

THE LEEPA-RATTNER MUSEUM OF ART, INC.

(A Component Unit of St. Petersburg College)

**Basic Financial Statements
and Other Unaudited Information**

June 30, 2021 and March 31, 2021

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Financial Statements
June 30, 2021 and March 31, 2021

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PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1106 N. FRANKLIN STREET
TAMPA, FLORIDA 33602

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Leepa-Rattner Museum of Art, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of The Leepa-Rattner Museum of Art, Inc. ("Museum"), a component unit of St. Petersburg College, as of June 30, 2021 and March 31, 2021, and for the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Museum as of June 30, 2021 and March 31, 2021, and the changes in financial position and cash flows thereof for the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Museum, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Museum's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

INDEPENDENT AUDITORS' REPORT (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the financial report. The other information comprises the schedule of collections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2022 on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Museum's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.



Prida, Guida & Perez, P.A.
Tampa, Florida
July 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Management’s Discussion and Analysis (Unaudited)
June 30, 2021 and March 31, 2021

The management of The Leepa-Rattner Museum of Art, Inc. (“Museum”) presents the following management’s discussion and analysis (“MD&A”) narrative overview and analysis of the financial activities of the Museum for the period from April 1, 2021 through June 30, 2021 and for the year ended March 31, 2021, with comparative information for the year ended March 31, 2020. The purpose of this discussion is to enable the reader to identify and understand the significant issues and changes in the financial condition of the Museum. The information presented here should be read in conjunction with the accompanying audited financial statements and footnotes. The financial statements, footnotes, and this MD&A were prepared by management and are the responsibility of management.

Financial Highlights

Overview: The Museum’s financial position as a whole declined during the period from April 1, 2021 through June 30, 2021, with a decrease in net position of \$479,983 or 100%. The Museum’s expenses exceeded revenue and other support and the Museum transferred all of its assets and liabilities to the St. Petersburg College (“College”), a related party, decreasing the net position to \$0.

Presentation: The Museum presents its financial report in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 34*, which focuses the reader of the financial reports on an organization’s overall financial condition and change in net position and cash flows taken as a whole.

Management has elected not to capitalize the Museum’s art collection. The presentation of the collection as not capitalized is the most widely practiced method of presentation for organizations similar to the Museum. As such, the value of the Museum’s collections has been excluded from the Statement of Net Position.

Condensed Schedule of Net Position

	June 30, 2021	Change	March 31, 2021	Change	March 31, 2020
Assets					
Current assets	\$ -	\$ (474,188) -100%	\$ 474,188	\$ (88,917) -16%	\$ 563,105
Noncurrent assets	-	(17,500) -100%	17,500	-	17,500
Total assets	<u>\$ -</u>	<u>\$ (491,688) -100%</u>	<u>\$ 491,688</u>	<u>\$ (88,917) -15%</u>	<u>\$ 580,605</u>
Liabilities					
Current liabilities	\$ -	\$ (11,705) -100%	\$ 11,705	\$ (37,384) -76%	\$ 49,089
Net position					
Restricted - expendable	-	(83,998) -100%	83,998	(8,875) -10%	92,873
Unrestricted	-	(395,985) -100%	395,985	(42,658) -10%	438,643
Total net position	<u>-</u>	<u>(479,983) -100%</u>	<u>479,983</u>	<u>(51,533) -10%</u>	<u>531,516</u>
Total liabilities and net position	<u>\$ -</u>	<u>\$ (491,688) -100%</u>	<u>\$ 491,688</u>	<u>\$ (88,917) -15%</u>	<u>\$ 580,605</u>

The Statement of Net Position includes all assets and liabilities of the Museum, excluding the art collection. Net position serves as a useful indicator of an organization’s financial health over time.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
June 30, 2021 and March 31, 2021

Condensed Schedule of Net Position (Continued)

The condensed schedule of net position shows the assets, liabilities, and net position as of June 30, 2021, March 31, 2021, and March 31, 2020. Current assets of the Museum consisted primarily of cash and cash equivalents, investment in certificate of deposit, inventory, and receivables. Current assets decreased by \$474,188 or 100% during the period from April 1, 2021 through June 30, 2021 and decreased by \$88,917 or 16%, during the year ended March 31, 2021. The primary reason for the decrease was due to a nonoperating transfer of assets to the College during the period. A major component of the previous year's decrease was due to a decrease in cash, certificate of deposit, and receivables.

