

Financial Statements
and Supplementary Information

Friends of Florida History, Inc.

*Years ended June 30, 2023 and 2022
with Report of Independent Auditors*



Friends of Florida History, Inc.

Financial Statements
and Supplementary Information

Years ended June 30, 2023 and 2022

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Report of Independent Auditors

Board of Directors
Friends of Florida History, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Friends of Florida History, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2023, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of the Organization, as of and for the year ended June 30, 2022, were audited by other auditors whose report, dated January 23, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

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Auditor's Responsibility for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The previously audited Friends of Florida History's 2022 financial statements were audited by other auditors, and they expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented in the statements of activities and changes in net assets and the statements of functional expenses as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
February 19, 2024

Friends of Florida History, Inc.

Statements of Financial Position

	June 30,	
	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 966,246	\$ 1,289,777
Inventory	34,248	38,209
Prepaid expenses	<u>48</u>	<u>48</u>
Total current assets	1,000,542	1,328,034
Investments	3,572,366	2,863,060
Furniture and equipment, net	<u>13,913</u>	<u>22,010</u>
Total assets	<u>\$ 4,586,821</u>	<u>\$ 4,213,104</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 19,124	\$ 14,842
Rental and security deposits	63,126	65,440
Refundable advances	<u>-</u>	<u>8,500</u>
Total liabilities	<u>82,250</u>	<u>88,782</u>
Net assets:		
Without donor restrictions:		
Undesignated	2,398,308	2,018,059
Designated by Board for permanent endowment	564,000	564,000
With donor restrictions:		
Perpetual in nature	<u>1,542,263</u>	<u>1,542,263</u>
Total net assets	<u>4,504,571</u>	<u>4,124,322</u>
Total liabilities and net assets	<u>\$ 4,586,821</u>	<u>\$ 4,213,104</u>

See accompanying notes.

Friends of Florida History, Inc.

Statements of Activities and Changes in Net Assets

	Years ended June 30,			2022
	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Changes in net assets:				
Revenues and other support:				
In-kind contributions	\$ 284,527	\$ -	\$ 284,527	\$ 297,899
Gift shop sales	67,762	-	67,762	56,994
Facility rentals	136,134	-	136,134	48,989
Membership dues	65,264	-	65,264	47,764
Other income	3,883	-	3,883	3,745
Donations and contributions	22,908	-	22,908	53,021
Investment income (loss), net	<u>342,765</u>	<u>-</u>	<u>342,765</u>	<u>(615,631)</u>
Total revenues and other support	<u>923,243</u>	<u>-</u>	<u>923,243</u>	<u>(107,219)</u>
Expenses:				
Fundraising	20,368	-	20,368	21,536
Program services	418,779	-	418,779	406,414
General and administrative	<u>103,847</u>	<u>-</u>	<u>103,847</u>	<u>82,736</u>
Total expenses	<u>542,994</u>	<u>-</u>	<u>542,994</u>	<u>510,686</u>
Change in net assets	380,249	-	380,249	(617,905)
Net assets at beginning of year	<u>2,582,059</u>	<u>1,542,263</u>	<u>4,124,322</u>	<u>4,742,227</u>
Net assets at end of year	<u>\$ 2,962,308</u>	<u>\$ 1,542,263</u>	<u>\$ 4,504,571</u>	<u>\$ 4,124,322</u>

See accompanying notes.

Friends of Florida History, Inc.

Statements of Functional Expenses

	For the years ended June 30,				2022
	2023				
	Fundraising	Program Services	General and Administrative	Total	
Functional expenses:					
Accounting and auditing	\$ 1,056	\$ 17,932	\$ 5,337	\$ 24,325	\$ 17,765
Advertising	96	1,633	486	2,215	932
Catering facility	-	-	878	878	499
Cost of sales	-	45,720	-	45,720	14,854
Depreciation	351	5,969	1,777	8,097	9,643
Educational programs	-	7,531	-	7,531	3,247
Gift shop expenses	-	8,027	-	8,027	5,745
Landscaping	2,426	41,202	12,262	55,890	49,140
Meeting expenses	-	9,290	-	9,290	11,981
Office supplies and equipment	30	515	153	698	381
Other expenses	591	10,034	2,986	13,611	4,691
Other program expenses	-	-	-	-	1,436
Payroll taxes	898	15,257	4,541	20,696	20,981
Salaries	10,843	184,185	54,816	249,844	274,257
Special events	-	2,229	-	2,229	3,072
Utilities	4,077	69,255	20,611	93,943	92,062
Total functional expenses	\$ 20,368	\$ 418,779	\$ 103,847	\$ 542,994	\$ 510,686

See accompanying notes.

