

UF HISTORIC ST. AUGUSTINE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

UF HISTORIC ST. AUGUSTINE, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
UF Historic St. Augustine, Inc.:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of UF Historic St. Augustine, Inc. (UFHSA), a component unit of the University of Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise UFHSA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UFHSA as of and for the year ended June 30, 2023, and the changes in its financial position 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. 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 UFHSA 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.

Responsibilities of Management for the Financial Statements

UFHSA's 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 UFHSA'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.

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 GAAS 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 UFHSA'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 UFHSA'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.

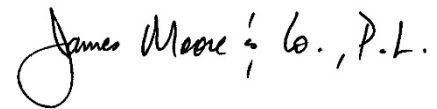
Other Matters

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, 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. 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 January 19, 2024, on our consideration of UFHSA'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 UFHSA'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 UFHSA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
January 19, 2024

**UF HISTORIC ST. AUGUSTINE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Introduction

Management's Discussion and Analysis (MD&A) provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts for the fiscal years ended on June 30, 2023, 2022, and 2021 of UF Historic St. Augustine, Inc. (UFHSA). The MD&A should be read in conjunction with the accompanying presented financial statements.

In 2007, the State of Florida Legislature enacted Sections 267.1735 and 267.1736, Florida Statutes, which authorized the transfer of management and maintenance responsibilities of certain state-owned parcels in St. Augustine, FL to the University of Florida (University) and further authorized the University to establish a direct-support organization to assist it in carrying out its dual historic preservation and historic preservation education purposes and responsibilities for the City of St. Augustine, St. Johns County, FL, and the State of Florida (State). Pursuant to this, on June 11, 2010, the University Board of Trustees passed a resolution certifying UF Historic St. Augustine, Inc. as a direct-support organization. The sole purpose for UFHSA is to support the historic preservation efforts and historic preservation education programs and initiatives of the University.

The properties transferred by the State to the University comprise over 30 parcels and buildings. In addition, UFHSA agreed to lease certain additional historic properties from The Saint Augustine Historical Society. Collectively, the University and UFHSA now maintain and manage over 40 parcels in St. Augustine, FL. State property includes 38 buildings on 23 parcels, while the Saint Augustine Historical Society property adds another 9 buildings on 4 parcels.

Overview of the Financial Statements and Financial Analysis

The financial section of this report consists of three parts: MD&A (this section), the financial statements, and notes to the financial statements.

UFHSA's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to an enterprise fund using an accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

Included in the financial statements are the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the related notes.

Financial Analysis of UFHSA

Statements of Net Position

The statements of net position reflect the assets, liabilities, deferred outflows/inflows and the financial position of UFHSA at a specified time. Assets plus deferred outflows of resources less liabilities and deferred inflows of resources equal net position, which is one indicator of UFHSA's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in UFHSA's financial condition. UFHSA's increase in current assets is primarily related to higher rental rates and improved interest earnings. UFHSA's decrease in noncurrent assets for 2023 is related to the application of adjustments for GASB 87, *Leases* and required annual depreciation of our documentary film.

UF HISTORIC ST. AUGUSTINE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

The following schedule summarizes UFHSA's statements of net position as of June 30, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current assets	\$ 3,373,035	\$ 2,829,011	\$ 2,118,427
Noncurrent assets	1,758,705	2,293,149	955,063
Total assets	<u>\$ 5,131,740</u>	<u>\$ 5,122,160</u>	<u>\$ 3,073,490</u>
Liabilities			
Current liabilities	\$ 102,007	\$ 66,747	\$ 88,731
Total liabilities	<u>\$ 102,007</u>	<u>\$ 66,747</u>	<u>\$ 88,731</u>
Deferred Inflows of Resources	<u>\$ 1,746,890</u>	<u>\$ 2,048,551</u>	<u>\$ -</u>
Total deferred inflows	<u>\$ 1,746,890</u>	<u>\$ 2,048,551</u>	<u>\$ -</u>
Net Position			
Net investment in capital assets	\$ 411,337	\$ 683,199	\$ 955,063
Unrestricted	2,871,506	2,323,663	2,029,696
Total net position	<u>\$ 3,282,843</u>	<u>\$ 3,006,862</u>	<u>\$ 2,984,759</u>

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present UFHSA's revenue and expense activity categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. UFHSA functions as a single enterprise fund. The primary source of operating revenues was from lease income which accounted for 65%, 70% and 76% of operating revenues in fiscal years 2023, 2022 and 2021, respectively. Net other revenues (expenses) included pass through FEMA reimbursements for hurricane losses in prior years.

