

Saltmarsh

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

**(A COMPONENT UNIT OF
THE UNIVERSITY OF WEST FLORIDA)**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

Opinion

We have audited the accompanying financial statements of the governmental activities and the entity-wide activities of West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust (“the Trust”), (a component unit of the University of West Florida), which collectively comprise the statements of net position and governmental fund balance sheets as of June 30, 2022 and 2021, and the related statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the governmental activities and the entity-wide activities of the Trust as of June 30, 2022 and 2021, and the changes in financial position for the years then ended 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust 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 for the Financial Statements

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

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

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trust's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

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 audit 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2022, on our consideration of the Trust'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 Trust'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 Trust's internal control over financial reporting and compliance.



Pensacola, Florida
August 24, 2022

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021**

The following is a narrative overview and analysis of the West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust's ("the Trust") significant financial activities for the fiscal year ended June 30, 2022.

Operational Highlights

- We started off the fiscal year with some closures still in effect due to COVID-19. By early August we were able to open all museums to full operation. We adjusted our offerings for special event rentals allowing us to better meet the needs of the customers during the off season. This resulted in an increase in revenue from event rentals for the year of 18% over the previous year.
- We changed parking management companies which will increase parking revenue by 50% in the next fiscal year. Overall, we have focused on programs and ventures that would generate revenue and have limited non-revenue generating programs.
- Visitation increased by 207%, rental income increased by 18%, ticket sales increased by 379% and museum store sales increased by 160%.
- In FY 2021-22, we received a number of grants which included a Florida American Rescue Plan Cultural Grant in the amount of \$4,254 from the state's Division of Arts & Culture; a \$25,000 American Rescue Act Grant from the Florida Humanities Council; an SBA Shuttered Venue Operator's Grant for \$18,927 to offset lost revenue; a \$5,000 grant from International Paper Foundation; a \$1,000 grant from the Great Gulf Coast Arts Festival; a \$45,000 General Operations Support Grant from the Florida Division of Cultural Affairs.
- On July 17, 2021, we hosted Escambia County's Bicentennial Celebration. Funding for the celebration was provided by the city, county, and state. We processed many of the invoices for this event and received reimbursements from each of these entities.
- A huge portion of the 2021-22 FY was spent completing repairs from Hurricane Sally. The majority of the work is being funded through insurance settlements which were processed on campus. We anticipate some FEMA reimbursements in the future.
- In an effort to establish a fundraising event we hosted our first Bootleg Ball on April 2, 2022, at the Museum of Commerce. Tickets were sold for \$200 each and we solicited sponsors for the band, bar, and food at \$5,000 each. After all expenses were covered, we made around \$4,000 on the event but created a great deal of buzz which will help us with next year's event.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Trust's basic financial statements. They are: 1) entity-wide and governmental fund financial statements and 2) notes to the financial statements.

Entity-wide financial statements are designed to provide readers with a broad overview of the Trust's finances in a manner similar to a private-sector business. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found starting on page 9 of this report.

Summary of Financial Condition

**West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total assets, excluding capital assets	\$ 2,212,801	\$ 2,265,352	\$ 1,940,255
Capital assets	<u>3,809,884</u>	<u>4,137,243</u>	<u>4,509,152</u>
Total assets	<u>\$ 6,022,685</u>	<u>\$ 6,402,595</u>	<u>\$ 6,449,407</u>
Current liabilities	<u>\$ 124,921</u>	<u>\$ 397,042</u>	<u>\$ 93,479</u>
Invested in capital assets	3,809,884	4,137,243	4,509,152
Reserved	213,489	209,429	201,288
Designated	38,782	38,774	38,697
PMA designated	33,966	33,966	68,302
Undesignated	<u>1,801,643</u>	<u>1,586,141</u>	<u>1,538,489</u>
Total fund balance/net position	<u>5,897,764</u>	<u>6,005,553</u>	<u>6,355,928</u>
Total liabilities and net position	<u>\$ 6,022,685</u>	<u>\$ 6,402,595</u>	<u>\$ 6,449,407</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021**

Summary of Financial Condition (Continued)

