

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

**FINANCIAL STATEMENTS**

**June 30, 2020**



**CRI** CARR  
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**Friends of the Museums of Florida History, Inc.**  
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**June 30, 2020**

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# REPORT





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## **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, 2020, 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, 2020, 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.

## 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 20-22 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.

## Emphasis of Matter

As discussed in Note 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; this new standard provides additional guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Additionally, management has adopted Financial Accounting Standards Board ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*; this new standard requires changes to be made in how revenue is recognized and has added multiple new disclosures. Our opinion is not modified with respect to these matters.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

February 2, 2021



# FINANCIAL STATEMENTS

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

June 30,

2020

**Assets**

Current assets

Cash and cash equivalents	\$ 369,481
Inventory	92,670
Accounts receivable - net	1,085
<b>Total current assets</b>	<b>463,236</b>

Cash and cash equivalents - restricted	33,364
Restricted investments	968,110
Property and equipment - net	8,281
<b>Total assets</b>	<b>\$ 1,472,991</b>

**Liabilities and net assets**

Current liabilities

Accounts payable	\$ 6,095
Accrued expenses	458
<b>Total current liabilities</b>	<b>6,553</b>

Net assets

Without donor restrictions	432,859
With donor restrictions	1,033,579
<b>Total net assets</b>	<b>1,466,438</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,472,991</b>

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

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

<i>For the year ended June 30, 2020</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>Revenue and other support</b>			
Gift shop sales	\$ 136,430	\$ -	\$ 136,430
Less: cost of goods sold	62,272	-	62,272
Gross profit	74,158	-	74,158
Grant revenue	-	5,000	5,000
In-kind contributions	151,422	-	151,422
Investment income, net of expenses	-	27,379	27,379
Contributions and memberships	32,687	-	32,687
Education programs	1,014	12,167	13,181
Facility use and rental income	4,782	-	4,782
Exhibit revenue	10,730	-	10,730
Other income	254	-	254
Net assets released from restrictions	27,630	(27,630)	-
<b>Total revenue and other support</b>	<b>302,677</b>	<b>16,916</b>	<b>319,593</b>
<b>Expenses</b>			
<i>Program services</i>			
Grant expense	1,271	-	1,271
Education program	36,267	-	36,267
Exhibit expense	13,883	-	13,883
Knott House	3,057	-	3,057
Acquisition fund	475	-	475
Facility use and receptions expenses	296	-	296
Membership	3,771	-	3,771
Volunteer	221	-	221
Total program services	59,241	-	59,241
<i>Supporting services</i>			
General and administrative	248,618	-	248,618
Total supporting services	248,618	-	248,618
Total expenses	307,859	-	307,859
Change in net assets	(5,182)	16,916	11,734
Net assets, beginning of year	438,041	1,016,663	1,454,704
Net assets, end of year	\$ 432,859	\$ 1,033,579	\$ 1,466,438