There were no noncurrent assets as of June 30, 2021. Noncurrent assets (a grand piano) were transferred to the College during the period, decreasing the balance at June 30, 2021 to \$0. Noncurrent assets did not change during the year ended March 31, 2021.

Current liabilities decreased by \$11,705 or 100% during the period from April 1, 2021 through March 30, 2021. Current liabilities decreased by \$37,384 or 76% during the year ended March 31, 2021. The major components of the prior year decrease were a decline in unearned revenue and a decrease in accounts payable. The current period decrease was due to the College assuming the liabilities of the Museum.

Condensed Schedule of Revenues, Expenses, and Change in Net Position

	Period from April 1, 2021 Through June 30, 2021	Change	Year Ended March 31, 2021	Change	Year Ended March 31, 2020
Operating revenue and expenses					
Operating revenues	\$ 173,346	\$ (330,875) -66%	\$ 504,221	\$ (91,990) -15%	\$ 596,211
Operating expenses	173,996	(470,344) -73%	644,340	(86,964) -12%	731,304
Operating loss	(650)	(139,469) -100%	(140,119)	5,026 4%	(135,093)
Nonoperating revenues	19,449	(69,137) -78%	88,586	32,200 57%	56,386
Nonoperating transfer of assets to St. Petersburg College	(498,782)	(498,782) 100%	-	- %	-
Change in net position	(479,983)	(428,450) -831%	(51,533)	27,174 35%	(78,707)
Net position, beginning of year	479,983	(51,533) -10%	531,516	(78,707) -13%	610,223
Net position, end of year	\$ -	\$ (479,983) -100%	\$ 479,983	\$ (51,533) -10%	\$ 531,516

The statement of revenues, expenses, and change in net position reports revenues earned and expenses incurred during the period as either operating or nonoperating. Revenues and expenses that are connected directly to the Museum's primary functions are reported as operating revenues and expenses. Grants, contributions, and investment results are reported as nonoperating revenues.

The condensed schedule of revenues, expenses, and change in net position reflects operating and nonoperating activities for the period from April 1, 2021 through June 30, 2021 and for the years ended March 31, 2021 and 2020. The operating loss was \$650 for the period from April 1, 2021 through June 30, 2021 compared to \$140,119 and \$135,093 for the years ended March 31, 2021 and 2020, respectively.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Management's Discussion and Analysis (Unaudited)
June 30, 2021 and March 31, 2021

Condensed Schedule of Revenues, Expenses, and Change in Net Position (Continued)

Operating revenues include promoting education excellence, admission fees, various types of memberships, museum store revenue, special event fundraising revenues, and in-kind contributions. During the period from April 1, 2021 through June 30, 2021 operating revenues and expenses decreased due to the period of operations being three months rather than a full year.

Operating revenue decreased by \$330,875 or 66% during the period from April 1, 2021 through June 30, 2021 and decreased \$91,990 or 15% during the year ended March 31, 2021. Major components of the decreases were decreases in admissions fees, membership, program revenue, museum store sales, and in-kind operating revenue.

Operating expenses decreased by \$470,344 or 73% during the period from April 1, 2021 through June 30, 2021 and decreased \$86,964 or 12% during the year ended March 31, 2021. The decreases in operating expenses are primarily attributable to decreases in personnel, contractual services, and other services and expenses. The primary components of the Museum's operating expenses are fundraising - marketing and advertising and exhibition opening expenses; curatorial expenses - freight and exhibition rental fees; program expenses - education outreach, classes and workshops; and special events - contractual services, entertainment, and catering.

Nonoperating revenues include grant revenue, contributions, in-kind contributions and expenses, and interest income. Nonoperating revenues for the period from April 1, 2021 through June 30, 2021 reflect a decrease of \$69,137 or 78% compared to the year ended March 31, 2021. This decrease consists of decreases in grant revenue and contributions. The Museum's nonoperating revenues increased \$32,200 or 57% during the year ended March 31, 2021, primarily related to increases in grant revenues and contributions.

Nonoperating transfer of assets to St. Petersburg College is due to the Museum wrapping up its operations as a stand-alone entity during the period and transferring its assets to the College, where the Museum will continue as an operating department of the College. The nonoperating transfer was \$498,782 and consisted of all of the assets and liabilities of the Museum, including the collection which is not capitalized.

