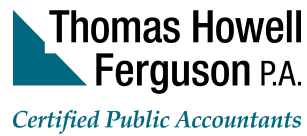


Financial Statements  
and Other Reports

**Friends of Florida State Forests, Inc.**

*Years ended June 30, 2024 and 2023  
with Report of Independent Auditors*



Friends of Florida State Forests, Inc.

Financial Statements  
and Other Reports

Years ended June 30, 2024 and 2023

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## Report of Independent Auditors

Board of Directors  
Friends of Florida State Forests, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Friends of Florida State Forests, Inc. (Friends) which comprise the statements of fund net position as of June 30, 2024 and 2023, the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Friends, as of June 30, 2024 and 2023, and the changes in its fund net position and its cash flows 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 (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 Friends 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 Friends' ability to continue as a going concern within one year after the date that the financial statements are issued.

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***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 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 Friends' 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 Friends' 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.

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## **Other Matters**

### ***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024 on our consideration of Friends' 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 Friends' 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 Friends' internal control over financial reporting and compliance.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
September 30, 2024

Friends of Florida State Forests, Inc.

Statements of Fund Net Position

	June 30,	
	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,976,066	\$ 1,703,543
Short-term investments	3,567,355	3,459,161
Inventory	2,482	3,044
Prepaid expenses	<u>1,290</u>	<u>869</u>
Total assets	<u>\$ 5,547,193</u>	<u>\$ 5,166,617</u>
 <b>Liabilities and fund net position</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 23,299	\$ 3,406
Unearned member dues	<u>838</u>	<u>1,020</u>
Total liabilities	<u>24,137</u>	<u>4,426</u>
 Fund net position:		
Restricted:		
Expendable contributions	5,380,188	5,048,977
Nonexpendable contributions	7,000	7,000
Unrestricted	<u>135,868</u>	<u>106,214</u>
Total fund net position:	<u>5,523,056</u>	<u>5,162,191</u>
 Total liabilities and fund net position	<u>\$ 5,547,193</u>	<u>\$ 5,166,617</u>

*See accompanying notes.*

Friends of Florida State Forests, Inc.

Statements of Revenues, Expenses, and Changes in Fund Net Position

	<u>Years ended</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>
<b>Changes in fund net position:</b>		
Operating revenues and other support:		
Dues and fees	\$ 8,171	\$ 1,687
Administrative fees	18,015	44,229
Miscellaneous revenues	2,451	104
Program contributions and other revenues - restricted	<u>1,181,004</u>	<u>406,026</u>
Total operating revenues and other support	<u>1,209,641</u>	<u>452,046</u>
Operating expenses:		
Program expenses - restricted	1,020,067	494,953
Annual day entrance pass	-	45
Professional fees	16,264	15,021
Advertising	1,493	1,830
Insurance	1,643	1,713
Bank fees	1,724	2,008
Website expenses	1,425	756
Other expenses	<u>38,617</u>	<u>1,312</u>
Total operating expenses	<u>1,081,233</u>	<u>517,638</u>
Operating income (loss)	128,408	(65,592)
Nonoperating revenues:		
Interest income - unrestricted	10,562	14,308
Interest income - restricted	170,274	42,638
Unrealized gains on investments	<u>51,621</u>	<u>57,788</u>
Total nonoperating revenues	<u>232,457</u>	<u>114,734</u>
Increase in fund net position	360,865	49,142
Fund net position at beginning of year	<u>5,162,191</u>	<u>5,113,049</u>
Fund net position at end of year	<u>\$ 5,523,056</u>	<u>\$ 5,162,191</u>

See accompanying notes.

Friends of Florida State Forests, Inc.