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



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

For the year ended June 30, 2020	Program Services							Supporting Services		Total	
	Grant	Education program	Exhibit	Knott House	Acquisition fund	Facility use and receptions	Membership	Volunteer	Programs subtotal		General and administrative
Contributed salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,509	\$ 112,509
Salaries and payroll expenses	-	-	-	-	-	-	-	-	-	57,197	57,197
Occupancy	-	-	-	-	-	-	-	-	-	38,913	38,913
Direct program supplies	1,271	33,766	2,389	-	475	296	136	221	38,554	-	38,554
Professional fees	-	-	-	-	-	-	-	-	-	17,134	17,134
Merchant service charges	-	-	-	-	-	-	-	-	-	13,421	13,421
Maintenance	-	-	4,969	3,057	-	-	-	-	8,026	-	8,026
Freight	-	-	6,525	-	-	-	-	-	6,525	-	6,525
Catering	-	2,501	-	-	-	-	-	-	2,501	-	2,501
Office supplies	-	-	-	-	-	-	-	-	-	2,331	2,331
Workers compensation insurance	-	-	-	-	-	-	-	-	-	2,048	2,048
Newsletter	-	-	-	-	-	-	1,751	-	1,751	-	1,751
Licenses and permits	-	-	-	-	-	-	-	-	-	1,736	1,736
Receptions and events	-	-	-	-	-	-	1,643	-	1,643	-	1,643
Advertising and marketing	-	-	-	-	-	-	-	-	-	1,193	1,193
Travel	-	-	-	-	-	-	-	-	-	732	732
Other	-	-	-	-	-	-	-	-	-	600	600
Depreciation	-	-	-	-	-	-	-	-	-	531	531
Printing	-	-	-	-	-	-	241	-	241	-	241
Hospitality	-	-	-	-	-	-	-	-	-	170	170
Board meeting expense	-	-	-	-	-	-	-	-	-	73	73
FAW meeting notices	-	-	-	-	-	-	-	-	-	30	30
<b>Total</b>	<b>\$ 1,271</b>	<b>\$ 36,267</b>	<b>\$ 13,883</b>	<b>\$ 3,057</b>	<b>\$ 475</b>	<b>\$ 296</b>	<b>\$ 3,771</b>	<b>\$ 221</b>	<b>\$ 59,241</b>	<b>\$ 248,618</b>	<b>\$ 307,859</b>

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

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

*For the year ended June 30,*

2020

**Cash flows from operating activities**

Change in net assets	\$	11,734
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation		531
Unrealized and realized loss (gain) on investments		1,469
Changes in operating assets and liabilities		
Inventory		1,772
Accounts receivable		9,979
Accounts payable		(1,747)
Accrued expenses		(966)

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Net cash provided by (used in) operating activities		22,772
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**Investing activities**

Purchase of property and equipment		(3,662)
Proceeds from the sale of investments		511,295
Purchase of investments		(518,887)

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Net cash provided by (used in) investing activities		(11,254)
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Net change in cash and cash equivalents		11,518
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Cash and cash equivalents, beginning of year		391,327
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Cash and cash equivalents, end of year	\$	402,845
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**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash and cash equivalents consist of the following:

Cash and cash equivalents	\$	369,481
Cash and cash equivalents - restricted		33,364

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Cash and cash equivalents, end of year	\$	402,845
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*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: DESCRIPTION OF THE ORGANIZATION**

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 Organization 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 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).

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

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

***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.

***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.

***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.

***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 by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

***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.

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

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

***Property and Equipment - Net***

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance that do not materially prolong the useful lives of assets 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. Estimated useful lives used in computing depreciation are as follows:

Building renovations	30 Years
Furniture and equipment	5 – 10 Years

***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, any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations, and designations established by the governing board. The governing board has designated, from net assets without donor restrictions, net assets in support of specific programs.

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.

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

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

***Revenue Recognition***

Gift shop sales and education programs are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Contributions, grants, and exhibit revenues 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 released the restriction. 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.

***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 \$1,193 in advertising expense during the year ended June 30, 2020.

***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, 2020.

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

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

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 2, 2021, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### ***Recent Accounting Pronouncements***

##### Accounting Standards Update 2014-09

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. Effective July 1, 2019, the Organization adopted ASC 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment recognized upon adoption. No cumulative adjustment was required upon adoption of ASC 606.

##### Accounting Standards Update 2018-08

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU was effective for the Organization beginning July 1, 2019, and applicable portions of the guidance have been applied to the Organization's financial statements for the year ended June 30, 2020. The ASU has been applied on the modified prospective basis, meaning it has been applied to the unrecognized portion of agreements that were not completed as of the effective date, and agreements entered into after the effective date.

##### Accounting Standards Update 2016-18

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018.

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

**Note 3: FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in marketable securities and 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>	2020
Financial assets, at year-end	\$ 1,464,710
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	(1,033,579)
Financial assets available to meet cash needs for expenditures within one year	\$ 431,131

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

The Organization is principally supported by its gift shop sales and contributions. Management has the ability to significantly curtail program expenses in response to cash shortages.

