

**UF HISTORIC ST. AUGUSTINE, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**UF HISTORIC ST. AUGUSTINE, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021 AND 2020**

	<u>Page(s)</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	3 – 5
<b>Basic Financial Statements</b>	
Statements of Net Position	6
Statements of Revenues, Expenses, and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 13
<b>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 <i>Government Auditing Standards</i></b>	14 – 15

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the UF Historic St. Augustine, Inc., a component unit of the University of Florida, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise UF Historic St. Augustine, Inc.'s basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

UF Historic St. Augustine, Inc.'s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UF Historic St. Augustine, Inc. as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

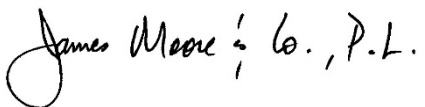
## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 October 7, 2021, on our consideration of UF Historic St. Augustine, Inc.'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 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 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 UF Historic St. Augustine, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida  
October 7, 2021

**UF HISTORIC ST. AUGUSTINE, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021 AND 2020**

**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, 2021 and 2020, 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.

**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 and liabilities of UFHSA, using the accrual basis of accounting, and present the financial position of UFHSA at a specified time. Assets less liabilities 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 noncurrent assets and net investment in capital assets is related to the economic recovery during the COVID pandemic.

**UF HISTORIC ST. AUGUSTINE, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021 AND 2020**  
(Continued)

The following schedule summarizes UFHSA's statements of net position as of June 30, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
Current assets	\$ 2,118,427	\$ 1,736,078	\$ 1,595,847
Noncurrent assets	955,063	1,203,349	1,471,253
Total assets	<u>\$ 3,073,490</u>	<u>\$ 2,939,427</u>	<u>\$ 3,067,100</u>
<b>Liabilities</b>			
Current liabilities	\$ 88,731	\$ 119,765	\$ 165,941
Total liabilities	<u>\$ 88,731</u>	<u>\$ 119,765</u>	<u>\$ 165,941</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 955,063	\$ 1,203,349	\$ 1,471,253
Unrestricted	2,029,696	1,616,313	1,429,906
Total net position	<u>\$ 2,984,759</u>	<u>\$ 2,819,662</u>	<u>\$ 2,901,159</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 rental income which accounted for 76%, 71% and 68% of operating revenues in fiscal years 2021, 2020 and 2019, respectively. Net other revenues included donations from the University related to the documentary film.

The following summarizes UFHSA's activities for the fiscal years ended June 30, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 830,594	\$ 729,144	\$ 956,448
Operating expenses	(655,843)	(741,553)	(939,210)
Operating income (loss)	174,751	(12,409)	17,238
Net other revenues (expenses)	(9,654)	(69,088)	(359,867)
Increase (decrease) in net position	<u>\$ 165,097</u>	<u>\$ (81,497)</u>	<u>\$ (342,629)</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, 2021 AND 2020**  
(Continued)

The following summarizes UFHSA’s cash flows for the fiscal years ended June 30, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows from:			
Operating activities	\$ 396,720	\$ 233,422	\$ 357,579
Noncapital financing activities	(24,654)	(74,727)	(359,867)
Capital and related financing activities	(8,578)	5,639	-
Net increase (decrease) in cash and cash equivalents	363,488	164,334	(2,288)
Cash and cash equivalents, beginning of year	<u>1,274,015</u>	<u>1,109,681</u>	<u>1,111,969</u>
Cash and cash equivalents, end of year	<u>\$ 1,637,503</u>	<u>\$ 1,274,015</u>	<u>\$ 1,109,681</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 moved into Governor’s House and as a result visitation continues to be strong. The last quarter of FY 2019-2020 saw the financial impacts of COVID-19 with UFHSA granting “rent waivers” for some of the months that our retail tenants were not open for business. FY 2020-2021 experienced a recovery and rental income stabilized as the year progressed. Almost half of the University historic properties in St. Augustine are leased to commercial tenants that provide retail services.