Using the Information in the Financial Report

The Museum's financial statements are immediately following this discussion and analysis.

This annual report consists of a series of financial statements prepared in accordance with pronouncements issued by the GASB. These statements focus the reader of the financial reports on the Museum's overall financial condition, and change in net position and cash flows, taken as a whole.

One of the most important questions asked about the Museum's finances is whether the Museum is better or worse off as a result of the year's activities. The keys to understanding this question are the statement of net position, statement of revenues, expenses, and change in net position and the statement of cash flows. These statements present financial information in a form similar to that used by private sector companies. The Museum's net position (the difference between assets and liabilities) is one indicator of the Museum's financial health when considered in combination with other nonfinancial information.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Management’s Discussion and Analysis (Unaudited)
June 30, 2021 and March 31, 2021

Using the Information in the Financial Report (Continued)

The statement of net position reports assets, liabilities, and net position as of June 30, 2021 and March 31, 2021. The balances reflect activities that have occurred during the respective fiscal periods and come from transactions between assets and liabilities or from transactions in the statement of revenues, expenses and change in net position. The balances are presented as either current (expected to be realized within 12 months) or noncurrent in nature.

The statement of revenues, expenses, and change in net position presents the results of operations for the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021. Activities are reported as operating or nonoperating. Both the statement of net position and the statement of revenues, expenses and change in net position are prepared using the accrual basis of accounting.

The remaining required statement is the statement of cash flows showing the sources and use of funds, in essence, accounting for the change in cash and cash equivalents balances for the reporting periods.

The notes to the financial statements provide additional information and more detail that is essential to a full understanding of the data presented in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Dissolution of the Corporation and Tax Status of the Museum

At a meeting of the St. Petersburg College Board of Trustees (“Board”) held on April 20, 2021, the Board voted to begin the process of dissolving the Museum as a Florida nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and decertifying the Museum as a direct support organization of the College. Dissolution was filed with the state of Florida on June 28, 2021 with an effective date of June 30, 2021.

Upon termination of its tax status, a nonprofit organization is required by the IRC to transfer any assets of the subject nonprofit to another nonprofit organization or to the government and to file a final tax return. Accordingly, the Museum’s assets, including its noncapitalized collections, were transferred to the College, which is a government. A final tax return was filed with the Internal Revenue Service.

The Museum began operating as a department of the College on July 1, 2021 where it remains open and continues its mission to collect, conserve, exhibit, and protect the works of art entrusted to its care and stewardship.

Questions concerning this report or requests for additional information should be addressed to:

Mike Meigs, AVP Business & Financial Services
St. Petersburg College
PO Box 13489 | St Petersburg, FL 33733

BASIC FINANCIAL STATEMENTS

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Statements of Net Position

	June 30, 2021	March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 467,170
Museum store inventory	-	6,991
Accounts receivable	-	27
Total current assets	-	474,188
Other assets	-	17,500
Total assets	\$ -	\$ 491,688
Liabilities and net position		
Current liabilities		
Accounts payable	\$ -	\$ 330
Other current liabilities	-	52
Unearned revenue	-	11,323
Total current liabilities	-	11,705
Net position		
Restricted - expendable	-	83,998
Unrestricted	-	395,985
Total net position	-	479,983
Total liabilities and net position	\$ -	\$ 491,688

Read the accompanying notes to the financial statements.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Statements of Revenue, Expenses, and Change in Net Position

	Period from April 1, 2021 Through June 30, 2021	Year Ended March 31, 2021
Operating revenue		
Admission fees	\$ 1,937	\$ 2,751
Membership	12,041	35,702
Special event revenue	-	2,395
Program revenue	-	1,280
Museum store sales, net	145	971
In-kind operating revenue	159,218	461,000
Other operating revenue	5	122
Total operating revenue	173,346	504,221
Operating expenses		
Personnel	90,483	523,717
Facilities and utilities	12,285	49,140
Contractual services	5,062	22,241
Other services and expenses	57,494	30,598
Materials and supplies	8,672	18,644
Total operating expenses	173,996	644,340
Operating loss	(650)	(140,119)
Nonoperating revenue (expenses)		
Grant revenue	-	12,500
Contributions	19,448	75,711
In-kind gifts of artwork	-	146,990
Acquisition of artwork	-	(146,990)
Interest income	1	375
Total nonoperating revenues	19,449	88,586
Net operating and nonoperating revenue (loss) before transfer of net assets of the Museum	18,799	(51,533)
Transfer of net assets of the Museum		
Nonoperating transfer to St. Petersburg College	(498,782)	-
Change in net position	(479,983)	(51,533)
Net position at beginning of period	479,983	531,516
Net position at end of period	\$ -	\$ 479,983