**Note 4: INVENTORY**

Inventory consists of the following:

<i>June 30,</i>	2020
Florida History Shop	\$ 70,121
Old Capitol	10,593
New Capitol	11,956
Total inventory	\$ 92,670



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

**Note 5: INVESTMENTS**

Investments in marketable securities consist of the following:

<i>June 30, 2020</i>	<b>Cost</b>	<b>Market Value</b>
Fixed income securities		
Certificates of deposit	\$ 628,742	\$ 628,742
Mutual funds		
Equities	217,087	225,584
Fixed income - bonds	95,640	103,167
Real estate	9,020	7,378
Fixed income - US Treasury	3,236	3,239
<b>Total investments in marketable securities</b>	<b>\$ 953,725</b>	<b>\$ 968,110</b>

**Note 6: PROPERTY AND EQUIPMENT - NET**

Property and equipment – net consists of the following:

<i>June 30,</i>	<b>2020</b>
Furniture and fixtures	\$ 34,282
Equipment	9,653
Renovations	8,599
<b>Total property and equipment</b>	<b>52,534</b>
<b>Less: Accumulated depreciation</b>	<b>(44,253)</b>
<b>Total property and equipment - net</b>	<b>\$ 8,281</b>

Depreciation expense for the year ended June 30, 2020 was \$531.

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

**Note 7: NET ASSETS**

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2020
Undesignated	\$ 322,699
Board designated	
TREX Program	105,864
Florida Heritage Education	4,296
Total net assets without donor restrictions	\$ 432,859

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2020
Purpose restricted	
Florida Cultural Endowment	\$ 600,000
James Knott	187,421
Charles Knott	152,468
Knott House	44,649
Viva Florida 500	29,146
Educational Programs	5,000
Acquisition Fund	4,300
Florida Inspired	3,729
Emancipation Day	3,500
General Support Contribution	2,000
Women's History Collection Fund	927
Poetry Programming	297
Support Your ST History Museum	142
Total net assets with donor restrictions	\$ 1,033,579

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

**Note 8: REVENUE**

The Organization is recognizing revenue at a point in time for its gift shop sales and education programs. As of June 30, 2020, there are no performance obligations to be satisfied.

A summary of disaggregated revenue information follows:

<i>June 30,</i>	<i>2020</i>
<hr/>	
Contracts with customers	
Recognized at a point of time	
Gift shop sales, net of cost of goods sold	\$ 74,158
Education programs	13,181
Grants and contributions	
Grants	5,000
Contributions and memberships	32,687
In-kind contributions	151,422
Exhibits	10,730
Other revenue	
Investment income, net of expenses	27,379
Facility use and rental income	4,782
Miscellaneous	254
<hr/>	
Total revenue and other support	<u>\$ 319,593</u>

The Organization's customers are primarily visitors of the Museum, including school groups from Tallahassee, Florida and surrounding areas.

Contract balances for contracts with customers include the following:

<i>June 30,</i>	<i>2020</i>
<hr/>	
Contract assets	
Receivable from contracts, beginning of year	\$ 11,064
Receivable from contracts, end of year	1,085

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

### **Note 9: 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, 2020, the recorded value of the contributed services was \$112,509 and the value of the contributed gift shop space was \$38,913.

### **Note 10: 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. 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).

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

**Note 10: ENDOWMENTS (Continued)**

Changes in the endowment's net assets follow:

	2020
FL Cultural Endowment at July 1, 2019	\$ 600,000
Investment income for FL Cultural Endowment	22,034
Amounts appropriated for expenditure with donor restrictions	(22,034)
<u>FL Cultural Endowment net assets, June 30, 2020</u>	<u>\$ 600,000</u>

**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.

*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, 2020.

*Fixed income securities:* Valued at cost which is deemed the fair value of the account.

