

**Friends of the Museums  
of Florida History, Inc.**

**FINANCIAL STATEMENTS**


**June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)



**Friends of the Museums of Florida History, Inc.**  
**Table of Contents**  
**June 30, 2019**

**REPORT**

Independent Auditors' Report	1
------------------------------	---

**FINANCIAL STATEMENTS**

Statement of Financial Position	3
---------------------------------	---

Statement of Activities	4
-------------------------	---

Statement of Functional Expenses	5
----------------------------------	---

Statement of Cash Flows	6
-------------------------	---

Notes to Financial Statements	7
-------------------------------	---

**SUPPLEMENTARY INFORMATION**

Schedule of Support and Revenue	16
---------------------------------	----

Schedule of Expenses	18
----------------------	----

**REQUIRED COMMUNICATIONS**

Required Communications	19
-------------------------	----

Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality	24
--	----

Summary of Audit Adjustments	25
------------------------------	----

Management Representation Letter	26
----------------------------------	----

**INTERNAL CONTROL RECOMMENDATIONS**

Internal Controls	29
-------------------	----



# REPORT





**Carr, Riggs & Ingram, LLC**  
2633 Centennial Boulevard  
Suite 200  
Tallahassee, Florida 32308  
  
(850) 878-8777  
(850) 878-2344 (fax)  
CRlcpa.com

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Management  
Friends of the Museums of Florida History, Inc.  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Friends of the Museums of Florida History, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Friends of the Museums of Florida History, Inc. as of June 30, 2019, 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.

## Emphasis of Matter

As discussed in Note 10 to the financial statements, management has adopted Financial Accounting Standards Board *ASU 2016-14, Not-for-Profit Entities (Topic 958)*; this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of support and revenue and schedule of expenses on pages 16-18 are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

January 13, 2020



# FINANCIAL STATEMENTS

**Friends of the Museums of Florida History, Inc.**  
**Statement of Financial Position**

<i>June 30,</i>	2019
<b>Assets</b>	
Current assets	
Cash and cash equivalents	357,393
Inventory	94,442
Accounts receivable - net	11,064
Total current assets	462,899
Restricted cash	33,934
Restricted investments	961,987
Property and equipment - net	5,150
Total assets	\$ 1,463,970
 <b>Liabilities and Net Assets</b>	
Current liabilities	
Accounts payable	\$ 7,842
Accrued expenses	1,424
Total current liabilities	9,266
 <b>Net assets</b>	
Net assets	
Without donor restrictions	438,041
With donor restrictions	1,016,663
Total net assets	1,454,704
Total liabilities and net assets	\$ 1,463,970

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

**Friends of the Museums of Florida History, Inc.**  
**Statement of Activities**

<i>Year ended June 30, 2019</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>Support and revenue</b>			
Gift shop sales	\$ 186,231	\$ -	\$ 186,231
Less: cost of goods sold	90,153	-	90,153
Gross profit	96,078	-	96,078
Grant revenue	-	100	100
In-kind contributions	174,519	-	174,519
Investment income, net of expenses	-	33,230	33,230
Contributions and memberships	29,058	1,317	30,375
Education programs	41,356	5,975	47,331
Facility use and rental income	11,861	-	11,861
Exhibit revenue	10,732	-	10,732
Other income	357	-	357
Net assets released from restrictions	18,654	(18,654)	-
<b>Total support and revenue</b>	<b>382,615</b>	<b>21,968</b>	<b>404,583</b>
<b>Expenses</b>			
Program services			
Grant expense	213	-	213
Education program	45,999	-	45,999
Exhibit expense	15,786	-	15,786
Knott House	3,181	-	3,181
Acquisition fund	542	-	542
Membership	5,364	-	5,364
Volunteer	466	-	466
Supporting services			
General and administrative	294,926	-	294,926
<b>Total expenses</b>	<b>366,477</b>	<b>-</b>	<b>366,477</b>
Change in net assets	16,138	21,968	38,106
Net assets, beginning of year	421,903	994,695	1,416,598
<b>Net assets, end of year</b>	<b>\$ 438,041</b>	<b>\$ 1,016,663</b>	<b>\$ 1,454,704</b>