**West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Revenues, Expenses, and Changes in Net Position**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Program revenues	\$ 1,209,494	\$ 731,858	\$ 858,293
General revenues	190,951	419,508	12,982
Total revenues	<u>1,400,445</u>	<u>1,151,366</u>	<u>871,275</u>
Historic Pensacola Village and museum activities	73,892	49,695	45,187
Historic preservation and education programs	232,463	220,220	170,964
Pensacola Museum of Art	179,258	197,775	244,515
Management and general	695,262	603,084	325,762
Depreciation	327,359	430,967	412,580
Total expenditures/expenses	<u>1,508,234</u>	<u>1,501,741</u>	<u>1,199,008</u>
Change in net position	<u>\$ (107,789)</u>	<u>\$ (350,375)</u>	<u>\$ (327,733)</u>

Capital Assets

The Trust's investment in capital assets totaled \$3,809,884 (net of accumulated depreciation of \$2,937,625). Capital assets include land, buildings and improvements, and furniture, fixtures and equipment.

Economic Factors

Budgetary constraints of state and local governments can affect the Trust's funding.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Attn: Executive Director
P.O. Box 12866
Pensacola, FL 32591-2866

**WEST FLORIDA HISTORIC PRESERVATION, INC.
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEETS
JUNE 30, 2022 AND 2021**

	2022			2021		
	General Fund	Adjustments (Note 1)	Statement of Net Position	General Fund	Adjustments (Note 1)	Statement of Net Position
Assets:						
Cash	\$ 368,466	\$ -	\$ 368,466	\$ 123,240	\$ -	\$ 123,240
Certificates of deposit	179,655	-	179,655	179,506	-	179,506
Due from UWF Foundation	1,085,446	-	1,085,446	1,380,409	-	1,380,409
Grants and local support receivable	241,815	-	241,815	214,231	-	214,231
Accrued interest receivable	111	-	111	131	-	131
Inventory	75,486	-	75,486	106,480	-	106,480
Prepaid assets	11,774	-	11,774	11,307	-	11,307
Historical properties, antiques and collections	249,214	-	249,214	249,214	-	249,214
Deposits	834	-	834	834	-	834
Capital assets -						
Non-depreciable	-	1,010,660	1,010,660	-	1,010,660	1,010,660
Depreciable, net of accumulated depreciation	-	2,799,224	2,799,224	-	3,126,583	3,126,583
Total Assets	\$ 2,212,801	\$ 3,809,884	\$ 6,022,685	\$ 2,265,352	\$ 4,137,243	\$ 6,402,595
Liabilities:						
Note payable	\$ -	\$ -	\$ -	\$ 278,690	\$ -	\$ 278,690
Accounts payable	26,040	-	26,040	24,804	-	24,804
Deferred revenue	98,881	-	98,881	93,548	-	93,548
Total liabilities	124,921	-	124,921	397,042	-	397,042
Fund Balance/Net Position:						
Invested in capital assets	-	3,809,884	3,809,884	-	4,137,243	4,137,243
Nonspendable	337,308	(337,308)	-	367,835	(367,835)	-
Restricted/reserved	213,489	-	213,489	209,429	-	209,429
Assigned/designated	38,782	-	38,782	38,774	-	38,774
PMA assigned/designated	33,966	-	33,966	33,966	-	33,966
Unassigned/undesignated	1,464,335	337,308	1,801,643	1,218,306	367,835	1,586,141
Total fund balance/net position	2,087,880	3,809,884	5,897,764	1,868,310	4,137,243	6,005,553
Total Liabilities and Fund Balance/Net Position	\$ 2,212,801	\$ 3,809,884	\$ 6,022,685	\$ 2,265,352	\$ 4,137,243	\$ 6,402,595