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

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

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods 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, are summarized for the year ended June 30, 2020:

<b>June 30, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Fixed income securities				
Certificates of deposit	\$ -	\$ 628,742	\$ -	\$ 628,742
Mutual funds				
Equities	225,584	-	-	225,584
Fixed income - bonds	103,167	-	-	103,167
Real estate	7,378	-	-	7,378
Fixed income - US Treasury	3,239	-	-	3,239
<b>Total investments at fair value</b>	<b>\$ 339,368</b>	<b>\$ 628,742</b>	<b>\$ -</b>	<b>\$ 968,110</b>

***Changes in Fair Value Levels***

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. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended June 30, 2020, there were no significant transfers in or out of Levels 1, 2 or 3.

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

**Note 12: CONCENTRATIONS AND CONTINGENCIES**

The Organization maintains cash with a financial institution in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 by \$141,903 at June 30, 2020. 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 13: RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and the Organization's fair value of investments has declined similarly. Such declines in the fair value of investments held by the Organization may materially and adversely impact the Organization's ability to achieve its investment objectives and therefore, its operational objectives. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.



**SUPPLEMENTARY INFORMATION**



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

*For the year ended June 30,*

2020

<b>Gift shop sales:</b>	
Museum	\$ 82,692
Old Capitol	19,596
New Capitol	24,061
On-line sales	10,066
Knott House	15
Total gift shop sales	136,430
Less: cost of goods sold	62,272
Gross profit on gift shop sales	74,158
<b>In-kind contributions</b>	<b>151,422</b>
<b>Contributions and memberships:</b>	
Donation boxes	13,669
Membership	12,510
Contributions without restrictions	6,508
Total contributions and memberships	32,687
<b>Grant revenue:</b>	
FL Inspired-Delmas Foundation	5,000
Total grant revenue	5,000
<b>Education programs:</b>	
Florida History Fair	7,550
Miscellaneous education programs	137
Emancipation Day	3,500
Third Thursday/Evening Program	518
Knott House	359
Children's Day	1,117
Total education program revenue	13,181
<b>Exhibit revenue:</b>	
TREX	10,480
Spirits of the Passage	250
Total exhibit revenue	10,730
<b>Investment income:</b>	
James Knott Endowment	2,416
FL Cultural Endowment	22,035
Charles Knott Endowment	2,928
Total investment income	27,379
<b>Facility use and rental income:</b>	
Café	735
Parking lot	4,047
Total facility use and rental income	4,782
<b>Miscellaneous support and revenue</b>	<b>254</b>
<b>Total support and revenue</b>	<b>\$ 319,593</b>

*See Independent Auditors' Report*

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

<i>For the year ended June 30,</i>	<i>2020</i>
<hr/>	
<b>Grant expenses:</b>	
FL Inspired-Delmas Foundation	\$ 1,271
Total grant expenses	1,271
<hr/>	
<b>Education program expense:</b>	
Florida History Fair	18,876
Third Thursday	5,027
Florida Inspired	3,488
Emancipation Day	1,321
Children's Day	3,027
Swing dance	464
Miscellaneous education programming	1,893
Second Saturday Family program	110
Knott House general programming	1,014
Knott House poetry program	748
Outreach	100
Quilt Show programming	144
History at High Noon	55
Total education program expense	36,267
<hr/>	
<b>Exhibit expenses:</b>	
TREX exhibits	11,494
Other	669
Florida Inspired	400
Alligators Dragons in Paradise	750
Forever Changed La Florida	570
Total exhibit expenses	13,883
<hr/>	
<b>Knott House expenses</b>	<b>3,057</b>
<hr/>	
<b>Acquisition fund</b>	<b>475</b>
<hr/>	
<b>Membership</b>	<b>3,771</b>
<hr/>	
<b>Facility use and receptions expenses</b>	<b>296</b>
<hr/>	
<b>Volunteer program</b>	<b>221</b>
<hr/>	