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



## Friends of the Museums of Florida History, Inc. Statement of Functional Expenses

Year ended June 30, 2019

	Program services							Supporting services		Total expenses
	Grant	Education program	Exhibit	Knott House	Acquisition fund	Membership	Volunteer	Programs subtotal	General and administrative	
Direct program supplies	\$ 213	\$ 41,194	\$ 3,356	\$ -	\$ 542	\$ -	\$ 466	\$ 45,771	\$ -	\$ 45,771
Catering	-	1,805	-	-	-	-	-	1,805	-	1,805
Performances	-	3,000	-	-	-	-	-	3,000	-	3,000
Freight	-	-	12,430	-	-	-	-	12,430	-	12,430
Maintenance	-	-	-	3,181	-	-	-	3,181	-	3,181
Newsletter	-	-	-	-	-	2,246	-	2,246	-	2,246
Printing	-	-	-	-	-	181	-	181	-	181
Receptions and events	-	-	-	-	-	2,862	-	2,862	-	2,862
Contributed salaries	-	-	-	-	-	-	-	-	135,606	135,606
Salaries and payroll expenses	-	-	-	-	-	-	-	-	76,590	76,590
Occupancy	-	-	-	-	-	-	-	-	38,913	38,913
Professional fees	-	-	-	-	-	-	-	-	17,158	17,158
Merchant service charges	-	-	-	-	-	-	-	-	11,844	11,844
Office supplies	-	-	-	-	-	-	-	-	3,240	3,240
Workers compensation insurance	-	-	-	-	-	-	-	-	2,694	2,694
Advertising and marketing	-	-	-	-	-	-	-	-	2,231	2,231
Licenses and permits	-	-	-	-	-	-	-	-	2,152	2,152
Travel	-	-	-	-	-	-	-	-	1,566	1,566
Other	-	-	-	-	-	75	-	75	1,367	1,442
Depreciation	-	-	-	-	-	-	-	-	1,036	1,036
FAW meeting notices	-	-	-	-	-	-	-	-	286	286
Registration	-	-	-	-	-	-	-	-	97	97
Hospitality	-	-	-	-	-	-	-	-	89	89
Board meeting expense	-	-	-	-	-	-	-	-	57	57
<b>Total</b>	<b>\$ 213</b>	<b>\$ 45,999</b>	<b>\$ 15,786</b>	<b>\$ 3,181</b>	<b>\$ 542</b>	<b>\$ 5,364</b>	<b>\$ 466</b>	<b>\$ 71,551</b>	<b>\$ 294,926</b>	<b>\$ 366,477</b>

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

**Friends of the Museums of Florida History, Inc.**  
**Statement of Cash Flows**

<i>Year ended June 30,</i>	2019
<b>Operating activities</b>	
Change in net assets	\$ 38,106
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	286
Realized and unrealized gain on investments	(8,325)
(Increase) decrease in:	
Inventory	(20,416)
Accounts receivable	(86)
Prepaid expense	809
Increase (decrease) in:	
Accounts payable	1,936
Accrued expenses	92
<b>Net cash provided by operating activities</b>	<b>12,402</b>
<b>Investing activities</b>	
Proceeds from the sale of investments	159,871
Payments for the purchase of investments	(168,458)
<b>Net cash used in investing activities</b>	<b>(8,587)</b>
Net change in cash and cash equivalents	3,815
Cash and cash equivalents, beginning of year	387,512
Cash and cash equivalents, end of year	\$ 391,327

**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash and cash equivalents are presented on the Statement of Financial Position as:

Cash and cash equivalents	\$ 357,393
Restricted cash	33,934
<b>Cash and cash equivalents per the Statement of Cash Flows</b>	<b>\$ 391,327</b>