Friends of Florida History, Inc.

Statements of Cash Flows

	Years ended June 30,	
	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ 380,249	\$ (617,905)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,097	9,643
Unrealized (gain) loss on investments	(299,084)	771,060
Realized loss on investments	76,659	38,891
Changes in operating assets and liabilities:		
Inventory	3,961	142
Rental and security deposits	(2,341)	43,335
Refundable advance	(8,500)	-
Accounts payables	4,282	14,806
Net cash provided by operating activities	<u>163,323</u>	<u>259,972</u>
Investing activities		
Purchase of investments	(1,379,095)	(819,194)
Proceeds from the sale of investments	<u>892,214</u>	<u>800,621</u>
Net cash used in investing activities	<u>(486,881)</u>	<u>(18,573)</u>
(Decrease) increase in cash and cash equivalents	(323,558)	241,399
Cash and cash equivalents at beginning of year	<u>1,289,777</u>	<u>1,048,378</u>
Cash and cash equivalents at end of year	<u>\$ 966,219</u>	<u>\$ 1,289,777</u>
Supplemental disclosures of cash flow information		
PPP loan received and recognized in income	<u>\$ -</u>	<u>\$ 38,895</u>

See accompanying notes.

Friends of Florida History, Inc.

Notes to Financial Statements

Years ended June 30, 2023 and 2022

1. Nature of Operations and Significant Accounting Policies

Nature of Activities

Friends of Florida History, Inc. (the Organization), is a nonprofit organization that was organized and incorporated in the State of Florida on October 29, 2001, as the Friends of Mission San Luis, Inc. During the fiscal year ended June 30, 2016, the Organization was reorganized as a Citizen Support Organization with the mission of supporting and enhancing the historical programs of the Florida Department of State, including Mission San Luis, the Grove Museum, the Florida Main Street Program, and the archaeological and preservation programs of the Division of Historical Resources. The Organization supports the programs for the people of Florida through assisting and advising the Department of State in the following ways:

- Develop and maintain general membership support for the purpose of the Organization.
- Promote the use, preservation, and enhancement of Mission San Luis and other historic properties through public awareness projects, special events, tours, market research, and joint partnerships with other non-profit and for-profit organizations.
- Provide a vehicle for the acquisition of grant funding and special projects related to the Department's historical and archaeological programs and properties.
- Provide support and recognition programs for the Organization's volunteers.
- Maintain and enlarge endowment funds for the continued development of Mission San Luis interpretation, education, research, and site development.
- Develop endowment funds for the Department's other historic properties, including but not necessarily limited to the Grove historic house museum.

Basis of Accounting

The Organization uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Friends of Florida History, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Concentration of Credit Risk

The Organization's financial instruments exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, and investments. Deposits with the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to the Organization. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Organization focuses primarily on higher quality, fixed income and equity securities, reviews the credit strength of all entities in which it invests, limits its exposure in any one investment, and monitors portfolio quality, taking into account credit ratings assigned by recognized credit rating organizations.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds.

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market (first in, first out method). Inventories consist of gift shop merchandise.

Investments

Investments consist of equity securities and mutual funds. Investments are reported at fair value, which is based on quoted market values for these instruments. Net investment income is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less investment fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Friends of Florida History, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Net Assets (continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Amounts received in advance of satisfaction of conditions are recorded as refundable advances.

Revenues from facility rentals, admissions, gift shop sales, and other income are recognized when the services have been performed and the products have been transferred. Revenue received in advance of the period in which it is earned is deferred to subsequent years. Deferred revenues are recognized as income at the later of either the date collected or on the day the performance obligation has been fulfilled.

Membership dues, which are nonrefundable, consist mostly of the benefit of complimentary admissions and is considered an exchange transaction based on the value of benefits provided. The Organization considers the benefits to be received and consumed simultaneously upon purchase.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. The statements of functional expenses contain certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Some personnel-related expenses are allocated to the programs based on estimates of time and effort by individual employees. Expenses directly relating to or benefitting a program are allocated to that program. Otherwise, expenses are allocated to general and administrative.

