# Cathedral Arts Project, Inc.

## FINANCIAL STATEMENTS

**June 30, 2026**

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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, 2026, 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, 2026, 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 opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 October 8, 2026, 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
October 8, 2026

## Cathedral Arts Project, Inc.
## Statement of Financial Position

| *June 30,* | | 2026 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ | 2,696,878 |
| Accounts receivable | | 2,725 |
| Grants receivable | | 435,598 |
| Promises to give | | 164,300 |
| Prepaid expenses and other assets | | 40,915 |
| Total current assets | | 3,340,416 |
| Non-current assets | | |
| Beneficial interest in assets held at Community Foundation | | 3,254,337 |
| Operating lease right-of-use assets, net | | 1,244,457 |
| Property and equipment, net | | 186,736 |
| Total non-current assets | | 4,685,530 |
| Total assets | $ | 8,025,946 |
| **Liabilities and Net Assets** | | |
| Current liabilities | | |
| Accounts payable | $ | 73,254 |
| Accrued expenses | | 32,816 |
| Current portion of operating lease liabilities | | 173,776 |
| Refundable advances | | 220,000 |
| Total current liabilities | | 499,846 |
| Long-term liabilities | | |
| Operating lease liabilities, less current portion | | 1,177,342 |
| Total liabilities | | 1,677,188 |
| Net assets | | |
| Without donor restrictions | | 3,094,421 |
| With donor restrictions | | 3,254,337 |
| Total net assets | | 6,348,758 |
| Total liabilities and net assets | $ | 8,025,946 |

*The accompanying notes are an integral part of these financial statements.*

# Cathedral Arts Project, Inc.
# Statement of Activities

*For the year ended June 30,* **2026**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenue and Other Support** | | | |
| Governmental Support | | | |
| Cultural Council of Greater Jacksonville | $ 472,964 | $ - | **$ 472,964** |
| Kids Hope Alliance | 863,028 | - | **863,028** |
| National Endowment for the Arts | 35,000 | - | **35,000** |
| Florida Department of Education | 845,640 | - | **845,640** |
| Total governmental support | 2,216,632 | - | **2,216,632** |
| Public Support | | | |
| Contributions - corporate and foundations | 911,043 | - | **911,043** |
| Contributions - general public | 259,597 | - | **259,597** |
| Contributions of nonfinancial assets - Duval County Public Schools | 130,800 | - | **130,800** |
| Contributions of nonfinancial assets - other | 186,268 | - | **186,268** |
| Fundraising - Golf Tournament | 133,428 | - | **133,428** |
| Fundraising - Spring for the Arts | 771,466 | - | **771,466** |
| Fundraising - Showcase for the Arts | 48,000 | - | **48,000** |
| Total public support | 2,440,602 | - | **2,440,602** |
| Other revenue | | | |
| Program service fees | 75,649 | - | **75,649** |
| Other revenue | 573 | - | **573** |
| Gain (loss) on disposal of property and equipment | (91,177) | - | **(91,177)** |
| Investment income (loss), net | (1,076) | 433,074 | **431,998** |
| Total other revenue | (16,031) | 433,074 | **417,043** |
| Net assets released from restrictions | 360,712 | (360,712) | **-** |
| Total revenue and other support | 5,001,915 | 72,362 | **5,074,277** |
| **Expenses** | | | |
| *Program services* | | | |
| Education | 3,618,476 | - | **3,618,476** |
| Total program services | 3,618,476 | - | **3,618,476** |
| *Supporting services* | | | |
| General and administrative | 473,504 | - | **473,504** |
| Fundraising | 695,595 | - | **695,595** |
| Total supporting services | 1,169,099 | - | **1,169,099** |
| Total expenses | 4,787,575 | - | **4,787,575** |
| Change in net assets | 214,340 | 72,362 | **286,702** |
| Net assets at beginning of year | 2,880,081 | 3,181,975 | **6,062,056** |
| Net assets at end of year | $ 3,094,421 | $ 3,254,337 | **$ 6,348,758** |