Statements of Cash Flows

	<b>Years ended June 30,</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Cash flows from operating activities</b>		
Receipts from members and donors - unrestricted	\$ 28,455	\$ 45,980
Receipts from donors and other sources - restricted	1,181,004	406,026
Payments to suppliers and vendors	<u>(1,061,199)</u>	<u>(518,871)</u>
Net cash provided by (used in) operating activities	<u>148,260</u>	<u>(66,865)</u>
<b>Cash flows from investing activities</b>		
Investment maturities and sales	<u>124,263</u>	<u>(456,864)</u>
Net cash provided by (used in) investing activities	<u>124,263</u>	<u>(456,864)</u>
Net increase (decrease) in cash and cash equivalents	272,523	(523,729)
Cash and cash equivalents at beginning of year	<u>1,703,543</u>	<u>2,227,272</u>
Cash and cash equivalents at end of year	<u>\$ 1,976,066</u>	<u>\$ 1,703,543</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ 128,408	\$ (65,592)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Inventory	562	(2,821)
Prepaid expenses	(421)	(372)
Accounts payable and accrued expenses	19,893	1,960
Unearned member dues	<u>(182)</u>	<u>(40)</u>
Net cash provided by (used in) operating activities	<u>\$ 148,260</u>	<u>\$ (66,865)</u>

*See accompanying notes.*

# Friends of Florida State Forests, Inc.

## Notes to Financial Statements

Years ended June 30, 2024 and 2023

### **1. Summary of Significant Accounting Policies**

#### **Reporting Entity**

Friends of Florida State Forests, Inc. (Friends) is a direct support organization as provided for in Section 570.903, Florida Statutes. Friends is considered a component unit of the Florida Department of Agriculture and Consumer Services (the Department). Friends was organized to provide a vehicle for funding and expanding opportunities for recreation, environmental education, fire prevention, and forest management programs within Florida's state forests. Friends works to keep Florida's state forests accessible to the public and to provide a deeper appreciation for the natural environment.

#### **Basis of Accounting**

Friends follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred. These financial statements are those of Friends alone and, accordingly, are not intended to present the financial position or the results of operations of the Department.

#### **Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to Friends, the accounts of Friends are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, for financial statement reporting purposes all funds are combined.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds. Friends' financial instruments exposed to concentrations of credit risk consist primarily of its cash and cash equivalents and its certificates of deposit. Deposits with financial institutions 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. Friends has not experienced any losses in such accounts.

# Friends of Florida State Forests, Inc.

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### **Investments**

Investments consist of one and two-year brokered certificates of deposit and are reported at fair value. Investments maturing during the subsequent fiscal year are considered to be short-term investments.

#### **Inventory**

Inventories consist of t-shirts, maps, and hats and are stated at lower of cost or market determined by the first-in, first-out method.

#### **Revenue Recognition**

Revenues are recognized as they are earned. On the majority of the contributions, Friends may retain up to 10% of the contributions received for general (unrestricted) purposes.

Friends reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. Contributions from participating members are voluntary and are generally recorded as unrestricted revenue when received.

#### *Operating revenues and expenses*

Operating revenues and expenses generally result from providing services in connection with ongoing operations and special projects. Operating revenues of Friends consist of member dues, unrestricted contributions, and program contributions that are restricted as to purpose. Operating expenses include general and administrative expenses and the costs associated with fulfilling special projects. Interest and dividends earned are categorized as nonoperating revenues.

#### **Income Taxes**

Pursuant to a determination letter received from the Internal Revenue Service, Friends is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt. As a direct support organization of the Department, Friends is not required to file a Federal Form 990.

#### **Subsequent Events**

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

# Friends of Florida State Forests, Inc.

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### 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.

### 2. Investments

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability.

Friends utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

#### *Fair Value on a Recurring Basis*

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Investments consist of the following at June 30, 2024:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Market and Carrying Value</u>	<u>Level 2</u>
Brokered certificates of deposit	\$ <u>3,515,734</u>	\$ <u>51,621</u>	\$ <u>3,567,355</u>	\$ <u>3,567,355</u>

Investments consist of the following at June 30, 2023:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Market and Carrying Value</u>	<u>Level 2</u>
Brokered certificates of deposit	\$ <u>3,401,373</u>	\$ <u>57,788</u>	\$ <u>3,459,161</u>	\$ <u>3,459,161</u>

# Friends of Florida State Forests, Inc.

## Notes to Financial Statements

### **2. Investments (continued)**

#### *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of the custodial entity, Friends' deposits may not be returned to it. Custody of Friends' investments is currently maintained in Friends' name by Merrill Lynch.

