assets -July 1,	\$ 1,122,430
Contributions	500,000
Investment income	155,983
Amounts appropriated for expenditure	(79,884)
Endowment net assets -June 30,	\$ 1,698,529

Note 11: CONCENTRATIONS

The Organization maintains cash deposits with financial institutions at June 30, 2024 in excess of federally insured limits of \$68,021.

The Organization received grants from two entities that amounted to 31% of total revenue for the year ended June 30, 2024.

Note 12 DEFINED CONTRIBUTION PLAN

The Organization sponsors a 403(b) plan (the Plan) covering all employees working at least 20 hours per week who wish to make contributions to the Plan. Employees may contribute up to the IRS maximum amount each year through voluntary payroll deductions. No employer matching contributions are made.

Note 13: RELATED PARTIES

During the year ended June 30, 2024, the Organization made payments totaling \$33,043 to companies owned by three board members for various services provided to the Organization. The Organization has no balance due to the companies as of June 30, 2024.

Cathedral Arts Project, Inc. Notes to Financial Statements

Note 14: UNCERTAINTIES

The Organization is subject to disputes, claims and lawsuits in the normal course of business and is insured against such risks when appropriate. Accordingly, management determined that no liability for a potential loss was necessary at June 30, 2024.

Cathedral Arts Project, Inc.
Schedule of the Source and Status of Funds
Received From the City of Jacksonville

	FY 2022/23	FY 2023/24
<u>RECEIPT OF CITY FUNDS</u>		
Amount of awards	\$ 405,289	\$ 688,597
Amount received 7/1/2022 - 6/30/2023 CSGP	303,967	-
Amount received 7/1/2023 - 6/30/2024 CSGP	101,322	464,804
Amount received 7/1/2022 - 6/30/2023 Capital	-	-
Amount received 7/1/2023 - 6/30/2024 Capital	-	51,644
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Amount remaining to be disbursed	\$ -	\$ 172,149
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EXPENDITURES OF CITY FUNDS

	Approved Budget	Actual 10/1/2022 to 6/30/2023	Actual 7/1/2023 to 9/30/2023	Remaining Balance
City FY 2022/23 CSGP				
Salaries	\$ 344,497	\$ 258,373	\$ 86,124	\$ -
Rent	60,792	45,265	15,198	329
Other- printing of checks	-	329	-	(329)
<hr/>				
Total	\$ 405,289	\$ 303,967	\$ 101,322	\$ -
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	Approved Budget	Actual 10/1/2023- 6/30/2024	Remaining Balance
City FY 2023/24 CSGP			
Salaries	\$ 526,778	\$ 395,084	\$ 131,694
Rent	92,961	69,721	23,240
<hr/>			
Total	\$ 619,739	\$ 464,805	\$ 154,934
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	Approved Budget	Actual 10/1/2023- 6/30/2024	Remaining Balance
City FY 2023/24 Capital Grant			
Design, engineering, architectural fees	\$ 68,858	\$ 17,600	\$ 51,258
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Total	\$ 68,858	\$ 17,600	\$ 51,258
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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Cathedral Arts Project, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cathedral Arts Project, Inc. (a non-profit organization) (the “Organization”), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM LLC
Jacksonville, Florida
November 6, 2024