*The accompanying notes are an integral part of these financial statements.*

# Cathedral Arts Project, Inc.
## Statement of Functional Expenses

***For the year ended June 30, 2026***

| | Program Services | Supporting Services | | | |
|---|---|---|---|---|---|
| | Education | General and Administrative | Fundraising | Supporting Subtotal | 2026 Total |
| Salaries and benefits | $ 2,604,795 | $ 208,769 | $ 354,913 | $ 563,682 | **$ 3,168,477** |
| Professional and contract services | 312,180 | 14,760 | 38,482 | 53,242 | **365,422** |
| Supplies | 100,795 | 519 | 95,999 | 96,518 | **197,313** |
| Occupancy | 211,047 | 18,246 | 22,301 | 40,547 | **251,594** |
| Utilities | 10,718 | 1,206 | 1,474 | 2,680 | **13,398** |
| Postage and shipping | 247 | 3,668 | 2,948 | 6,616 | **6,863** |
| Printing and publications | 8,872 | 5,258 | 7,951 | 13,209 | **22,081** |
| Advertising and promotion | 6,017 | 1,062 | 1,759 | 2,821 | **8,838** |
| Travel | 67,443 | 7,535 | 7,899 | 15,434 | **82,877** |
| Conferences and meetings | 12,383 | 17,044 | 94,161 | 111,205 | **123,588** |
| Membership dues | 26,238 | 14,933 | 51,880 | 66,813 | **93,051** |
| Insurance | 36,198 | 4,022 | 4,916 | 8,938 | **45,136** |
| Other expense | 172,873 | 171,007 | 4,220 | 175,227 | **348,100** |
| Depreciation | 48,670 | 5,475 | 6,692 | 12,167 | **60,837** |
| Total | $ 3,618,476 | $ 473,504 | $ 695,595 | $ 1,169,099 | **$ 4,787,575** |

*The accompanying notes are an integral part of these financial statements.*

# Cathedral Arts Project, Inc.
# Statement of Cash Flows

| *For the year ended June 30,* | 2026 |
|---|---|
| **Operating Activities** | |
| Change in net assets | $ 286,702 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | |
| Depreciation | 60,837 |
| Amortization of right-of-use assets | 142,257 |
| (Gain) loss on disposal of property and equipment | 91,177 |
| Investment income from beneficial interest in assets held at Community Foundation | (372,362) |
| Contributions of marketable securities | (3,574) |
| Changes in operating assets and liabilities | |
| Accounts receivable | 33,400 |
| Grants receivable | 67,300 |
| Promises to give | 712,700 |
| Prepaid expenses and other assets | 4,771 |
| Accounts payable | 55,890 |
| Accrued expenses | 15,922 |
| Refundable advances | 220,000 |
| Operating lease liabilities | (108,767) |
| Net cash provided by (used in) operating activities | 1,206,253 |
| **Investing Activities** | |
| Purchase of property and equipment | (35,863) |
| Proceeds from sale of investments | 3,574 |
| Net cash provided by (used in) investing activities | (32,289) |
| **Financing Activities** | |
| Contribution to beneficial interest in assets held at Community Foundation | (500,000) |
| Net cash provided by (used in) financing activities | (500,000) |
| Net change in cash and cash equivalents | 673,964 |
| Cash and cash equivalents, at beginning of year | 2,022,914 |
| Cash and cash equivalents, at end of year | $ 2,696,878 |

*The accompanying notes are an integral part of these 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, including therapeutic services, 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, theatre and visual arts as well as art counseling, music therapy and sensory arts for children and youth throughout Duval County, Clay County, Nassau County and St. Johns 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 as well as those with moderate to severe cognitive and physical disabilities. 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, theatre and visual arts for children and youth. In addition, the Organization provides afterschool, school day and summer programs in art counseling, music therapy and sensory arts.

**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.

**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, 2026.

***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.

***Property and Equipment***

All acquisitions of property and equipment in excess of $500 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 in the statement of financial position.

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.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Leases (continued)***

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 are 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, 2026.

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.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, 2026, advertising costs totaled $4,305.

***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, 2026.

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, 2026, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 8, 2026, 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.