Read the accompanying notes to the financial statements.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Statements of Cash Flows

	Period from April 1, 2021 Through June 30, 2021	Year Ended March 31, 2021
Cash flows from operating activities		
Cash received from members and patrons	\$ 10,653	\$ 37,429
Cash received from program funding sources	-	1,280
Cash paid to suppliers of goods and services	(15,609)	(86,160)
Cash paid to St. Petersburg College for personnel	-	(129,490)
Net cash used in operating activities	<u>(4,956)</u>	<u>(176,941)</u>
Cash flows from noncapital financing activities		
Cash received from grants	-	12,500
Cash received from contributions	19,448	76,711
Nonoperating transfer of cash to St. Petersburg College	(481,663)	-
Net cash (used in) provided by noncapital financing activities	<u>(462,215)</u>	<u>89,211</u>
Cash flows from investing activities		
Cash received from investment earnings	1	375
Sale of certificates of deposit	-	25,191
Net cash provided by investing activities	<u>1</u>	<u>25,566</u>
Net change in cash and cash equivalents	(467,170)	(62,164)
Cash and cash equivalents, beginning of period	<u>467,170</u>	<u>529,334</u>
Cash and cash equivalents, end of period	<u>\$ -</u>	<u>\$ 467,170</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (650)	\$ (140,119)
Adjustments to reconcile operating loss to net cash used in operating activities		
Changes in:		
Accounts receivable	27	649
Museum store inventory	168	(87)
Accounts payable	(219)	(31,190)
Other current liabilities	557	(1)
Unearned revenue	(4,839)	(6,193)
Net cash used in operating activities	<u>\$ (4,956)</u>	<u>\$ (176,941)</u>

Read the accompanying notes to the financial statements.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 1 – Organization

Nature of operations – The Leepa-Rattner Museum of Art, Inc. (“Museum”) was a Florida nonprofit corporation. The Museum was incorporated July 16, 2001 and is governed by a Board of Directors (“Board”). The Museum was formed to benefit St. Petersburg College (“College”) by promoting educational excellence by collecting, preserving, and displaying works of art that reflect or support the aesthetic concerns of Abraham Rattner, Esther Gentle, Allen Leepa, and other artists. The Museum also provides a facility for teaching, exhibiting, and promoting all aspects of the art spectra for the benefit of the College and the general public.

The Museum commits to excellence in visual arts education; fosters aesthetic, critical, and ethical thinking as a bridge to the future; and nurtures interest in 20th and 21st century art history. The mission of the Museum is to collect, conserve, exhibit, and protect the works of art entrusted to its care and stewardship. Through its exhibitions, programs, and expanding collection of 20th and 21st century art, the museum strives to engage and inspire a diverse community by providing opportunities for education, enlightenment, interpretation, and research to students, scholars and visitors.

Reporting entity – The Museum is a direct support organization of the College, and its financial statements are presented in the College’s financial statements as a component unit. Although legally separate from the College, the Museum is financially accountable to the College. The College’s component units are managed independently, are outside the College’s budgeting process, and their powers generally are vested in their respective governing boards.

As a direct support organization, the Museum is subject to the policies and procedures of the College. Accordingly, the Museum, for reporting purposes, is considered a governmental organization subject to reporting under the Governmental Accounting Standards Board (“GASB”).

Operating expenses of the Museum include all fiscal transactions related to collecting, preserving, and displaying works of art, instruction, administration, academic support, student services and physical facility operations.

Note 2 – Dissolution of the Corporation and Tax Status of the Museum

At a meeting of the College Board of Trustees held on April 20, 2021, the Board of Trustees voted to dissolve the Museum as a Florida nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and decertify the Museum as a direct support organization of the College. Dissolution was filed with the state of Florida on June 28, 2021 with an effective date of June 30, 2021.

Upon termination of its tax status, a nonprofit organization is required by the IRC to transfer any assets of the subject nonprofit to another nonprofit organization or to the government and to file a final tax return.