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

## Friends of the Museums of Florida History, Inc. Notes to Financial Statements

### NOTE 1 – NATURE OF OPERATIONS

Friends of the Museums of Florida History, Inc. (the Organization) was incorporated on December 14, 2001 as a Florida not-for-profit corporation. It was organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code to conduct programs and activities, sponsor research, sponsor promotions, raise funds, request and receive grants, gifts, contributions, dues and bequests of money, real and personal property; or acquire, receive, hold, invest and administer securities, funds, objects of value, or other property, real or personal; and, make expenditures and distributions to or for the benefit of the Museum of Florida History, Florida Department of State. On July 1, 2004, the corporation approved the combination of Friends of the Museum of Florida History, Inc., Friends of the Knott House, and Friends of the Old Capitol into the Organization. The mission of the Organization is to enhance and perpetuate historic properties and museums managed by the Museum of Florida History for the people of Florida and its visitors through assisting and advising the Museum on a statewide basis in the following ways:

- Developing and maintaining general membership support for the purposes of the Organization.
- Developing and providing staff services and merchandise, including, but not limited to, books, cards, stationary, postcards, and pamphlets for the gift shops at the Museum of Florida History, the Old Florida Capitol, the Knott House Museum and other locations deemed appropriate by the Organization and the Department of State, Division of Cultural Affairs.
- Providing a vehicle for grant funding and special projects for the Museum's Florida Heritage Education Program, for the Florida History Fair, and for permanent, changing, and traveling exhibits.
- Providing support and recognition programs for the volunteers of the Museum.
- Making expenditures, distributions, and publications to or for the benefit of the Museum of Florida History.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Accounting***

The financial statements are prepared on the accrual basis of accounting.

#### ***Cash and Cash Equivalents***

The Organization maintains separate cash accounts for restricted and designated purposes. Restricted cash is held in a separate account according to donor restrictions, which require the cash to be expended for a specific purpose. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.



**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Investments***

The Organization reports investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized and realized gains and losses from changes in the fair value of investments are reported in the statement of activities.

***Inventory***

Inventory consists of merchandise held for sale in the gift shops. It is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

***Accounts Receivable - Net***

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been significant to the financial statements, and management considers the entire balance to be fully collectible.

***Property and Equipment - Net***

Property and equipment (\$500 or more) are recorded at cost or, if donated, at the fair market value on the date of the donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of three to forty years. Repairs are expensed as incurred.

***Functional Allocation of Expenses***

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 considerations of time and space utilized for the relative activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

***Advertising***

Advertising costs are expensed as incurred. The Organization incurred \$2,152 in advertising expense during the year ended June 30, 2019.

**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Income Taxes***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code with the exception of any unrelated business income. There was no unrelated business income during the year ended June 30, 2019.

***Net Assets***

In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

**Net Assets With Donor Restrictions**

Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations are classified as net assets with donor restrictions. To account for amounts donated for specific purposes, the Organization maintains net assets with donor restrictions. As of June 30, 2019, the Organization had net assets with donor restrictions of \$1,016,663.

**Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed stipulations are classified as net assets without donor restrictions. Net assets without donor restrictions include resources that are available for support of the Organization's operations.

***Revenue Recognition***

Revenues are recognized when earned. Amounts received are recognized as income to the extent they apply to the current fiscal year; amounts received that apply to subsequent periods are deferred and recognized as revenue in the appropriate future period.

***Contributions***

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 Services and Facilities***

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. Donated facilities are recorded as contributions at their fair values at the date of donation.

**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities 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.

***Subsequent Events***

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**NOTE 3 – INVESTMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used 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). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Significant other observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Level 3 – Significant unobservable inputs.

The asset'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.

**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 3 – INVESTMENTS (CONTINUED)**

Fair values of investments measured on a recurring basis at June 30, 2019 are as follows:

<i>June 30, 2019</i>	<b>FMV</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Fixed income securities				
Certificates of deposit	\$ 621,383	\$ -	\$ 621,383	\$ -
Mutual funds				
Equities	218,152	218,152	-	-
Fixed income - bonds	102,074	102,074	-	-
Real estate	17,388	17,388	-	-
Fixed income - US Treasury	2,990	2,990	-	-
<b>Total investments</b>	<b>\$ 961,987</b>	<b>\$ 340,604</b>	<b>\$ 621,383</b>	<b>\$ -</b>

Investments are comprised of certificates of deposit and marketable open-ended mutual funds which are measured at net asset value (NAV) which approximates fair market value. Their values are determined by reference to quoted market prices in active markets or identical assets.