The following summarizes UFHSA's activities for the fiscal years ended June 30, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 1,053,981	\$ 982,662	\$ 830,594
Operating expenses	(886,868)	(790,281)	(655,843)
Operating income (loss)	167,113	192,381	174,751
Net other revenues (expenses)	108,868	(170,278)	(9,654)
Increase (decrease) in net position	<u>\$ 275,981</u>	<u>\$ 22,103</u>	<u>\$ 165,097</u>

Statements of Cash Flows

The statements of cash flows provide information about UFHSA's financial results by reporting the major sources and uses of cash. These statements will assist in evaluating UFHSA's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash provided by the operating activities of UFHSA. Cash flows from capital and related financing activities include cash provided by and cash used in the acquisition of capital assets. Cash flows from all other activities are shown as cash flows from noncapital financing activities.

UF HISTORIC ST. AUGUSTINE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

The following summarizes UFHSA's cash flows for the fiscal years ended June 30, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from:			
Operating activities	\$ 450,318	\$ 398,702	\$ 396,720
Noncapital financing activities	(50,710)	(260,409)	(24,654)
Capital and related financing activities	<u>159,578</u>	<u>90,131</u>	<u>(8,578)</u>
Net increase (decrease) in cash and cash equivalents	559,186	228,424	363,488
Cash and cash equivalents, beginning of year	<u>1,865,927</u>	<u>1,637,503</u>	<u>1,274,015</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,425,113</u></u>	<u><u>\$ 1,865,927</u></u>	<u><u>\$ 1,637,503</u></u>

Economic Outlook

Through state appropriations from the Florida Legislature for operations and maintenance along with lease revenues, and special appropriations for capital improvements, the University and UFHSA have been able to rehabilitate and protect many of the historic structures as well as repurpose some of the properties and stimulate economic activity. The "First Colony" exhibit was replaced in late FY22 with an art exhibit from the UF Harn Museum of Art's Vickers Collection. That art exhibit was refreshed in late FY23 and continues to draw impressive visitation. FY23 saw the return of normal administration of commercial leases with annual escalations that had been paused since the COVID-19 pandemic. The tourism economy in St. Augustine has now reached full recovery and is generally exceeding expectations. Accordingly, the UFHSA operations benefit with renewed stability and growth.

Requests for Information

If you have any questions about this report or need additional information, contact UFHSA's management at:

UF Historic St. Augustine, Inc.
P.O. Box 113157
Gainesville, FL 32601

UF HISTORIC ST. AUGUSTINE, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 2,419,313
Restricted cash and cash equivalents	5,800
Funds held with the University of Florida	450,000
Accounts receivable, net	26,748
Interest receivable	6,467
Lease receivable, current portion	464,707
Total current assets	<u>3,373,035</u>

Noncurrent assets

Lease receivable, less current portion	1,347,368
Capital assets, net	11,698
Documentary film, net of accumulated amortization	399,639
Total noncurrent assets	<u>1,758,705</u>

Total assets	<u><u>\$ 5,131,740</u></u>
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LIABILITIES

Current liabilities

Accounts payable	\$ 60,355
Sales tax payable	3,648
Security deposits	38,004
Total liabilities	<u><u>\$ 102,007</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows - leases	<u><u>\$ 1,746,890</u></u>
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NET POSITION

Net position

Net investment in capital assets	\$ 411,337
Unrestricted	2,871,506
Total net position	<u><u>\$ 3,282,843</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