Friends of Florida History, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Furniture and Equipment

Furniture and equipment is recorded at cost less accumulated depreciation. All furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the assets. Furniture and equipment purchases greater than the threshold established by management are capitalized.

The estimated useful lives are as follows:

	<u>Useful lives</u>
Furniture and Equipment	5-10 years

The Organization's policy is to capitalize asset acquisitions greater than \$500.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the IRC and has been classified as an other-than-private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2019 and prior.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification

Certain 2022 financial statement amounts have been reclassified to conform to the 2023 financial statement presentation.

Subsequent Events

The Organization has evaluated subsequent events through February 19, 2024, the date the financial statements were available to be issued. During the period from June 30, 2023 to February 19, 2024, the Organization did not have any material recognizable subsequent events.

Friends of Florida History, Inc.

Notes to Financial Statements

2. Available Resources and Liquidity

The Organization receives contributions, grants and investment income and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 966,246	\$ 1,289,777
Investments	3,572,366	2,863,060
Total financial assets available to meet cash needs for general expenditure	4,538,612	4,152,837
Less amounts not available to be used within one year		
Investments designated by the Board for permanent endowment	(564,000)	(564,000)
Endowment investments	(1,542,263)	(1,542,263)
Total financial assets available to meet general expenditures	\$ 2,432,349	\$ 2,046,574

3. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosure Topic are described as follows:

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

Level 2: Observable market based inputs or unobservable inputs that are corroborated by the market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Investments consist of the following at June 30, 2023:

	Cost	Unrealized Gains	Market and Carrying Value	Level 1
Equity securities	\$ 501,903	\$ (3,008)	\$ 498,895	\$ 498,895
Mutual funds	2,788,489	284,982	3,073,471	3,073,471
Total	\$ 3,290,392	\$ 281,974	\$ 3,572,366	\$ 3,572,366

Friends of Florida History, Inc.

Notes to Financial Statements

3. Investments (continued)

Investments consist of the following at June 30, 2022:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 1</u>
Mutual funds	\$ 3,479,190	\$ (616,130)	\$ 2,863,060	\$ 2,863,060
Total	<u>\$ 3,479,190</u>	<u>\$ (616,130)</u>	<u>\$ 2,863,060</u>	<u>\$ 2,863,060</u>

Investment income consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 138,850	\$ 214,465
Net realized loss	(76,659)	(38,891)
Net unrealized gain (loss)	299,084	(771,060)
Investment fees	<u>(18,510)</u>	<u>(20,145)</u>
Total net investment income (loss), net	<u>\$ 342,765</u>	<u>\$ (615,631)</u>

4. Furniture and Equipment, Net

Furniture and equipment, net, consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 93,978	\$ 93,379
Less: Accumulated depreciation	<u>(80,065)</u>	<u>(71,369)</u>
	<u>\$ 13,913</u>	<u>\$ 22,010</u>

Depreciation expense totaled \$8,097 and \$9,643 for the years ended June 30, 2023 and 2022, respectively.

5. Advertising

Advertising costs are expensed as incurred and total \$2,215 and \$932 for the years ended June 30, 2023 and 2022, respectively.

Friends of Florida History, Inc.

Notes to Financial Statements

6. Endowment Funds

Interpretation of Relevant Law

The Organization's Board of Directors understands that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to all not-for-profit organizations incorporated in the State of Florida, as of July 1, 2013.

Endowment Net Assets Composition

Endowment net assets consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Designated by Board for permanent endowment	\$ 564,000	\$ 564,000
With donor restrictions	<u>1,542,263</u>	<u>1,542,263</u>
Total	<u>\$ 2,106,263</u>	<u>\$ 2,106,263</u>

Changes in Endowment Net Assets

Changes in endowment net assets during the years ended June 30, 2023 and 2022 were as follows:

	<u>Designated by Board</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance as of June 30, 2021	\$ 564,000	\$ 1,542,263	\$ 2,106,263
Investment return, net	-	-	-
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Board designations	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of June 30, 2022	<u>564,000</u>	<u>1,542,263</u>	2,106,263
Investment return, net	-	-	-
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Board designations	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of June 30, 2023	<u>\$ 564,000</u>	<u>\$ 1,542,263</u>	<u>\$ 2,106,263</u>

The Organization is contractually obligated to maintain the Board-designated funds in the endowment permanently because they were used as matching funds for endowment grants that were received from the State of Florida and the National Endowment for the Humanities in prior years.