**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.**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,631,903	\$ 1,269,615
Restricted cash and cash equivalents	5,600	4,400
Funds held with the University of Florida	450,000	450,000
Accounts receivable, net	30,428	12,063
Prepaid expenses	496	-
Total current assets	2,118,427	1,736,078
<b>Noncurrent assets</b>		
Property and equipment, net of accumulated depreciation	22,574	4,435
Documentary film, net of accumulated amortization	932,489	1,198,914
Total noncurrent assets	955,063	1,203,349
Total assets	<b>\$ 3,073,490</b>	<b>\$ 2,939,427</b>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 4,787	\$ 37,062
Sales tax payable	5,324	2,933
Unearned rent	45,177	35,844
Security deposits	33,443	31,375
Due to the University of Florida	-	12,551
Total liabilities	\$ 88,731	\$ 119,765
<b><u>NET POSITION</u></b>		
<b>Net position</b>		
Net investment in capital assets	\$ 955,063	\$ 1,203,349
Unrestricted	2,029,696	1,616,313
Total net position	<b>\$ 2,984,759</b>	<b>\$ 2,819,662</b>

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



**UF HISTORIC ST. AUGUSTINE, INC.  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating revenues</b>		
Rent	\$ 633,179	\$ 521,174
License fees	184,116	195,545
Fines and penalties	-	608
Other	13,299	11,817
Total operating revenues	830,594	729,144
<b>Operating expenses</b>		
Salaries and benefits	175,114	198,496
General and administrative	182,112	198,556
Depreciation and amortization	271,864	267,904
Repairs and maintenance	26,753	76,597
Total operating expenses	655,843	741,553
<b>Operating income (loss)</b>	174,751	(12,409)
<b>Nonoperating revenues (expenses)</b>		
Capital grants and donations	15,000	5,639
Contributions to the University of Florida	(24,654)	(74,727)
Total nonoperating revenues (expenses), net	(9,654)	(69,088)
<b>Increase (Decrease) in net position</b>	165,097	(81,497)
<b>Net position</b> , beginning of year	2,819,662	2,901,159
<b>Net position</b> , end of year	\$ 2,984,759	\$ 2,819,662

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

**UF HISTORIC ST. AUGUSTINE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Rent receipts	\$ 636,229	\$ 520,080
Receipts from licenses	172,034	219,648
Receipts from fines and penalties	-	608
Deposits received	2,068	3,171
Other receipts	13,299	11,817
Payments for personnel services	(175,114)	(198,496)
Payments to suppliers for goods and services	(251,796)	(323,406)
Net cash provided by operating activities	396,720	233,422
<b>Cash flows from noncapital financing activities</b>		
Contributions to the University of Florida	(24,654)	(74,727)
Net cash used in noncapital financing activities	(24,654)	(74,727)
<b>Cash flows from capital and related financing activities</b>		
Capital grants and donations	15,000	5,639
Acquisition of capital assets	(23,578)	-
Net cash provided by (used in) capital and related financing activities	(8,578)	5,639
<b>Net increase in cash and cash equivalents</b>	363,488	164,334
<b>Cash and cash equivalents, beginning of year</b>	1,274,015	1,109,681
<b>Cash and cash equivalents, end of year</b>	\$ 1,637,503	\$ 1,274,015
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>		
Operating income (loss)	\$ 174,751	\$ (12,409)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	271,864	267,904
Changes in assets and liabilities:		
Accounts receivable, net	(18,365)	24,103
Accounts payable	(32,275)	(59,180)
Prepaid expenses	(496)	-
Sales tax payable	2,391	(1,624)
Unearned rent	9,333	(1,094)
Security deposits	2,068	3,171
Due to the University of Florida	(12,551)	12,551
Net cash provided by operating activities	\$ 396,720	\$ 233,422
<b>Cash and cash equivalents are presented on the statements of net position as:</b>		
Cash and cash equivalents	\$ 1,631,903	\$ 1,269,615
Restricted cash and cash equivalents	5,600	4,400
	\$ 1,637,503	\$ 1,274,015

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

**UF HISTORIC ST. AUGUSTINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(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. Restricted funds include:
- (iii) Unrestricted—Represents funds that are available without restriction for carrying out the Foundation's objectives.

**UF HISTORIC ST. AUGUSTINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(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, 2021 and 2020. 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 in the accompanying financial statements.

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 rent, late fees, and license 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, 2021 or 2020.

(h) **Recent accounting pronouncements**—In June 2017, the GASB issued Statement No. 87, *Leases* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after June 15, 2021 and may be adopted early. UFHSA is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

**UF HISTORIC ST. AUGUSTINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

At June 30, 2021 and 2020, aggregate bank balances were \$1,637,503 and \$1,274,015, respectively. 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, 2021 and 2020, 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) **Capital Assets:**