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

**WEST FLORIDA HISTORIC PRESERVATION, INC.
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE/NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	General Fund	Adjustments (Note 1)	Statement of Activities	General Fund	Adjustments (Note 1)	Statement of Activities
Program Revenues:						
Grants and local support	\$ 431,872	\$ -	\$ 431,872	\$ 348,230	\$ -	\$ 348,230
Admissions, including tours, Pensacola Museum of Art and school programs	378,046	-	378,046	104,376	-	104,376
Rents and leases	397,422	-	397,422	271,677	-	271,677
Museum store income, net	2,154	-	2,154	7,575	-	7,575
Total program revenues	<u>1,209,494</u>	<u>-</u>	<u>1,209,494</u>	<u>731,858</u>	<u>-</u>	<u>731,858</u>
General Revenues:						
Interest and dividends	15,620	-	15,620	12,163	-	12,163
Miscellaneous	35,730	-	35,730	68,539	-	68,539
Realized/unrealized gains (losses)	(187,270)	-	(187,270)	338,806	-	338,806
Forgiveness of Paycheck Protection Program loan	278,690	-	278,690	-	-	-
Other COVID-19 income	48,181	-	48,181	-	-	-
Total general revenues	<u>190,951</u>	<u>-</u>	<u>190,951</u>	<u>419,508</u>	<u>-</u>	<u>419,508</u>
Total revenues	<u>1,400,445</u>	<u>-</u>	<u>1,400,445</u>	<u>1,151,366</u>	<u>-</u>	<u>1,151,366</u>
Expenditures/Expenses:						
Historic Pensacola Village and museum activities	73,892	-	73,892	49,695	-	49,695
Historic preservation and education programs	232,463	-	232,463	220,220	-	220,220
Pensacola Museum of Art	179,258	-	179,258	197,775	-	197,775
Management and general	695,262	-	695,262	603,084	-	603,084
Depreciation	-	327,359	327,359	-	430,967	430,967
Capital outlay	-	-	-	59,058	(59,058)	-
Total expenditures/expenses	<u>1,180,875</u>	<u>327,359</u>	<u>1,508,234</u>	<u>1,129,832</u>	<u>371,909</u>	<u>1,501,741</u>
Change in fund balance/net position	219,570	(327,359)	(107,789)	21,534	(371,909)	(350,375)
Fund Balance/Net Position, Beginning of Year	<u>1,868,310</u>	<u>4,137,243</u>	<u>6,005,553</u>	<u>1,846,776</u>	<u>4,509,152</u>	<u>6,355,928</u>
Fund Balance/Net Position, End of Year	<u>\$ 2,087,880</u>	<u>\$ 3,809,884</u>	<u>\$ 5,897,764</u>	<u>\$ 1,868,310</u>	<u>\$ 4,137,243</u>	<u>\$ 6,005,553</u>

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

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

West Florida Historic Preservation, Inc. (“WFHPI”), formerly Historic Pensacola, Inc., was organized as a not-for-profit corporation under Section 266.0018, Florida Statutes, to engage in the restoration and exhibition of historical landmarks in the vicinity of Pensacola, Florida. In 2001, Section 266.0018, Florida Statutes was repealed, at which time the legislature transferred the historic preservation responsibilities to the University of West Florida (“UWF”). On July 1, 2001, WFHPI was designated as a direct support organization of UWF under Section 267.1732, Florida Statutes, in order to assist UWF in carrying out its dual historic preservation and historic preservation education purposes and responsibilities. In November 2013, West Florida Historic Preservation, Inc. changed its name to West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”).

The general operating authority of the Trust is contained in Section 267.1732, Florida Statutes (Chapter 2001-199, Laws of Florida). The Trust operates under an operating agreement with UWF and is considered a component unit of UWF.

Expenses paid by the Trust to renovate or modify property controlled by UWF and leased by the Trust are capitalized and reflected in buildings and improvements in these financial statements. The Trust assists UWF in operating, preserving and maintaining various historical properties owned by the State of Florida and controlled by UWF. Certain expenses related to these activities are directly paid by UWF and are not included in these financial statements. Those expenses, which are not reflected in these financial statements, are as follows:

	<u>2022</u>	<u>2021</u>
Telephone	\$ 10,758	\$ 9,269
Operating supplies	-	232
Office equipment rental	2,582	6,034
Electricity	26,656	82,045
Natural gas	10,642	14,259
Other utilities	9,493	54,644
Repairs and maintenance	36,820	17,362
Equipment	1,574	814
Contractual services	7,649	25,571
Security	9,223	12,212
Insurance	13,641	13,139
Other	1,142	8,307
	<u> </u>	<u> </u>
Totals	<u>\$ 130,180</u>	<u>\$ 243,888</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Purpose (Continued):

Salaries of UWF employees who staff the Trust are paid directly by UWF. These in-kind salaries amounted to \$1,263,999 and \$1,410,367 for the years ended June 30, 2022 and 2021, respectively, and are not reflected in the books of the Trust. Additionally, UWF donates office space in the Bowden Building located at 120 Church Street in downtown Pensacola, Florida to the Trust. Management estimates the fair value of this donated office space to be \$216,512 for the years ended June 30, 2022 and 2021.