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in cash and cash equivalents, grants receivable and promises to give 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.

| *June 30,* | **2026** |
|---|---|
| Total assets at year end | **$ 8,025,946** |
| Less non-financial assets | |
| Prepaid expenses and other assets | **(40,915)** |
| Operating lease right-of-use assets, net | **(1,244,457)** |
| Property and equipment, net | **(186,736)** |
| Financial assets at year-end | **6,553,838** |
| 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 | **(3,254,337)** |
| Financial assets available to meet cash needs for general expenditures within one year | **$ 3,299,501** |

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 $2,344,000.

**Note 4: PROMISES TO GIVE**

Promises to give consist of the following:

| *June 30,* | **2026** |
|---|---|
| Receivable within one year | **$ 164,300** |
| Total promises to give | **$ 164,300** |

All promises to give are due within the next fiscal year. There is no discount on promises to give in the current year.

**Note 5: PROPERTY AND EQUIPMENT**

The components of property and equipment consist of the following at June 30, 2026:

| | Estimated Useful Lives (in years) | 2026 |
|---|---|---|
| Computers and software | 3-5 | $ 97,665 |
| Furniture, fixtures and equipment | 5-10 | 260,670 |
| Website | 3-5 | 40,347 |
| Telephone equipment | 5-7 | 14,087 |
| Program equipment | 3-7 | 50,793 |
| Leasehold improvements | 5-15 | 253,350 |
| Total depreciable property and equipment | | 716,912 |
| Less accumulated depreciation | | (530,176) |
| Total property and equipment, net | | $ 186,736 |

Depreciation expense for the year ended June 30, 2026 amounted to $60,837.

**Note 6: LEASES**

The Organization has operating leases for office space and equipment. The leases have remaining lease terms of approximately 2 to 9 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:

| *For the year ended June 30,* | 2026 |
|---|---|
| Operating lease cost | $ 202,737 |

| *For the year ended June 30,* | 2026 |
|---|---|
| Weighted average remaining lease term | |
| Operating leases | 7.225 years |
| Weighted average discount rate | |
| Operating leases | 4.28% |

**Note 6: LEASES (Continued)**

Future minimum lease payments under non-cancellable leases as of June 30, 2026, were as follows:

| *For the years ending June 30,* | Operating Leases |
|---|---|
| 2027 | $ 173,776 |
| 2028 | 170,029 |
| 2029 | 187,942 |
| 2030 | 190,346 |
| 2031 | 191,750 |
| Thereafter | 716,377 |
| Total future minimum lease payments | 1,630,220 |
| Less imputed interest | (279,102) |
| Present value of lease liabilities | $ 1,351,118 |
| Reported as of June 30, 2026 | |
| Current portion of operating lease liabilities | $ 173,776 |
| Operating lease liabilities, less current portion | 1,177,342 |
| Total | $ 1,351,118 |

**Note 7: NET ASSETS**

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

| *June 30,* | | **2026** |
|---|---|---|
| Purpose restricted | | |
| Endowments | **$** | **3,254,337** |
| Total net assets with donor restrictions | **$** | **3,254,337** |

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

| *For the year ended June 30,* | | **2026** |
|---|---|---|
| Time restrictions | **$** | **250,000** |
| Purpose restrictions | | |
| Education | | **50,000** |
| Pledge receivable restricted for endowment | | **60,712** |
| Total net assets released from donor restrictions | **$** | **360,712** |

**Note 8: REVENUE**

The Organization recognizes revenue at a point in time for its program service fees and special events. As of June 30, 2026, 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:

| *June 30,* | | **2026** |
|---|---|---|
| Contract assets | | |
| Accounts receivable, beginning of year | **$** | **26,125** |
| Accounts receivable, end of year | **$** | **-** |

**Note 9: CONTRIBUTIONS OF NONFINANCIAL ASSETS**

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

The components of donated space and services contributed to the Organization consists of the following for the year ended June 30, 2026:

| ***For the year ended June 30, 2026*** | Donated Space | Donated Services | Total |
|---|---|---|---|
| Program services | | | |
| Education | $ 130,800 | $ - | **$ 130,800** |
| Supporting services | | | |
| General and administrative | - | 186,268 | **186,268** |
| Total contributed space and services | $ 130,800 | $ 186,268 | **$ 317,068** |

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated services are valued at the fair value on the date of receipt of professional services provided.