Capital assets consist of the following at June 30, 2021:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Reclass</b>	<b>Deletions</b>	<b>Balance June 30, 2021</b>
Capital assets being depreciated/ amortized:					
Property and equipment	\$ 7,393	\$ 23,578	\$ -	\$ -	\$ 30,971
Documentary film	1,864,977	-	-	-	1,864,977
Total capital assets being depreciated/amortized	<u>1,872,370</u>	<u>23,578</u>	<u>-</u>	<u>-</u>	<u>1,895,948</u>
Less: Accumulated depreciation/amortization:					
Property and equipment	(2,958)	(5,439)	-	-	(8,397)
Documentary film	(666,063)	(266,425)	-	-	(932,488)
Total accumulated depreciation/ amortization	<u>(669,021)</u>	<u>(271,864)</u>	<u>-</u>	<u>-</u>	<u>(940,885)</u>
Total capital assets being depreciated/amortized, net	<u>1,203,349</u>	<u>(248,286)</u>	<u>-</u>	<u>-</u>	<u>955,063</u>
Total capital assets, net	<u>\$ 1,203,349</u>	<u>\$ (248,286)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 955,063</u>

**UF HISTORIC ST. AUGUSTINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(4) **Capital Assets:** (Continued)

Capital assets consist of the following at June 30, 2020:

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Reclass</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
Capital assets being depreciated/ amortized:					
Property and equipment	\$ 7,393	\$ -	\$ -	\$ -	\$ 7,393
Documentary film	1,864,977	-	-	-	1,864,977
Total capital assets being depreciated/amortized	<u>1,872,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,872,370</u>
Less: Accumulated depreciation/amortization:					
Property and equipment	(1,479)	(1,479)	-	-	(2,958)
Documentary film	(399,638)	(266,425)	-	-	(666,063)
Total accumulated depreciation/ amortization	<u>(401,117)</u>	<u>(267,904)</u>	<u>-</u>	<u>-</u>	<u>(669,021)</u>
Total capital assets being depreciated/amortized, net	<u>1,471,253</u>	<u>(267,904)</u>	<u>-</u>	<u>-</u>	<u>1,203,349</u>
Total capital assets, net	<u>\$ 1,471,253</u>	<u>\$ (267,904)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,203,349</u>

(5) **Related Party Transactions:**

UFHSA has no employees but pays for services rendered to UFHSA by employees of the University. During the fiscal years 2021 and 2020, UFHSA transferred \$228,104 and \$220,000, respectively, to reimburse the University for the salary and benefit costs of the University employees. Actual expenses incurred for personnel services provided to UFHSA totaled \$175,114 and \$198,496, in fiscal years 2021 and 2020, respectively. Additionally, in fiscal years 2021 and 2020, the University assessed UFHSA an administrative overhead charge in the amount of \$30,104 and \$31,733, respectively, for providing personnel services to UFHSA. The excess of amounts transferred over expenses in the amount of \$24,654 in fiscal year 2021 is reported as a portion of the total contribution to the University of Florida of \$249,372. The excess of expenses over amounts transferred is reported as due to the University of Florida on the statements of changes in net position in the amount of \$12,551 in fiscal year 2020.

In the fiscal year ended June 30, 2021, UFHSA reimbursed the University \$1,767 for expenses related to the PISA Lab project.

In the fiscal year ended June 30, 2020, UFHSA transferred \$74,727 to the University for expenses related to the Ribera House Landscape project, Coquina Warehouse project, and the Spanish Military Hospital project.

UFHSA purchased various planning and project management services, transcription services, permits, telecommunication services, postage, and photography services from the University at a cost of \$19,500 and \$23,500 in fiscal years ended June 30, 2021 and June 30, 2020, respectively.

**UF HISTORIC ST. AUGUSTINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(5) **Related Party Transactions:** (Continued)

The table below summarizes the related party activity with the University for fiscal years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Expenses	\$ 249,372	\$ 330,778
Assets	\$ 450,000	\$ 450,000
Liabilities	\$ -	\$ 12,551

(6) **Operating 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 renting or leasing of the facilities. At June 30, 2021, UFHSA had non-cancellable operating leases with 6 commercial tenants and 4 residential tenants. Future minimum rentals to be received on non-cancellable leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 227,704
2023	187,952
2024	70,113
2025	-
2026	-
Total future minimum rentals	<u>\$ 485,769</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) which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended and the related notes to the financial statements and have issued our report thereon dated October 7, 2021.

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

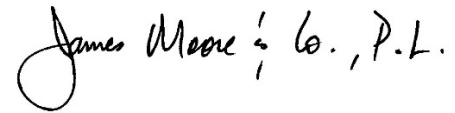


## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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, 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 UFHSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UFHSA'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 style with a large initial 'J'.

Gainesville, Florida  
October 7, 2021