In November 2013, the Trust entered into a Memorandum of Understanding (“MOU”) with the University of West Florida Foundation (“UWFF”), a direct service organization of UWF, where all membership income is handled and recorded by UWFF. Membership income held by UWFF amounted to \$55,714 and \$51,808 as of June 30, 2022 and 2021, respectively.

Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to UWF direct support organizations by UWF at no cost. No value is assigned to administrative and fiscal services in the accompanying statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position.

Pensacola Museum of Art:

On July 1, 2016, the assets of the Pensacola Museum of Art (“PMA”), an independent not-for-profit corporation, became part of UWF. On that date, UWFF was gifted a historic building, land, a fine arts collection, furniture and equipment, cash and cash equivalents, a permanent endowment, and other current assets from the dissolving entity totaling approximately \$4.2 million. UWFF transferred the historic building and land to UWF and the fine arts collection, furniture and equipment, and all other assets were transferred to the Trust, with the exception of the permanent endowment. The Trust maintains a management agreement with UWF covering the preservation of historic properties for UWF. UWFF will continue to steward the endowment for purposes of the PMA, now a division of the Trust. The new PMA division has a non-governing advisory board that reports to the Trust’s board of directors. Under the agreement, UWFF will handle all and record all membership income for the PMA. PMA membership income held by UWFF amounted to \$33,300 and \$21,825 as of June 30, 2022 and 2021, respectively.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (“GASB”). The Trust utilizes the following fund type:

- General Fund, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Trust that are not required either legally or by accounting principles generally accepted in the United States of America (“GAAP”) to be accounted for in another fund.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statements of net position and governmental fund balance sheets and the statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position) report information on all of the activities of the Trust. Governments typically report activities as either governmental activities, which are supported by grants and other intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The Trust reports its activities as governmental activities.

Because the Trust reports only governmental activities and only one program, it is considered to be a special-purpose government for financial reporting purposes under GAAP. As such, the government-wide financial statements are presented together with the governmental fund financial statements with an adjustment column presented to reconcile the two sets of statements.

The Trust has one governmental fund type, which is the General Fund. The General Fund is used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds:

The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; that is, when they are measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Trust considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred. Primary revenues consist of charges for services, licenses, and permits. All of these revenues are susceptible to accrual.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory:

Inventory consists of merchandise held for resale in the museum gift shops. Inventory is stated at lower of cost or market and is accounted for under the first-in, first-out method.

Capital Assets:

Property and equipment are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date of contribution. Expenditures which equal or exceed \$5,000 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	5 - 10 years

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Historical Properties, Antiques, and Collections:

Purchased historical properties, antiques, and collections that are held for educational and curatorial purposes are recorded at cost. Donated items are not capitalized but are recorded both as revenue and expense in the government-wide statement of activities. Whether purchased or donated, each item is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Historical properties, antiques, and collections are acquired for purposes of preservation and display. Management considers these items to be historically significant and should be preserved perpetually. Accordingly, depreciation is not recorded for these items.

Program Revenue:

Program revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Such revenue is subject to audit by the grantor. If the examination results in a deficiency of allowable expenses, the Trust will be required to refund any deficiencies.

Income Taxes:

The Trust is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

Donated Services, Materials, and Facilities:

The Trust receives donated services from a variety of unpaid volunteers assisting in the museum and education programs. No amounts have been recognized in the accompanying statements of activities for these donated services.

As discussed previously, UWF pays certain expenses and donates office space to the Trust.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adjustments Between Governmental Fund Balance Sheets and Statements of Net Position:

Capital assets are not financial resources and therefore are not reported in the governmental fund. Adjustment is made to include capital assets in the entity-wide statements of net position.

Designations of net position are considered to be an internal constraint on resources and, therefore, are not reported in the entity-wide statements of net position. Adjustment is made to remove designations of net position from the entity-wide statements of net position.

Adjustments Between Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balances and Statements of Activities:

Because capital assets are not reported in the governmental fund, no depreciation is recognized in the governmental fund statements of revenues, expenditures, and changes in fund balances. Instead, capital outlays are reported as expenditures. Adjustment is made to include depreciation expense and remove capital outlays in the entity-wide statements of activities.