**UF HISTORIC ST. AUGUSTINE, INC.
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Operating revenues	
Lease income	\$ 689,159
License fees	272,775
Fines and penalties	365
Commissions	91,682
Total operating revenues	<u>1,053,981</u>
Operating expenses	
General and administrative	328,355
Depreciation and amortization	271,862
Salaries and benefits	201,050
Repairs and maintenance	85,601
Total operating expenses	<u>886,868</u>
Operating income	<u>167,113</u>
Nonoperating revenues (expenses)	
Interest income	159,578
Contributions to the University of Florida	(50,710)
Total nonoperating revenues (expenses), net	<u>108,868</u>
Increase in net position	<u>275,981</u>
Net position, beginning of year	3,006,862
Net position, end of year	<u><u>\$ 3,282,843</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

**UF HISTORIC ST. AUGUSTINE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

Cash flows from operating activities	
Lease receipts	\$ 642,601
Receipts from licenses	290,066
Receipts from fines and penalties	365
Deposits received	467
Commission received	91,682
Payments for personnel services	(201,050)
Payments to suppliers for goods and services	(373,813)
Net cash provided by operating activities	<u>450,318</u>
Cash flows from noncapital financing activities	
Contributions to the University of Florida	(50,710)
Net cash used in noncapital financing activities	<u>(50,710)</u>
Cash flows from capital and related financing activities	
Capital grants and donations	159,578
Net cash provided by capital and related financing activities	<u>159,578</u>
Net increase in cash and cash equivalents	<u>559,186</u>
Cash and cash equivalents, beginning of year	1,865,927
Cash and cash equivalents, end of year	<u><u>\$ 2,425,113</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 167,113
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	271,862
Changes in assets and liabilities:	
Accounts receivable, net	13,915
Interest receivable	685
Lease receivable	263,144
Accounts payable	39,391
Sales tax payable	752
Unearned income	(5,350)
Security deposits	467
Deferred inflows - leases	(301,661)
Net cash provided by operating activities	<u><u>\$ 450,318</u></u>
Cash and cash equivalents are presented on the statements of net position as:	
Cash and cash equivalents	\$ 2,419,313
Restricted cash and cash equivalents	5,800
	<u><u>\$ 2,425,113</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

UF HISTORIC ST. AUGUSTINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:**

(a) **Reporting entity**—UF Historic St. Augustine, Inc. (UFHSA) is a not-for-profit entity organized June 28, 2010, whose goals are to ensure the long-term preservation and interpretation of state-owned historic properties in St. Augustine, Florida through the historic preservation efforts and historic education programs and initiatives of the University of Florida (the University) that will be responsive to the State of Florida's (the State) needs for professionals in historic preservation, archaeology, cultural resources management, cultural tourism, and museum administration and will help meet the needs of St. Augustine and the State through educational internships and practicums.

UFHSA is a direct-support organization of the University, authorized pursuant to Section 267.1736, Florida Statutes, and is a component unit (for accounting purposes) of the University.

UFHSA is reported as a special-purpose entity engaged in business-type activities.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of UFHSA have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under these methods, revenues are recorded when earned and expenses are recognized when they are incurred.

UFHSA distinguishes operating revenues and expenses from nonoperating and other items. Operating revenues are those revenues that are generated from the primary operations of UFHSA. All other revenues are reported as nonoperating or other revenues. Operating expenses are those expenses that are essential to the primary operations of UFHSA. All other expenses are reported as nonoperating or other expenses.

UFHSA follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which establishes financial reporting standards for state and local governments, including states, cities, towns, villages, and special-purpose governments such as school districts and public utilities, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, an amendment to GASB Statement No. 34 for public colleges and universities to allow the use of the guidance for special-purpose governments engaged only in business-type activities, engaged only in government activities, or engaged in both governmental and business-type activities in their separately issued reports.