Investment income included investment expenses of \$3,197 for the year ended June 30, 2019. Realized and unrealized gains (losses) totaled \$2,982 and \$5,343, respectively, for the year ended June 30, 2019. These amounts are included in investment income, net of expenses within the statement of activities.

**NOTE 4 – PROPERTY AND EQUIPMENT - NET**

Property and equipment – net consists of the following:

<i>June 30,</i>	<b>2019</b>
Furniture and fixtures	\$ 34,282
Equipment	5,991
Renovations	8,599
Total property and equipment	48,872
Less: Accumulated depreciation	(43,722)
<b>Total property and equipment - net</b>	<b>\$ 5,150</b>

Depreciation expense for the year ended June 30, 2019 was \$286.

**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 5 – NET ASSETS**

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2019
Undesignated	\$ 326,868
Board designated	
TREX Program	106,877
Florida Heritage Education	4,296
<b>Total net assets without donor restrictions</b>	<b>\$ 438,041</b>

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2019
Purpose restricted	
Florida Cultural Endowment	\$ 600,000
James Knott	188,297
Charles Knott	152,308
Knott House	32,093
Viva Florida 500	29,146
Educational Programs	5,000
Acquisition Fund	4,775
General Support Contribution	2,000
KHM Radio Program	1,000
Poetry Programming	975
Women's History Collection Fund	927
Support Your ST History Museum	142
<b>Total net assets with donor restrictions</b>	<b>\$ 1,016,663</b>

**NOTE 6 – ENDOWMENTS**

The Organization's endowment consists of a donor-restricted fund, the Florida Cultural Endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law** - The Organization is governed by Florida Statute Chapter 617.2104 - *Florida Uniform Prudent Management of Institutional Funds Act*. The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in the State of Florida during the 2011 legislative session and had an effective date of July 1, 2012.



**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 6 – ENDOWMENTS (CONTINUED)**

Unless a donor imposes a restriction to the contrary, all endowment funds at the Organization adhere to the spending policy adopted by the Organization’s Board of Directors. Florida Statute does not require preservation of the fair value of the original gift, but rather specifically states that spending may include investment appreciation as well as principal.

**Investment Return Objectives, Risk Parameters and Strategies** - The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to achieve a competitive long term rate of return and marketability within reasonable and prudent levels of risk. The Board seeks to create a conservative, well diversified, and balanced portfolio.

**Spending Policy** - Funds generated from the investment of principal shall only be expended for operating costs incurred while engaging in programs directly related to the Organization’s mission. Funds generated from the investment of principal include realized and unrealized appreciation as well as natural income from dividends, interest and realized gain. Endowment funds may not be used as collateral.

With regard to donor-restricted endowments, the Organization respects and enforces the donor's restriction to preserve the historic gift value of the fund. This project for the Florida Cultural Endowment is sponsored in part by the State of Florida through the Florida Department of State, Division of Cultural Affairs, and the Florida Council on Arts and Culture (Section 286.25, Florida Statutes).

Changes in the endowment’s net assets follow:

	2019
FL Cultural Endowment at July 1, 2018	\$ 600,000
Investment income for FL Cultural Endowment	15,919
Amounts appropriated for expenditure with donor restrictions	(15,919)
FL Cultural Endowment net assets, June 30, 2019	\$ 600,000

**NOTE 7 – DONATED SERVICES AND FACILITIES**

The State of Florida, through the Office of Cultural, Historical & Informational Programs of the Department of State, provides support to the Organization in the form of contributed personnel and occupancy costs. For the year ended June 30, 2019, the recorded value of the contributed services was \$135,606 and the value of the contributed gift shop space was \$38,913.