Recent Accounting Pronouncements:

In June 2017, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 87, *Leases* (“GASB 87”), which addresses accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that are currently classified as operating leases and recognized as inflows of resources or outflows of resources. GASB 87 establishes the lessee’s requirement to recognize a lease liability and an intangible right-to-use asset. GASB 87 was effective for the Trust for the year ended June 30, 2022. Adoption of GASB 87 did not have a significant impact on the Trust’s financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Trust’s deposits and investments consist of demand deposits and certificates of deposit. The carrying amount of the Trust’s deposits and investments at June 30, 2022 and 2021 was \$546,736 and \$301,361, respectively, and the bank balance was \$629,052 and \$331,956, respectively. The Trust’s cash balances held by financial institutions are insured by the Federal Deposit Insurance Corporation up to certain limits.

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JUNE 30, 2022 AND 2021**

NOTE 3 - DUE FROM UWFF/UWF

In March 2013, the Trust entered into a MOU with UWFF, where the Trust may transfer current cash assets to UWFF to invest on the Trust's behalf. These funds are invested as a Quasi-Endowment with UWFF and will be part of the overall investment pool subject to spending and investment policies of UWFF as agreed to in the MOU. The Trust's investment with UWFF amounted to \$1,085,446 and \$1,330,023 at June 30, 2022 and 2021, respectively.

In addition, at June 30, 2021, \$50,386 was due from UWF from unused Paycheck Protection Program ("PPP") loan proceeds as stated in Note 9. During the year 2022, a transfer was made from UWF for the remaining loan proceeds, which were used for general expenses in current year. Therefore, no amount was due from UWF related to PPP proceeds at June 30, 2022.

NOTE 4 - CAPITAL ASSETS

Capital assets consist of the following:

June 30, 2022:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	5,222,917	-	-	5,222,917
Furniture, fixtures and equipment	8,012	-	(3,089)	4,923
<u>Barkley House</u>				
Furniture, fixtures and equipment	17,489	-	-	17,489
<u>Pensacola Museum of Art</u>				
Furniture, fixtures and equipment	63,974	-	-	63,974
<u>General and Administrative</u>				
Furniture, fixtures and equipment	428,225	-	(679)	427,546
	<u>6,751,277</u>	-	(3,768)	6,747,509
Less accumulated depreciation	2,614,034	327,359	(3,768)	2,937,625
	<u>\$ 4,137,243</u>	<u>\$ (327,359)</u>	<u>\$ -</u>	<u>\$ 3,809,884</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2022 AND 2021**

NOTE 4 - CAPITAL ASSETS (Continued)

June 30, 2021:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	5,222,917	-	-	5,222,917
Furniture, fixtures and equipment	8,012	-	-	8,012
<u>Barkley House</u>				
Furniture, fixtures and equipment	17,489	-	-	17,489
<u>Pensacola Museum of Art</u>				
Furniture, fixtures and equipment	25,001	38,973	-	63,974
<u>General and Administrative</u>				
Furniture, fixtures and equipment	408,140	20,085	-	428,225
	<u>6,692,219</u>	<u>59,058</u>	<u>-</u>	<u>6,751,277</u>
Less accumulated depreciation	<u>2,183,067</u>	<u>430,967</u>	<u>-</u>	<u>2,614,034</u>
	<u>\$ 4,509,152</u>	<u>\$ (371,909)</u>	<u>\$ -</u>	<u>\$ 4,137,243</u>

Depreciation expense was \$327,359 and \$430,967 for the years ended June 30, 2022 and 2021, respectively.

NOTE 5 - DEFERRED REVENUE

Rental revenue is considered earned when the event has occurred or the performance of the services has been rendered. Amounts received by the Trust in advance of the date of the event or performance of services are recorded as deferred revenue until the event has occurred or services are rendered. Total deferred revenue amounted to \$98,881 and \$93,548 at June 30, 2022 and 2021, respectively.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 - FUND BALANCE/NET POSITION

In the financial statements, fund balances/net position are classified as follows:

Nonspendable Fund Balance:

Nonspendable fund balance represents amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balances as of June 30, 2022 and 2021 are presented as follows:

	<u>2022</u>	<u>2021</u>
Nonspendable -		
Inventory	\$ 75,486	\$ 106,480
Prepaid assets and deposits	12,608	12,141
Historical properties, antiques and collections	<u>249,214</u>	<u>249,214</u>
	<u>\$ 337,308</u>	<u>\$ 367,835</u>