To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of UFHSA are maintained in accordance with the principles of fund accounting. Accordingly, the net position of UFHSA is reported as follows:

- (i) Net investment in capital assets—Represents capital assets, net of accumulated depreciation, reduced by the outstanding balance on any bonds, annuity obligations, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of the capital assets.
- (ii) Restricted—Restricted net position represents net position that is restricted by constraints placed on the use of resources externally imposed by either creditors, grantors, contributors, or laws. There were no restricted funds at June 30, 2023.
- (iii) Unrestricted—Represents funds that are available without restriction for carrying out the UFHSA's objectives.

UF HISTORIC ST. AUGUSTINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Cash and cash equivalents**—UFHSA considers all short-term, highly liquid investments that are readily convertible to known amounts of cash with an original maturity of three months or less at the date of acquisition to be cash equivalents. Restricted cash and cash equivalents represent amounts received as security deposits for residential tenants and held in a separate bank account for the benefit of the tenants at June 30, 2023. Commercial security deposits are not required to be held in restricted cash and cash equivalents.

(d) **Capital assets**—Capital assets are stated at cost. Costs of \$5,000 or more are capitalized, and expenditures for repairs and maintenance are expensed in the period incurred. Depreciation and amortization are provided over the estimated useful lives of the respective assets using the straight-line method. The useful lives of these assets range from 5 to 25 years. When items of equipment and other property, or intangible assets are sold or retired, the related costs and accumulated depreciation or accumulated amortization are removed from the accounts and any gain or loss is included in income. Capital assets donated are reported at fair value at the time of the donation; however, capital assets donated by related organizations are recorded based on the net book value of these assets in the accounting records of the related organization on the date of donation.

(e) **Income taxes**—UFHSA is a not-for-profit corporation established under the laws of the State of Florida and is generally exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

UFHSA files informational tax returns in the U.S. federal jurisdiction. UFHSA has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of UFHSA. UFHSA's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

(f) **Use of estimates**—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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.

(g) **Accounts receivable**—Accounts receivable represent unpaid license and other fees and are stated at the amount management expects to collect from outstanding balances. There was no balance in the allowance for doubtful accounts at June 30, 2023.

(h) **Leases**—UFHSA, as a lessor, has entered into lease agreements involving commercial and residential buildings and recognizes lease receivables and corresponding deferred inflows for all leases that are not considered short-term. Lease receivables represent the UFHSA's right to receive lease payments arising from the lease. Deferred inflows represent resources recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods. Subsequently, the lease receivable is reduced by the principal portion of lease payments received, and deferred inflows of resources are recognized as revenue over the life of the lease term.

Basis of lease classification – Leases where the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and more than 12 months are not considered short term.

UF HISTORIC ST. AUGUSTINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

Discount Rate – Unless explicitly stated in the lease agreement, known by UFHSA, or UFHSA is able to determine the rate implicit within the lease, the discount rates used to calculate lease receivables will be UFHSA’s estimated incremental borrowing rate (IBR).

UFHSA’s lessor agreements do not contain any material residual value guarantees or material restrictive covenants.

(i) **Deferred inflows of resources**—This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

(2) **Cash and Cash Equivalents:**

At June 30, 2023, aggregate bank balance was \$2,425,113. Deposits are maintained with a commercial bank which is organized under the laws of the United States and is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for all accounts.

(a) **Custodial credit risk**—Custodial credit risk represents the potential loss of UFHSA’s deposits in the event of a bank failure. At June 30, 2023, all deposits were held by qualified public depositories and collateralized with securities held in Florida’s multiple financial institution collateral pool. The State of Florida maintains control over the collateral requirements and authorizes certain financial institutions to act as depositories for governmental units. UFHSA does not have a policy for custodial credit risk.

(3) **Funds Held with the University of Florida – University Strategic Fund:**

Effective November 1, 2014, UFHSA entered into an agreement with the University where substantially all investments and excess operating cash is held by the University on behalf of UFHSA. All earnings, losses and associated fees related to these funds will be retained or paid by the University. Funds held with the University are available for immediate withdrawal.

(4) **Related Party Transactions:**

UFHSA has no employees but pays for services rendered to it by employees of the University. During the fiscal year 2023, UFHSA transferred \$251,760, to reimburse the University for the salary and benefit costs of the University employees. Actual expenses incurred for personnel services provided to UFHSA totaled \$201,050. Additionally, the University assessed UFHSA an administrative overhead charge in the amount of \$50,710, for providing personnel services.