In accordance with Museum’s articles of incorporation, the Museum’s assets and liabilities reverted to the College. The statement of net position as of June 30, 2021 reflects the transfer of the net assets of the Museum totaling \$479,782. The Museum’s collection, which is not capitalized, also transferred to the College. The College intends to honor the Museum’s \$50,362 in restricted-expendable net position related to contributions that remained restricted as of the date of transfer. Additionally, the Museum’s final tax return was filed.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 2 – Dissolution of the Corporation and Tax Status of the Museum (Continued)

The Museum began operating as a department of the College on July 1, 2021 where it remains open and continues its mission to collect, conserve, exhibit, and protect the works of art entrusted to its care and stewardship.

Note 3 – Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in preparation of the accompanying financial statements is presented below.

Basis of accounting – The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as promulgated by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a general rule, the effects of inter-fund activities have been eliminated from the Museum’s financial statements.

The Museum reports as an entity engaged in one business-type activity.

Classification of current and noncurrent assets and liabilities – The Museum considers assets to be current if, as part of its normal business operations, they are held as or can be converted to cash and be available for operating needs or payments of current liabilities within 12 months of the statement of net position date. Similarly, liabilities are considered to be current if they can be expected, as part of normal Museum business operations, to be due and paid within 12 months of the statement of net position date. All other assets and liabilities are considered to be noncurrent.

Cash and cash equivalents – The Museum’s cash and cash equivalents consist of cash on hand, cash in demand deposit accounts, and money market accounts which, at times, may exceed federally insured limits. The Museum has not experienced any losses in such accounts. The Museum believes it is not exposed to any significant credit risk on cash. For reporting cash flows, the Museum considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Inventory – The museum store inventory is stated at the lower of cost, based on the first-in, first out (“FIFO”) method, or net realizable value. The majority of the inventory is made up of various mission-related and gift items purchased from outside third parties.

Receivables – The Museum recorded credit card transactions as receivables until the related cash is received. Management considers all receivables to be collectible. Accordingly, no allowance for uncollectible accounts has been provided at June 30, 2021 or March 31, 2021.

Capital assets – Tangible property of \$5,000 or more to be used for operating purposes of the Museum is considered a capital asset. The Museum does not currently own any depreciable capital assets. The College provides facilities, equipment, and various supplies and materials as disclosed in Notes 5 and 6.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 3 – Summary of Significant Accounting Policies (Continued)

Other asset – The Museum’s grand piano, which was donated, has been recognized at its estimated fair value of \$17,500 based upon appraisals or similar valuations, and is not depreciated as it has been determined to be an inexhaustible asset. The grand piano is included in noncurrent assets listed as other assets.

Collections – Collections donated to the Museum are not capitalized. The Museum has received gifts of donated art objects, microfilm, and microfiche that will be held for educational purposes. Works of art, historical treasures, or similar assets that are: (a) held for public exhibition, education, or research in furtherance of public service rather than financial gain; (b) protected, kept unencumbered, cared for, and preserved; and (c) subject to organizational policy that requires the proceeds of items that are sold to be used to acquire other items for collections, are not capitalized.

Net position – The Museum’s net position is classified into the following categories:

Restricted - expendable – Assets subject to externally imposed conditions that can be fulfilled by the actions of the Museum or by the passage of time.

Unrestricted – All other categories.

Classification of revenues and expenses – The Museum considers operating revenues and expenses in the statement of revenues, expenses, and change in net position to be those revenues and expenses that result from activities that are connected directly to the Museum’s primary functions. Such transactions include promoting educational excellence, admission fees, memberships, museum store sales, special event fundraising revenues, contributions, and in-kind contributions. Certain other transactions are reported as nonoperating income and loss. These nonoperating activities include the Museum’s grant funding, contributions, in-kind artwork, and interest income.

Contributions – Contributions are recorded as revenue when all eligibility requirements are met. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions designated by donors to be used in future years are recorded as restricted - expendable until such time restrictions have elapsed. Contributions that are restricted by the donor are reported as an increase in unrestricted net position if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net position restricted - expendable or nonexpendable depending on the nature of the restriction. When a restriction expires, net position restricted - expendable is reclassified to unrestricted net position.