Restricted Fund Balance / Reserved Net Position:

Restricted fund balance or reserved net position represent amounts that can be spent only for specific purposes required by law or other externally imposed conditions by grantors or creditors. Restricted fund balances/reserved net position as of June 30, 2022 and 2021 are presented as follows:

	<u>2022</u>	<u>2021</u>
Restricted -		
Old Christ Church fund	\$ 140,873	\$ 140,733
Kranc Property	57,500	57,500
Florida Conference AME Holding	3,116	4,196
Cemetery Projects	<u>12,000</u>	<u>7,000</u>
	<u>\$ 213,489</u>	<u>\$ 209,429</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 - FUND BALANCE/NET POSITION (Continued)

Assigned Fund Balance / Designated Net Position:

Assigned fund balance or designated net position represent amounts that are designated by the Board of Directors, under authorization governed in the Trust's By-Laws, for a particular purpose but not spendable until a majority vote of approval by the Board of Directors. The assigned fund balance/designated net position of \$38,782 and \$38,774 as of June 30, 2022 and 2021, respectively, represents the remaining cash balance in the Veal Education Fund.

PMA assigned fund balance or designated net position represents amounts that are designated by the Board of Directors but are not spendable until a majority vote of approval. In 2017, the Pensacola Museum of Art received a BP claim and the Board of Directors approved to designate these funds for future purchases of artwork and collections to be held at the museum. The assigned fund balance/designated net position of \$33,966 as of June 30, 2022 and 2021, represents the remaining designated BP funds.

Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Trust's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Trust's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, if any, before using unassigned fund balances.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Dependency on Government Support:

The Trust receives a substantial amount of support from UWF, and state and local government agencies. A reduction in the level of future support from these entities could have a substantial effect on the Trust's programs and activities.

UWF Agreement:

As discussed in Note 1, the Trust is committed to assist UWF under an operating agreement which extends for an indefinite term.

WEST FLORIDA HISTORIC PRESERVATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 - COMMITMENTS AND CONTINGENCIES (Continued)

Coronavirus Disease 2019:

During the year ended June 30, 2022, Coronavirus Disease 2019 (“COVID-19”) continued to be a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of the report. As such, it is very uncertain as to the full magnitude that the pandemic will have on the Trust. Management is actively monitoring its financial condition, liquidity, operations, suppliers and industry, and workforce. Given the evolution of the COVID-19 outbreak, the Trust is not able to estimate the effects of the outbreak on its results of operations, financial condition, or liquidity.

NOTE 8 - RISK MANAGEMENT

The Trust is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Trust is insured for these risks. There were no insurance losses related to these risks in excess of insurance coverage in any of the three prior fiscal years. The Trust is not aware of any liabilities related to these risks as of June 30, 2022.

NOTE 9 - COVID-19 RELATED INCOME

On April 27, 2021, the Trust received loan proceeds in the amount of \$278,690 under the PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP loan’s principal and accrued interest were forgivable to the extent that the proceeds were used for eligible purposes, subject to certain limitations. The Trust transferred the loan proceeds to UWF for tracking purposes and was included in notes payable as of June 30, 2021. During the year ended June 30, 2022, the loan proceeds were used for eligible purposes, and the loan was forgiven. Accordingly, the Trust recognized \$278,690 as other income during the year ended June 30, 2022.

The Trust was also awarded a grant totaling \$29,254 from the Florida American Rescue Plan Cultural Grant Program (“Florida ARP”) which is funded by the Florida Department of State Division of Arts and Culture and from Florida Humanities. The funds were to be used for general operating expenses for the Trust. Accordingly, the Trust recognized \$29,254 as other income during the year ended June 30, 2022.

In addition, the Trust received \$18,927 from the Small Business Administration to assist in general operations of the Trust. According, the Trust recognized \$18,927 as other income during the year ended June 30, 2022.

OTHER REPORTS

**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
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”), (a component unit of the University of West Florida), which comprise the statement of net position and governmental fund balance sheet as of June 30, 2022, and the related statement of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust’s internal control over financial reporting (internal control) to determine the 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 Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’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 Trust’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of 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 determination of financial statement amounts. 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 *Governmental 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
August 24, 2022