*See Independent Auditors' Report*

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

<i>For the year ended June 30,</i>	<i>2020</i>
<b>Administrative expenses:</b>	
Contributed salaries	112,509
Salaries and payroll expenses	57,197
Occupancy	38,913
Professional fees	17,134
Merchant service charges	13,421
Office supplies	2,331
Other	600
Licenses and permits	1,736
Advertising and marketing	1,193
Workers compensation insurance	2,048
Travel	732
Hospitality	170
Depreciation	531
Board meeting expense	73
FAW meeting notices	30
<b>Total administrative expenses</b>	<b>248,618</b>
<b>Total expenses</b>	<b>\$ 307,859</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, 2020;
- 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, 2020, and have issued our report thereon dated February 2, 2021. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Auditors' responsibility under Generally Accepted Auditing Standards</b></p>	<p>As stated in our engagement letter dated <b>August 12, 2020</b>, 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>
<p><b>Client's responsibility</b></p>	<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>
<p><b>Planned scope and timing of the audit</b></p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<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>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<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>	<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).

See attached schedule.

### 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.

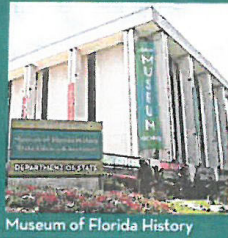
## Summary of Audit Adjustments

Client: *Friends of the Museums of Florida History*  
 Engagement: *Friends of the Florida Museum*  
 Period Ending: *6/30/2020*  
 Workpaper: *Adjusting Journal Entries Report*

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To adjust state in-kind contributions balance to actual			
4010	Contribution Income:In-kind Contributions	10,700.00	
5520	General & Administrative Exp.:Payroll Expenses:Contributed Salaries		10,700.00
<b>Total</b>		<b><u>10,700.00</u></b>	<b><u>10,700.00</u></b>

# Management Representation Letter

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



Museum of Florida History



Knott House Museum

## BOARD OF DIRECTORS

**Laura Rogers, Chair**  
World Class Schools  
of Leon County  
Greater Tallahassee  
Chamber of Commerce  
Tallahassee

**Lester Abberger**  
Managing Partner  
B.L. Abberger & Company  
Tallahassee

**Stephen R. Birtman**  
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Tallahassee

**John A. Boudet, Esq.**  
GrayRobinson  
Orlando

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

**Andrew Collins, Treasurer**  
Chief Operating and  
Financial Officer  
CareerSource Florida  
Tallahassee

**Kathy Guilday, Vice-Chair**  
Tallahassee

**Bill Herrle**  
Executive Director  
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**Lena Juarez**  
JEJ & Associates  
Tallahassee

**Dennis D. Moore, Ph.D.**  
Tallahassee

**Jon C. Moyle Jr.,**  
Endowment Chair  
Moyle Law Firm, P.A.  
Tallahassee

## MUSEUM STAFF

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

**Kaitlin Silcox**  
History Shop Supervisor

## Your Museum. Your Florida. Your History.

February 2, 2021

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 February 2, 2021, 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 August 12, 2020, 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

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## Management Representation Letter

- 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 (including information obtained from outside of the general and subsidiary ledgers), 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.
- 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

## Management Representation Letter

accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

- 18) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 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) Friends of the Museums of Florida History is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 22) 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.
- 23) 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 and 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, 2020, 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

February 2, 2021

## Internal Controls

The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

<b>IP = Improvement Point</b>	<b>D = Control Deficiency</b>	<b>SD = Significant Deficiency</b>	<b>MW = Material Weakness</b>
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ITEM	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
2020-1	D	Adjustment of state in-kind contributions	State in-kind contribution calculation obtained a footing error, which required an adjustment to actual.	We suggest that after state in-kind contribution amount is calculated, the Museum Director should review for accuracy.	Management will implement review of the state in-kind contribution calculation by the Museum Director to ensure accuracy.