Unconditional promises to give, are initially recognized at fair value as revenues in the period the promise is received. If management expects the cash from the pledges receivable to be received more than one year in the future, contribution revenue and associated receivable are discounted for the time value of money at a rate commensurate with the risk and term of the gift.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 3 – Summary of Significant Accounting Policies (Continued)

Donated items – The value of donated materials, services, and other nonmonetary items are recorded in the financial statements as contributions based upon the fair value of the goods or services received at the time of the donation. Employees of the College operate the Museum. During the year ended March 31, 2021, the Museum reimbursed the College for the additional hours required of the staff accountant, the collections manager position, and for the hours of the development officer. During the period from April 1, 2021 through June 30, 2021, the Museum made no such reimbursements to the College. The College also provides use of facilities for the Museum as well as other miscellaneous supplies and services. These items are all recognized as in-kind operating contributions and operating expenses.

Accessions to the collection – Due to the unique nature of items donated to the collection, the Museum relies on donor estimates of the acquisition value of these donations. It is suggested, but not required, that donors provide professional appraisals for items of significant value.

Functional expenses – Operating expenses of the Museum other than program services are allocated to functional categories based on management's estimate of the time and expense spent for each of the functions. These functions are defined as follows:

Administrative – The costs of operating the Museum, including gathering, processing, and maintaining financial and legal information.

Fundraising – The costs associated with the direct solicitation of contributions to the Museum.

Application of restricted resources – When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Museum's policy is to apply restricted resources first.

Use of estimates – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts 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.

Income taxes – The Museum was an organization exempt from taxation under Section 501(c)(3) of the IRC and is generally not subject to federal or state income taxes. However, the Museum was subject to income taxes on any net income that was derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Museum was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the basic financial statements taken as a whole.

Note 4 – Collections

The collections are held in the public trust for exhibition and educational purposes, not for financial gain. Each of the items is catalogued, preserved and cared for in order to maintain the cultural, aesthetic, and historic value of the collections. Activities verifying the existence and assessing the condition of the collections are periodically performed.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 4 – Collections (Continued)

The collections, which have been acquired through contributions and purchases since the Museum's inception are not recognized as assets on the statements of net position. Purchases of collection items are recorded as decreases in net position unrestricted or as net position restricted by donors-expendable in the year the items are acquired if the assets used to purchase the items are restricted by donors.

During the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, the Museum accessioned contributed works of art with an estimated value of approximately \$0 and \$147,000, respectively. There were no deaccessions during the period from April 1, 2021 through June 30, 2021 or during the year ended March 31, 2021.

Note 5 – Related-Party Transactions

St. Petersburg College

The Museum is related to the College by virtue of its primary purpose, which is to engage in activities to foster and promote all aspects of the art spectra for the benefit of the College, its students, and the general public. The College also approves the Museum's board members.

The College provides the space for the Museum to operate without charge. Management estimates fair market value of the annual rent, including utilities, to be approximately \$12,000 and \$49,000 for the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, respectively. The College also provides some of the employees to operate the Museum at an estimated cost of approximately \$90,000 and \$394,000 for the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, respectively. The College provided other miscellaneous services and supplies in estimated amounts of approximately \$55,000 and \$18,000 for the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, respectively.

For the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, respectively, the Museum reimbursed the College approximately \$0 and \$63,000 for salaries and benefits for the staff accountant and collections manager. For the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, respectively, the Museum reimbursed the College approximately \$0 and \$66,000 for salary and benefits for the Museum's development officer. For the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, there was no store manager salary reimbursement to the College due to position vacancy.

For the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, respectively, the Museum reimbursed the College approximately \$0 and \$16,000 for the cost of insurance on the accessioned collection items, traveling exhibitions, and liability insurance.

St. Petersburg College Foundation, Inc.

The St. Petersburg College Foundation, Inc. ("Foundation") is related to the Museum as a direct support organization of the College. The Foundation holds an endowment fund appropriated for the Museum valued at approximately \$2.6 million and \$3.0 million at June 30, 2021 and March 31, 2021, respectively.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 5 – Related-Party Transactions (Continued)

The Foundation owns the Leepa-Rattner-Gentle art collection and has permanently loaned the collection to the College. The College has in turn permanently loaned the collection to the Museum.

During the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021, the Foundation provided approximately \$0 and \$97,000, respectively, to the Museum from earnings on the Museum’s endowment at the Foundation. Additionally, the Foundation pays for the insurance on the Leepa-Rattner-Gentle art collection at a cost of approximately \$15,000 per year.