#### *Interest Rate Risk*

Interest rate risk arises from investments in debt instruments and is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Friends is not directly subject to interest rate risk for its investment in brokered certificates of deposits, as Friends is able to sell their interest in these certificates of deposits at will.

#### *Credit Quality Risk*

Friends' policy is to invest in high quality instruments with the lowest level of risk. Brokered certificates of deposits are listed and valued as a whole. Information about specific ratings cannot be obtained due to the nature of the brokered certificates of deposit.

#### *Foreign Currency Risk*

Friends has no investments with foreign currency risk at June 30, 2024.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of Friends' investment in a single issuer. Investments in brokered certificates of deposits are diversified through numerous banks and savings institutions through Merrill Lynch.

Friends of Florida State Forests, Inc.

Notes to Financial Statements

**3. Fund Net Position**

At June 30, 2024 and 2023, restricted expendable and non-expendable fund net position consist of amounts related to the following programs:

	<b>June 30,</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Blackwater FL Gas Easement	\$ 31,189	\$ 41,875
The Preserve	71,907	68,739
Point Washington Mitigation	146,388	143,034
Point Washington - General	154,386	35,455
NFRC Gulf Power Easement	29,230	33,500
Lake Talquin - General	63,320	54,268
Ralph Simmons	80,096	80,096
Satsuma - SJRWMD	21,498	21,362
Seacoast Pipeline - Etoniah	60,249	50,947
Tiger Bay - Gopher Tortoise	66,203	47,293
Baird Tract	369,505	352,194
Suncoast II	133,293	217,827
TNC - Scrub Jay Grant	1,214	35,714
Wekevia Parkway	254,994	257,377
Babcock Ranch	51,247	26,820
Peace River State Forest	1,969,913	1,895,558
Belle Meade	61,975	61,566
Calusa Pines	169,878	160,323
San Marino	185,732	178,068
Withlacoochee Gopher Tortoise	138,700	-
Picayune Strand Equipment	170,081	-
OOF - Statewide	27,473	73,745
OOF - Rotary Club	133,269	99,376
OOF - Gator Egg Revenue	53,752	90,600
OOF - Goethe Sportsman Tract	20,000	20,000
DOT Gopher Tortoise Mitigation	454,000	600,000
Teachers' Tour	45,122	47,032
Other purposes, less than \$20,000 each	422,574	383,208
	<b><u>\$ 5,387,188</u></b>	<b><u>\$ 5,075,977</u></b>

## Other Reports

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 the Florida State Forests, 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 the Florida State Forests, Inc. (Friends), which comprise the statement of financial position as of June 30, 2024, and the related statements of revenues, expenses, and changes in fund net position and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2024.

**Report on Internal Control Over Financial Reporting**

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

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### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
September 30, 2024

To the Board of Directors  
Friends of the Florida State Forests, Inc.

We are pleased to present this report related to our audit of the financial statements of Friends of the Florida State Forests, Inc. (Friends') as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Friends' financial reporting process.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

<b>Area</b>	<b>Comments</b>
<b>Our Responsibilities With Regard to the Financial Statement Audit and Compliance</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our engagement letter dated July 16, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication dated August 6, 2024, regarding the planned scope and timing of our audit and identified significant risks.
<b>Accounting Policies and Practices</b>	<b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by Friends'. Friends' did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

<b>Area</b>	<b>Comments</b>
<b>Accounting Policies and Practices (continued)</b>	<b>Significant Accounting Policies</b> <p>We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <b>Significant Unusual Transactions</b> <p>We did not identify any significant unusual transactions.</p>
<b>Management's Judgments and Accounting Estimates</b>	<p>The preparation of financial statements often requires management to make estimates and assumptions that affect amounts recorded and disclosed in the financial statements. During our procedures, we did not become aware of any significant estimates that had a material effect on the financial statements. However, the Board of Directors should evaluate financial activity throughout the year for changes in operations that could involve estimates, and in such cases work with management to identify and monitor the processes used to determine and account for such estimates.</p>
<b>Audit Adjustments</b>	<p>Audit adjustments proposed by us and recorded by Project are shown on the attached <b>Exhibit A</b>.</p>
<b>Uncorrected Misstatements</b>	<p>There were no uncorrected misstatements that management determined to be material.</p>