**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 8 – CONCENTRATIONS AND CONTINGENCIES**

At June 30, 2019, the Organization held cash in financial institutions in excess of the federally insured limit of \$250,000. Additionally, the endowment accounts are invested in professionally managed open-ended mutual funds. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

**NOTE 9 – INCOME TAXES**

The Organization utilizes the 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, 2019, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**NOTE 10 – ACCOUNTING STANDARDS UPDATE 2016-14**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which addresses financial reporting for not-for-profit organizations. Management has implemented ASU 2016-14 for the year ended June 30, 2019. The key elements of the ASU are as follows:

- Net asset classifications have been reduced from three to two categories: with donor restrictions and without donor restrictions. Expanded disclosures about the nature and amount of any donor restrictions and on any board designations of net assets without donor restrictions have been included as required.
- The placed-in-service approach is required for determining when restrictions have been met for all capital gifts, eliminating the over-time option for expirations of capital restrictions.
- Additional disclosures, both qualitative and quantitative, have been included as required to communicate information useful in assessing liquidity within one year of the statement of financial position date.
- The indirect or direct method of presenting the statement of cash flows is allowed. However, the presentation or disclosure of indirect method reconciliation is not required when using the direct method.

**Friends of the Museums of Florida History, Inc.**  
**Notes to Financial Statements**

**NOTE 10 – ACCOUNTING STANDARDS UPDATE 2016-14 (CONTINUED)**

- When an organization derives net investment return from several different sources, such as donor endowments and unrestricted operating endowments, it may present the net investment return in multiple line items in the statement of activities.

Several reporting requirements related to expenses are included, as follows:

- Disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return)
- Disclosure of expenses netted with investment return
- Enhanced disclosures regarding cost allocations

ASU 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date.

**NOTE 11 – FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets 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>As of June 30,</i>	2019
Financial assets, at year-end	\$ 1,458,820
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	(1,016,663)
<u>Financial assets available to meet cash needs for expenditures within one year</u>	<u>\$ 442,157</u>

Financial assets at year-end as noted in the above schedule include cash and cash equivalents, inventory, accounts receivable, restricted cash and restricted investments.



**SUPPLEMENTARY INFORMATION**

**Friends of the Museums of Florida History, Inc.**  
**Schedule of Support and Revenue**

<i>Year ended June 30,</i>	2019
<b>Gift shop sales:</b>	
Museum	\$ 116,825
Old Capitol	31,188
New Capitol	29,747
On-line sales	8,392
Knott House	79
Total gift shop sales	186,231
Less: cost of goods sold	90,153
Gross profit on gift shop sales	96,078
<b>In-kind contributions</b>	<b>174,519</b>
<b>Contributions and memberships:</b>	
Donation boxes	17,615
Contributions with restrictions	1,317
Membership	6,804
Contributions without restrictions	4,639
Total contributions and memberships	30,375
<b>Grant revenue:</b>	
FHC-Civil Rights	100
Total grant revenue	100
<b>Education programs:</b>	
Florida History Fair	32,198
Miscellaneous education programs	1,960
Emancipation Day	4,500
Third Thursday/Evening Program	1,200
Poetry Program	1,255
Knott House	723
Children's Day	1,875
Valentine Program	76
KHM Radio Program	1,000
Surf's Up, Florida	2,500
Swing dance	44
Total education program revenue	47,331
<b>Exhibit revenue:</b>	
TREX	10,732
Total exhibit revenue	10,732
<b>Investment income:</b>	
James Knott Endowment	10,513
FL Cultural Endowment	15,919
Charles Knott Endowment	6,798
Total investment income	33,230
<b>Facility use and rental income:</b>	
Café	4,753
Parking lot	7,108
Total facility use and rental income	11,861
<b>Miscellaneous support and revenue</b>	<b>357</b>
<b>Total support and revenue</b>	<b>\$ 404,583</b>