**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 judgment such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the State of Florida's Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual 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 retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

**Note 10: ENDOWMENTS (Continued)**

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 5% 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.

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

| *June 30,* | **2026** |
|---|---|
| Endowment funds with donor restrictions | **$ 3,254,337** |
| Total endowment funds | **$ 3,254,337** |

Changes in endowment net assets consists of the following for the year ended June 30, 2026:

| *June 30, 2026* | **With Donor Restrictions** |
|---|---|
| Endowment net assets -July 1, | **$ 2,381,975** |
| Contributions | **500,000** |
| Investment income, net | **433,074** |
| Amounts appropriated for expenditure | **(60,712)** |
| Endowment net assets -June 30, | **$ 3,254,337** |

**Note 11: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Note 11: FAIR VALUE MEASUREMENTS (Continued)**

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
    - Observable; or
    - Can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2026.

*Assets held at Community Foundation:* Valued at fair value by The Community Foundation for Northeast Florida, Inc. by allocating income based on the balance held in each individual endowment fund and charging a flat fee for management. The inputs are unobservable.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis consists of the following:

| ***June 30, 2026*** | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets held at Community Foundation | $ - | $ - | $ 3,254,337 | **$ 3,254,337** |

**Note 11: FAIR VALUE MEASUREMENTS (Continued)**

***Changes in Fair Value of Level 3 Assets***

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets.

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets:

| *For the year ended June 30,* | **2026** |
|---|---|
| Opening balance- July 1, | **$ 2,381,975** |
| Additions | **500,000** |
| Investment income | **446,929** |
| Investment expenses | **(13,855)** |
| Transfers out | **(60,712)** |
| Ending balance- June 30, | **$ 3,254,337** |

**Note 12: CONCENTRATIONS**

The Organization received grants from three entities that amounted to 42% of total revenue for the year ended June 30, 2026.

**Note 13: 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. The Organization provides employees working 20 hours or more with a matching contribution of up to 3% of gross salary to the Plan. Total expense for the year ended June 30, 2026 was $33,999.

**Note 14: RELATED PARTIES**

During the year ended June 30, 2026, the Organization made payments totaling $103,280 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, 2026.

**Note 15: 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, 2026.

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

| | FY 2024/25 | FY 2025/26 |
|---|---|---|
| **RECEIPT OF CITY FUNDS** | | |
| Amount of awards | $ 480,356 | $ 470,500 |
| Amount received 7/1/2024 - 6/30/2025 CSGP | 360,267 | - |
| Amount received 7/1/2025 - 6/30/2026 CSGP | 120,089 | 352,875 |
| Amount remaining to be disbursed | $ - | $ 117,625 |

**EXPENDITURES OF CITY FUNDS**

| City FY 2024/25 CSGP | Approved Budget | Actual 10/1/2024 to 6/30/2025 | Actual 7/1/2025 to 9/30/2025 | Remaining Balance |
|---|---|---|---|---|
| Salaries | $ 364,111 | $ 273,083 | $ 91,028 | $ - |
| Payroll taxes & benefits | 44,192 | 33,144 | 11,048 | - |
| Rent | 72,053 | 54,040 | 18,013 | - |
| Total | $ 480,356 | $ 360,267 | $ 120,089 | $ - |

| City FY 2025/26 CSGP | Approved Budget | Actual 10/1/2025-6/30/2026 | Remaining Balance |
|---|---|---|---|
| Salaries | $ 383,754 | $ 287,814 | $ 95,940 |
| Payroll taxes & benefits | 44,192 | 33,144 | 11,048 |
| Rent | 42,554 | 31,917 | 10,637 |
| Total | $ 470,500 | $ 352,875 | $ 117,625 |

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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, 2026, 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 October 8, 2026.

**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.

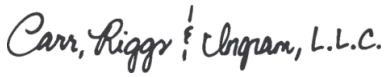
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 LLC
Jacksonville, Florida
October 8, 2026