The table below summarizes the related party activity with the University for fiscal year ended June 30, 2023:

Expenses	\$	251,760
Assets	\$	450,000
Liabilities	\$	-

UF HISTORIC ST. AUGUSTINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(5) Capital Assets:

Capital assets consist of the following at June 30, 2023:

	Balance July 1, 2022	Additions	Reclass	Deletions	Balance June 30, 2023
Capital assets being depreciated/ amortized:					
Property and equipment	\$ 30,971	\$ -	\$ -	\$ -	\$ 30,971
Documentary film	1,864,977	-	-	-	1,864,977
Total capital assets being depreciated/amortized	<u>1,895,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,895,948</u>
Less: Accumulated depreciation/amortization:					
Property and equipment	(13,836)	(5,437)	-	-	(19,273)
Documentary film	(1,198,913)	(266,425)	-	-	(1,465,338)
Total accumulated depreciation/ amortization	<u>(1,212,749)</u>	<u>(271,862)</u>	<u>-</u>	<u>-</u>	<u>(1,484,611)</u>
Total capital assets being depreciated/amortized, net	<u>683,199</u>	<u>(271,862)</u>			<u>411,337</u>
Total capital assets, net	<u>\$ 683,199</u>	<u>\$ (271,862)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,337</u>

(6) Leases:

Pursuant to Section 267.1735, Florida Statutes, the Florida Board of Trustees of the Internal Improvement Trust Fund leased various state-owned properties in St. Augustine to the University. UFHSA is authorized by law and permitted by the University to operate the state-owned facilities including the leasing of the facilities. At June 30, 2023, UFHSA had non-cancellable leases with 18 commercial tenants and 5 residential tenants.

Interest income related to leasing activity totaled \$87,213 and is reported with other interest on the statement of revenues, expenses, and changes in net position.

Future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 464,707	\$ 67,905	\$ 532,612
2025	426,140	49,050	475,190
2026	444,390	30,576	474,966
2027	453,644	11,592	465,236
2028	23,194	297	23,491
Total	<u>\$ 1,812,075</u>	<u>\$ 159,420</u>	<u>\$ 1,971,495</u>

**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**

To the Board of Directors,
UF Historic St. Augustine, 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, the financial statements of UF Historic St. Augustine, Inc. (UFHSA), a component unit of the University of Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UFHSA's internal control over financial reporting (internal control) as a basis for designing 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 UFHSA's internal control. Accordingly, we do not express an opinion on the effectiveness of UFHSA'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 significant deficiencies.

- Accounts payable totaling \$34,800 was not identified and posted at year end. An audit adjustment was required to properly state liabilities in the accompanying financial statements. We recommend management analyze subsequent disbursements and record all payables identified before the trial balance is provided for the audit.

Report on Compliance and Other Matters

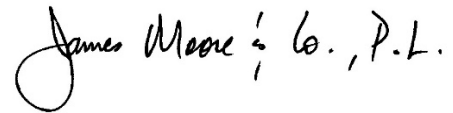
As part of obtaining reasonable assurance about whether UFHSA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on UFHSA's response to the findings identified in our audit and described previously. UFHSA'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

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
January 19, 2024



UF Historic St. Augustine

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January 19, 2024

James Moore & Co., P.L.
121 Executive Circle
Daytona Beach, Florida 32114

Subject: Response to Finding 2023-001 per the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

We appreciate the diligence of the audit team in bringing this issue to our attention. Management concurs with this comment and recommendation. To address these concerns related to accounts payable expenses at year end, and to prevent future adjustments, we are committed to implementing a reconciliation process to identify transactions occurring after year end that are more appropriately expenses of the prior fiscal year. These transactions will be posted prior to the year-end closing.

A handwritten signature in black ink that reads "Ed Poppell".

Ed Poppell
Treasurer
UF Historic St. Augustine, Inc. (UFHSA)