*See Independent Auditors' Report*

**Friends of the Museums of Florida History, Inc.**  
**Schedule of Expenses**

<i>Year ended June 30,</i>	2019
<b>Grant expenses:</b>	
FHC - Civil Rights	\$ 100
Outreach	113
<b>Total grant expenses</b>	<b>213</b>
<b>Education program expense:</b>	
Florida History Fair	20,293
Third Thursday	7,436
Emancipation Day	4,945
Children's Day	2,795
Surf's Up, Florida programming	1,886
Swing dance	1,835
Miscellaneous education programming	1,688
Living the Dream programming	1,470
Knott House general programming	1,402
Knott House poetry program	1,310
Valentine program	442
Outreach	278
Quilt Show programming	154
Other	40
History at High Noon	25
<b>Total education program expense</b>	<b>45,999</b>
<b>Exhibit expenses:</b>	
TREX exhibits	15,000
Other	640
Surf's Up, Florida	146
<b>Total exhibit expenses</b>	<b>15,786</b>
<b>Knott House expenses</b>	<b>3,181</b>
<b>Acquisition fund</b>	<b>542</b>
<b>Membership</b>	<b>5,364</b>
<b>Volunteer program</b>	<b>466</b>

*See Independent Auditors' Report*

**Friends of the Museums of Florida History, Inc.**  
**Schedule of Expenses**  
**(Continued)**

<i>Year ended June 30,</i>	2019
<b>Administrative expenses:</b>	
Contributed salaries	135,606
Salaries and payroll expenses	76,590
Occupancy	38,913
Professional fees	17,158
Merchant service charges	11,844
Office supplies	3,240
Other	2,694
Licenses and permits	2,231
Advertising and marketing	2,152
Workers compensation insurance	1,566
Travel	1,367
Hospitality	1,036
Depreciation	286
Board meeting expense	97
Registration	89
FAW meeting notices	57
<b>Total administrative expenses</b>	<b>294,926</b>
<b>Total expenses</b>	<b>\$ 366,477</b>

*See Independent Auditors' Report*



# REQUIRED COMMUNICATIONS





## Required Communications

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Organization. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the Organization's financial statements for the year ended June 30, 2019;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.

## Required Communications

We have audited the financial statements of Friends of the Museums of Florida History, Inc. for the year ended June 30, 2019, and have issued our report thereon dated January 13, 2020. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<b>Auditors' responsibility under Generally Accepted Auditing Standards</b>	<p>As stated in our engagement letter dated June 7, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<b>Client's responsibility</b>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<b>Planned scope and timing of the audit</b>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<b>Management judgments and accounting estimates</b> <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<b>Potential effect on the financial statements of any significant risks and exposures</b> <i>Major risks and exposures facing the Organization and how they are disclosed.</i>	<p>No such risks or exposures were noted.</p>

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li>• <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Organization's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Organization in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i></li> <li>• <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></li> </ul>	<p>See Note 2 of the Notes to Financial Statements and the section entitled "Accounting Policies, Judgments and Sensitive Estimates &amp; CRI Comments on Quality."</p>

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Significant difficulties encountered in the audit</b>  <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	None.
<p><b>Disagreements with management</b>  <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	None.
<p><b>Other findings or issues</b>  <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	None.
<p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b>  <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	None.
<p><b>Corrected and uncorrected misstatements</b>  <i>All significant audit adjustments arising from the audit, whether or not recorded by the Organization, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	Please see the following section titled "Summary of Audit Adjustments."

## Required Communications

MATTERS TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Major issues discussed with management prior to retention</b></p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	None.
<p><b>Consultations with other accountants</b></p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	None of which we are aware.
<p><b>Written representations</b></p> <p><i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	See "Management Representation Letter" section.
<p><b>Internal control deficiencies</b></p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	See "Internal Control Findings" section.
<p><b>Fraud and illegal acts</b></p> <p><i>Fraud involving the Organization's management, or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving the Organization's management and any other illegal acts, unless clearly inconsequential.</i></p>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
<p><b>Other information in documents containing audited financial statements</b></p> <p><i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

## Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Organization's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Expenses	The Organization allocates expenses between program and supporting services as required by the AICPA Audit & Accounting Guide for Not-for-Profit Entities.	X	<p>The Organization reports expenses based on its functional classification.</p> <p>The allocation between program and supporting services is based on a combination of direct and indirect allocation of expenses. Indirect expenses are allocated between program and supporting services based on considerations of time and space utilized for the relative activities.</p>	The Organization's policies are in accordance with the applicable accounting guidelines.
Investments	The Organization follows the provisions of ASC 820, <i>Fair Value Measurements and Disclosures</i> , when reporting investments.	X	The allocation between levels 1-3 under ASC 820 is based on management's review of the underlying investments. The Organization relies on valuations from its broker for 100% of the asset values.	The Organization's policies are in accordance with the applicable accounting guidelines.
Contributed Salaries and Space	Management records support provided by the State of Florida as revenue and offsetting expenses.	X	The Organization relies on valuation of salaries and space provided from the State of Florida. The valuation is based on an estimate of time spent on the Organization's activities and square footage of space used in operations.	The Organization's policies are in accordance with the applicable accounting guidelines.

## Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the Organization and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Organization or passed (uncorrected).

There were no recorded or passed adjustments as a result of our audit procedures.

### QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Organization's operating environment that has been identified as playing a significant role in the Organization's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

*Friends of the  
Museums of  
Florida History, Inc.*



Board of Directors

Lester Abberger  
Managing Partner  
B.L. Abberger & Co.  
Tallahassee

Stephen R. Birtman, Chair  
Tallahassee

John A. Boudet  
Gray/Robinson  
Orlando

Monesia T. Brown, Vice-chair  
Director of Public Affairs &  
Government Relations  
Walmart Stores, Inc.  
Tallahassee

Bill Carlson  
President, Tucker Hall  
Tampa

Andrew Collins  
Chief Operating &  
Financial Officer  
CareerSource Florida  
Tallahassee

Kathy Guilday  
Tallahassee

Bill Herrle  
Executive Director  
National Federation of  
Independent Business  
Tallahassee

Lena Juarez  
JEJ & Associates, Inc.  
Tallahassee

Jon C. Moyle Jr., Esquire  
Moyle Law Firm, P.A.  
Tallahassee

Laura Rogers  
Tallahassee Chamber of Commerce  
Tallahassee

Museum Staff

Lisa Barton  
Museum Director

Thomas W. Robinson, Ph.D.  
Development & Financial Director

Kaitlin Silcox  
History Shop Supervisor

January 13, 2020

Carr, Riggs & Ingram, LLC  
2633 Centennial Blvd.  
Suite 200  
Tallahassee, FL

This representation letter is provided in connection with your audit of the financial statements of Friends of the Museums of Florida History, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 13, 2020, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 7, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.

Your Museum \* Your Florida \* Your History  
500 SOUTH BRONOUGH STREET \* TALLAHASSEE, FLORIDA 32399-0250  
850.245.6400 \* www.museumoffloridahistory.com



## Management Representation Letter

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

### Information Provided

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

## Management Representation Letter

- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
- 19) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 21) We acknowledge our responsibility for presenting the Schedule of Support and Revenue and the Schedule of Expenses in accordance with U.S. GAAP, and we believe the Schedule of Support and Revenue and the Schedule of Expenses, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Schedule of Support and Revenue and the Schedule of Expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 22) In regard to the financial statement preparation services performed by you, we have—
  - a) Assumed all management responsibilities.
  - b) Designated Tom Robinson, Development and Financial Director, who has suitable skill, knowledge, or experience to oversee the services.
  - c) Evaluated the adequacy and results of the services performed.
  - d) Accepted responsibility for the results of the services.

Signature: \_\_\_\_\_

Title: Development & Financial Director



**INTERNAL CONTROL  
RECOMMENDATIONS**

The Board of Directors and Management of  
Friends of the Museums of Florida History, Inc.

In planning and performing our audit of the financial statements of Friends of the Museums of Florida History, Inc. ("the Organization") as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Board of Directors, others within Friends of the Museums of Florida History, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Carr, Riggs & Ingram, LLC

Tallahassee, Florida

January 13, 2020