Note 6 – In-Kind Contributions

In-kind contributions are included in operating and nonoperating revenues in the statements of revenues, expenses, and change in net position. The majority of in-kind contributions are from the College. The remainder of in-kind contributions are from individuals or corporations. Management estimates that the fair value of in-kind contributions are as follows:

	Period from April 1, 2021 Through June 30, 2021	Year Ended March 31, 2021
In-kind gifts of artwork	\$ -	\$ 146,990
Materials and supplies	1,000	-
Contributions in-kind from the College		
Personnel	90,483	394,316
Facilities	12,285	49,140
Materials and supplies	55,450	17,544
	<u>158,218</u>	<u>461,000</u>
	<u>\$ 159,218</u>	<u>\$ 607,990</u>

Net position restricted - expendable was available for the following purposes:

	June 30, 2021	March 31, 2021
Art Haven project	\$ -	\$ 5,751
Adopt a masterpiece program	-	46,248
Exhibition underwriting	-	31,999
	<u>\$ -</u>	<u>\$ 83,998</u>

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 7 – Net Position Restricted - Expendable

Changes in net position restricted - expendable are as follows:

	Period from April 1, 2021 Through June 30, 2021	Year Ended March 31, 2021
Restricted - expendable at beginning of period	\$ 83,998	\$ 92,873
Release of restrictions	(33,636)	(8,875)
Restrictions to be fulfilled by the College	(50,362)	-
Restricted - expendable at end of period	<u>\$ -</u>	<u>\$ 83,998</u>

Releases from donor restrictions during the period from April 1, 2021 through June 30, 2021 and the year ended March 31, 2021 were recognized as the Museum incurred expenses satisfying restricted purposes.

Note 8 – Functional Distribution of Expenses

The operating expenses on the statements of revenues, expenses, and change in net position are presented in the natural classifications. Below are those same expenses presented in functional classifications. The functional classification is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. The operating expenses of the Museum are allocated to the following functional departments:

Program services – includes the costs associated with the operation of the Museum, including exhibitions, preservation of collections, education, etc.

Administrative – includes the costs of operating the Museum offices, including gathering, processing, and maintaining financial and legal information.

Fundraising – includes the costs associated with the direct solicitation of contributions and developing members of the Museum.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Notes to the Financial Statements
June 30, 2021 and March 31, 2021

Note 8 – Functional Distribution of Expenses (Continued)

The functional classification of expenses is summarized as follows:

	Period from April 1, 2021 Through June 30, 2021	Year Ended March 31, 2021
Program services		
Exhibitions	\$ 5,527	\$ 8,049
Education	-	1,366
Facilities and utilities	11,548	46,192
Personnel services	71,481	311,509
Supplies and equipment	4,769	10,969
Other	486	10,603
Total program services	93,811	388,688
Administrative		
Insurance	-	16,088
Personnel services	18,097	208,265
Other	60,905	26,556
Total administrative	79,002	250,909
Fundraising		
Personnel services	905	3,943
Special events	-	132
Other	278	668
Total fundraising	1,183	4,743
Total expenses	\$ 173,996	\$ 644,340

Note 9 – Subsequent Events

The Museum has evaluated subsequent events through July 12, 2022, the date which the financial statements were available to be issued. No events have occurred subsequent to the statement of net position date, that would require adjustment to, or disclosure in, in financial statements.

OTHER UNAUDITED INFORMATION

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Schedule of Collections (Unaudited)
June 30, 2021

Core Collection (Leepa-Rattner-Gentle Collection)

The core collection of The Leepa-Rattner Museum of Art, Inc. ("Museum") consists of 1,399 objects: paintings, sculptures, works on paper (drawings, watercolors, prints), tapestries and stained glass maquettes, and up to 3,000 inventoried objects (mostly works on paper). This collection is not owned by the Museum but is managed by the Museum through an agreement between the St. Petersburg College ("College"), the St. Petersburg College Foundation, Inc. ("Foundation"), and the Museum.

Secondary Core Collection (Gulf Coast Museum of Art Collection)

The secondary collection of the Museum consists of 275 objects that have been donated to the Museum by the Foundation. Based on the nature of this collection, the Museum has redefined its mission and direction. More than two-thirds of the collection reflects Florida art and southeastern United States fine art crafts amassed between 1995 and 2008.