Friends of Florida History, Inc.

Notes to Financial Statements

6. Endowment Funds (continued)

Endowment Spending Policy

The spending policy for endowments adopted by the Organization's Board of Directors states that the investment income generated is to be used for the Organization's programs.

Endowment Investment Policy

The Organization's Board of Directors adopted a policy that seeks growth of the principal to meet future objectives of the Organization.

7. In-kind Contributions

The Organization receives in-kind contributions of utilities, salaries, and supplies in connection with the Organization's overall programs. In-kind contributions are reflected as support at their estimated fair market value when received and reflected as expense when utilized. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the years ended June 30, 2023 and 2022, the Organization received donated program supplies from various vendors in the amount of \$4,700 and \$5,000, respectively.

The Organization received donated services from the State of Florida, Department of State, Division of Historical Resources of \$279,827 and \$292,899 for the years ended June 30, 2023 and 2022, respectively, that met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America, and are therefore reflected in the accompanying financial statements.

Additionally, the Organization utilized office space of the State of Florida, Department of State, Division of Historical Resources. No amount has been reflected in the accompanying financial statements for this in-kind contribution as it is not feasible to determine a value of the office space.

Other Report

Report of Independent Auditors 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
Friends of Florida History, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Friends of Florida History, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described below as item 2023-001, that we consider to be a significant deficiency.

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2023-001 Month-end close process

The Organization's procedures for review and approval of reconciliations in addition to a lack of adequate month and year-end close process is not adequate to prevent and detect fraud and misstatement in a timely manner. Journal entries are being posted and approved but include errors, and year end reconciliations are not being reviewed and approved appropriately.

The Organization must reverse and repost various entries throughout the year due to inadequate procedures in performing the reviews. Additionally, numerous entries were discovered to have been recorded twice or inverted.

To avoid erroneous or unauthorized entries from being posted, we recommend that the supporting documentation and schedules be prepared for journal entries and that individuals with suitable skill and knowledge review and approve all journal entries, including review and approve month and yearend reconciliations. The documentation of review and approval should be maintained either in hardcopy or electronic format.

Report on Compliance and Other Matters

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

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Organization's response to the findings identified in our audit and described in the accompanying *Schedule of findings and responses*. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
February 19, 2024

Friends of Florida History, Inc.

February 20, 2024

Dear Ms. Jenkins,

Thank you for sending the draft audit documents to my attention on February 5, 2024. I am writing in response to the Thomas, Howell, Ferguson, P.A. findings set forth in Exhibit B of the draft document addressed to the Management and the Board of Directors for Friends of Florida History, Inc. Please note the following corrective action plan of internal controls that management plans to implement for Friends of Florida History (“FFH”).

Reconciliation Review

We will implement a process to review completed month end reconciliations. After the contracted accountant completes reconciliations for the Friends of Florida History bank accounts, certificate of deposits, money markets, credit cards, and QuickBooks journal entries at month end, the bookkeeper will consolidate the reconciliations into one file that a reviewer will sign and date to certify verification.

Budget-to-Actual

We are implementing a process for a separate Budget-to-Actual spreadsheet. This spreadsheet will contain the approved, comprehensive budget with columns for the monthly activity throughout the fiscal year. The contracted accounting firm will update this report with the FFH bookkeeper during reconciliations and provided to the Friends of Florida History Treasurer. The FFH Treasurer will present the Budget-to-Actual spreadsheet at board meetings for discussion.

Inventory Procedures

We are implementing a new process in which Mission San Luis staff will log all inventory changes. The Inventory Change Log will contain changes for staff to track with columns for date, products, SKU, item cost, total adjustment, staff name, and reason for change.

Functional Allocation of Expenses

We are implementing a process to conduct time studies of the Development Director and other key staff that perform fundraising and related programmatic services twice a year.

Please advise whether you have any questions regarding these new procedures.

Sincerely,

/Carol Bryant-Martin/

Carol Bryant-Martin
Development Director