<b>Area</b>	<b>Comments</b>
<b>Departure From the Auditor's Standard Report</b>	<b>Expected Other-Matter Paragraph</b> <p>Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. In light of this matter, we will include an other-matter paragraph in the auditor's report. Below is a draft of the paragraph to be included in the auditor's report:</p>
	<b>Other Matter</b> <p>Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.</p>
<b>Observations About the Audit Process</b>	<b>Disagreements With Management</b> <p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.</p> <b>Consultations With Other Accountants</b> <p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>

Area	Comments
<p><b>Observations About the Audit Process (continued)</b></p>	<p><b>Significant Issues Discussed With Management</b></p> <p>No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p> <p><b>Significant Difficulties Encountered in Performing the Audit</b></p> <p>We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by Friends' financial and accounting personnel.</p> <p><b>Difficult or Contentious Matters That Required Consultation</b></p> <p>We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.</p>
<p><b>Shared Responsibilities for Independence</b></p>	<p>Independence is a joint responsibility and is managed most effectively when management, board of directors, and audit firms work together in considering compliance with AICPA and <i>Government Accountability Office (GAO)</i> independence rules. For Thomas Howell Ferguson (THF) to fulfill its professional responsibility to maintain and monitor independence, management, the board of directors, and THF each play an important role.</p>
<p><b>Shared Responsibilities for Independence (continued)</b></p>	<p><b>Our Responsibilities</b></p> <ul style="list-style-type: none"> <li>• AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. THF is to ensure that the AICPA and GAO's General Requirements for performing non-attest/nonaudit services are adhered to and included in all letters of engagement.</li> <li>• Maintain a system of quality control over compliance with independence rules and firm policies.</li> </ul>

<b>Area</b>	<b>Comments</b>
<p><b>Shared Responsibilities for Independence (continued)</b></p>	<p><b>Friends' Responsibilities</b></p> <ul style="list-style-type: none"> <li>• Timely inform THF, before the effective date of transactions or other business changes, of the following: <ul style="list-style-type: none"> <li>- New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.</li> <li>- Changes in the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures.</li> </ul> </li> <li>• Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.</li> <li>• Understand and conclude on the permissibility, prior to Friends' and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with THF.</li> <li>• Not entering into arrangements of nonaudit services resulting in THF being involved in making management decisions on behalf of Friends'.</li> <li>• Not entering into relationships resulting in close family members of THF covered persons temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at Friends'.</li> </ul>

<u>Area</u>	<u>Comments</u>
<b>Internal Control and Compliance Matters</b>	We have separately communicated significant deficiencies and material weaknesses in internal control and compliance findings over financial reporting identified during our audit of the financial statements as required by <i>Government Auditing Standards</i> . This communication is included in the Other Reports section of the financial statements.
<b>Significant Written Communications Between Management and Our Firm</b>	See <b>Exhibit B</b> for a copy of the representation letter provided to us by Friends' management.

This report is intended solely for the information and use of the Board of Directors and management of Friends' and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Friends of the Florida State Forests, Inc.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
September 30, 2024

**Friends of Florida State Forests, Inc.**

Year End: June 30, 2024

Journal Entries: Adjusting

Date: 7/1/2023 To 6/30/2024

Exhibit A

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE #1	6/30/2024	Districts Income - Restricted:Etoniah Creek Gen	4508.40	6903		36,647.00			
AJE #1	6/30/2024	District Expenses - Restricted:Etoniah General	5508.40	6903			36,647.00		
		To correct PY revenue expensed in the CY.							Factual
						<b>36,647.00</b>	<b>36,647.00</b>		
			<b>Net Income (Loss)</b>			<b>360,865.00</b>			