Donated Art (1,711 Objects) - Listed by Donation Size

1. St. Petersburg College Foundation, Inc. (245 accessioned objects): Prints created mostly from the 1980s through the 1990s at print workshops in the United States and Canada by a variety of known and lesser known artists gifted to the Museum by the Foundation through a brokered deal with the Eckerd College Foundation.
2. Richard Florsheim Art Fund (182 accessioned objects): Paintings and prints by Chicago artist Richard Florsheim (1916-1979) reflecting a 40-year retrospective of the artist's career.
3. Vladimir Yoffe/Pasco Art Center (46 accessioned objects): Sculptures and ephemera by New York sculptor Vladimir Yoffe (1911-1997) transferred to the Museum from the noncollecting Pasco Art Center.
4. Lothar and Mildred Uhl Collection (436 accessioned objects, including 48 objects in the education collection): Currently reflecting a variety of media, as well as a recent gift of 88 prints by Winslow Homer and 225 prints by Leonard Baskin.
5. Caroline Adams Byrd-Denjoy Collection (131 accessioned objects, including 13 objects in the education collection): A collection of modern and contemporary prints produced in France in a variety of printing techniques.
6. Patricia A. and Thomas J. Lehnen Family Art Collection (43 accessioned objects, including 16 in the education collection): An eclectic collection of fine art, contemporary craft, and ethnographic art, including works by Dale Chihuly.
7. Dorothy Mitchell Collection (34 accessioned objects): Large-format screen-prints created in the 1990's at Berghoff-Cowden Editions in Tampa by seven nationally known artists.
8. Zipkin Family Collection (17 accessioned objects): While not a large collection, the pieces given have greatly enhanced the existing Leepa-Rattner-Gentle art collection with the expectation of more objects being gifted.

THE LEEPA-RATTNER MUSEUM OF ART, INC.
(A Component Unit of St. Petersburg College)
Schedule of Collections (Unaudited)
June 30, 2021

Donated Art (1,711 Objects) - Listed by Donation Size (Continued)

9. Barbara Witlin Collection (11 accessioned objects): Donation by the widow of Roy Witlin (1923-1997), large reverse-paintings on Plexiglas works.
10. Edna Andrews and Dr. Dietrich Schroerer Collection (12 accessioned objects): An alumnus of St. Petersburg College and an art collector, Edna Andrews Schroerer and her husband have given European prints.
11. Rita Hayes Scott Collection (13 accessioned objects): Rita Hayes Scott and Robert Russek Scott collection include notable modern and contemporary works falling in several of the Museum's collecting areas, including a Kenneth Noland painting, Pablo Picasso ceramic, and a Sonia Delaunay tapestry.
12. Jim and Martha Sweeny Collection (70 accessioned objects): Jim and Martha Sweeny collection include notable contemporary artists and printmakers and folk art and prints by African American artists.
13. The Museum Project (53 accessioned objects): A collection of contemporary photographs by 9 artists to The Museum Project Collection.
14. Other Donations (326 accessioned objects, including 18 in the education collection by 87 individual donors): These works reflect a variety of artists, periods, and media in the 20th and 21st century art. Note: At this time only a fraction of the ephemera has been processed. These were originally accessioned as a "lot", but it was determined for tracking purposes these would be individually processed and accessioned.
15. Cleta Clark Collection (40 accessioned objects): Cleta Clark Collection includes various artwork from 6 contemporary Florida artists.
16. Cecily Mosier Collection (7 accessioned objects): Cecily Mosier Collection includes works from 5, French notable artists and enriches the Museum's French print collection that represents 20th and 21st centuries.
17. Other Donations (45 accessioned objects, including one in the education collection by 15 individual donors): These works reflect a variety of artists, periods and media in the 20th and 21st century art.

The Museum's collections were transferred to the College as part of transfer of assets related to the dissolution of the corporation and tax status of the Museum.



PRIDA, GUIDA & PEREZ, P.A.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Board of Directors
The Leepa-Rattner Museum of Art, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of The Leepa-Rattner Museum of Art, Inc. ("Museum") as of June 30, 2021 and for the period from April 1, 2021 through June 30, 2021, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements, and have issued our report thereon dated July 12, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum'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 Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (Continued)**

Report on Compliance and Other Matters

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

Purpose of This Report

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



Prida, Guida & Perez, P.A.
Tampa, Florida
July 12, 2022