Exhibit B

## FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES COMMISSIONER WILTON SIMPSON

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September 30, 2024

Thomas Howell Ferguson P.A.  
2615 Centennial Blvd., Suite 200  
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the financial statements of Friends of Florida State Forests, Inc. (Friends) as of and for June 30, 2024 and 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 16, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgement based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by Friends include:

- a. Those with component units for which Friends is accountable.
  - b. Those with other organizations for which the nature and significance of their relationship with Friends are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
  - c. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
  7. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
  8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
  9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
  10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
  11. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
  12. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
  13. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
  14. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

15. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
16. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
17. Friends' policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
18. With respect to drafting the financial statements services we requested you provide and that you performed in the course of the audit:
  - a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
19. The selection and application of accounting policies are appropriate.
20. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Guarantees, whether written or oral, under which Friends is contingently liable.
  - b. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - c. All liabilities that are subordinated to any other actual or possible liabilities of Friends.
  - d. Risk financing activities.
  - e. The fair value of investments.

- f. Deposits and investment securities categories of risk.
  - g. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
  - h. Net positions and fund balance classifications.
  - i. All material concentrations known to management that are required to be disclosed. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
21. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
22. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
23. We have no knowledge of any uncorrected misstatements in the financial statements.

### **Information Provided**

24. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within Friends from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

25. All transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
27. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
28. We have no knowledge of allegations of fraud or suspected fraud affecting Friends' financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
29. We have no knowledge of any allegations of fraud or suspected fraud affecting Friends' financial statements received in communications from employees, former employees, analysts, regulators, or others.
30. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
31. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.
32. We have disclosed to you the identity of all of Friends' related parties and all the related-party relationships and transactions of which we are aware.
33. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect Friends' ability to record, process, summarize and report financial data.

34. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
35. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. Friends' has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
  - b. Provision has been made to reduce applicable assets that have permanently declined in value to their realizable values.
36. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - a. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
  - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
  - c. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
  - d. For any material loss to be sustained as a result of purchase commitments.
37. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.

38. Friends has satisfactory title to all owned assets.
39. Net positions and fund balances are properly classified and, when applicable, approved.
40. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
41. Revenues are appropriately classified in the statements of activities within program revenues and general revenues and contributions to term or permanent endowments, or contributions to permanent fund principal.
42. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

### **Supplementary Information**

43. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.


### **Compliance Considerations**

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

44. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
45. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.

46. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
47. Is responsible 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.
48. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
49. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
50. Has a process to track the status of audit findings and recommendations.
51. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
52. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
53. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
54. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Friends of the Florida State Forests, Inc.



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Richard Dolan,

President



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Vanessa Smart,

Accountant IV



## FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES COMMISSIONER WILTON SIMPSON

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September 30, 2024

Thomas Howell Ferguson P.A.  
2615 Centennial Blvd., Suite 200  
Tallahassee, Florida 32308

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We confirm, to the best of our knowledge and belief, that as of the date of this letter:

### **Financial Statements**

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2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgement based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by Friends include:

- a. Those with component units for which Friends is accountable.
  - b. Those with other organizations for which the nature and significance of their relationship with Friends are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
  - c. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
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  8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
  9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
  10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
  11. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
  12. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
  13. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
  14. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

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16. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
17. Friends' policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
18. With respect to drafting the financial statements services we requested you provide and that you performed in the course of the audit:
  - a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
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22. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
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32. We have disclosed to you the identity of all of Friends' related parties and all the related-party relationships and transactions of which we are aware.
33. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect Friends' ability to record, process, summarize and report financial data.

34. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
35. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. Friends' has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
  - b. Provision has been made to reduce applicable assets that have permanently declined in value to their realizable values.
36. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - a. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
  - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
  - c. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
  - d. For any material loss to be sustained as a result of purchase commitments.
37. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
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42. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

### **Supplementary Information**

43. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

### **Compliance Considerations**

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

44. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
45. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.

46. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
47. Is responsible 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.
48. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
49. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
50. Has a process to track the status of audit findings and recommendations.
51. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
52. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
53. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
54. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Friends of the Florida State Forests, Inc.

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Richard Dolan,

President

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Vanessa Smart,

Accountant IV