

Financial Statements
and Other Reports

Friends of Florida State Forests, Inc.

*Years ended June 30, 2021 and 2020
with Report of Independent Auditors*



Friends of Florida State Forests, Inc.

Financial Statements
and Other Reports

Years ended June 30, 2021 and 2020

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Report of Independent Auditors

Board of Directors
Friends of Florida State Forests, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of Florida State Forests, Inc. (the Friends) which comprise the statements of fund net position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

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.

Auditor's 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 audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund net position of Friends of Florida State Forests, Inc., as of June 30, 2021 and 2020, 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.

Other Matters

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021 on our consideration of the Friends's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Friends's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Friends's internal control over financial reporting and compliance.



Tallahassee, Florida
September 30, 2021

Friends of Florida State Forests, Inc.

Statements of Fund Net Position

	June 30,	
	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,752,945	\$ 2,146,531
Short-term investments	2,291,078	2,900,401
Inventory	541	1,085
Prepaid expenses	499	717
Total current assets	<u>5,045,063</u>	<u>5,048,734</u>
 Total assets	 <u>\$ 5,045,063</u>	 <u>\$ 5,048,734</u>
 Liabilities and fund net position		
Accounts payable and accrued expenses	\$ 2,168	\$ 3,128
Deferred member dues	2,133	2,000
Total liabilities	<u>4,301</u>	<u>5,128</u>
 Fund net position		
Restricted		
Expendable contributions	4,995,009	4,961,646
Nonexpendable contributions	7,000	7,000
Unrestricted	<u>38,753</u>	<u>74,960</u>
Total fund net position	<u>5,040,762</u>	<u>5,043,606</u>
 Total liabilities and fund net position	 <u>\$ 5,045,063</u>	 <u>\$ 5,048,734</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>2021</u>	<u>June 30,</u> <u>2020</u>
Changes in fund net position:		
Operating revenues and other support:		
Dues and fees	\$ 14,896	\$ 24,933
Administrative fees	12,668	41,205
Miscellaneous revenues	296	92
Program contributions and other revenues - restricted	<u>472,967</u>	<u>834,193</u>
Total operating revenues and other support	<u>500,827</u>	<u>900,423</u>
Operating expenses:		
Program expenses - restricted	449,644	447,028
Statewide programs	1,609	1,534
Annual day entrance pass	21,885	19,230
Professional fees	17,145	13,189
Advertising	10,631	9,716
Insurance	2,264	2,007
Bank fees	1,444	2,735
Website expenses	1,720	839
Other expenses	983	18,476
General and administrative	<u>584</u>	<u>2,591</u>
Total operating expenses	<u>507,909</u>	<u>517,345</u>
Operating (loss) income	(7,082)	383,078
Nonoperating revenues:		
Interest income - unrestricted	1,598	7,653
Interest income - restricted	10,039	79,626
Nonoperating loss	<u>(7,399)</u>	<u>(10,792)</u>
Total nonoperating revenues	<u>4,238</u>	<u>76,487</u>
(Decrease) increase in fund net position	(2,844)	459,565
Fund net position at beginning of year	<u>5,043,606</u>	<u>4,584,041</u>
Fund net position at end of year	<u>\$ 5,040,762</u>	<u>\$ 5,043,606</u>

See accompanying notes.

Friends of Florida State Forests, Inc.

Statements of Cash Flows

	Years ended June 30,	
	<u>2021</u>	<u>2020</u>
Operating activities		
Receipts from members and donors - unrestricted	\$ 27,993	\$ 66,463
Receipts from donors and other sources - restricted	472,967	834,193
Payments to suppliers and vendors	<u>(508,107)</u>	<u>(535,774)</u>
Net cash (used in) provided by operating activities	<u>(7,147)</u>	<u>364,882</u>
Investing activities		
Investment maturities and sales	<u>613,561</u>	<u>300</u>
Net cash provided by investing activities	<u>613,561</u>	<u>300</u>
Net increase in cash and cash equivalents	606,414	365,182
Cash and cash equivalents at beginning of year	<u>2,146,531</u>	<u>1,781,349</u>
Cash and cash equivalents at end of year	<u>\$ 2,752,945</u>	<u>\$ 2,146,531</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities		
Operating (loss) income	\$ (7,082)	\$ 383,078
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Decrease in accounts receivable	-	95
Decrease (increase) in inventory	544	(496)
Decrease in prepaids	218	286
Decrease in accounts payable	(960)	(18,219)
Increase in deferred dues	<u>133</u>	<u>138</u>
Net cash (used in) provided by operating activities	<u>\$ (7,147)</u>	<u>\$ 364,882</u>

See accompanying notes.

Friends of Florida State Forests, Inc.

Notes to Financial Statements

Years ended June 30, 2021 and 2020

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.

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.

Friends of Florida State Forests, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

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. Bank deposits at times may exceed federally insured limits. Friends has not experienced any losses in such accounts.

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.

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.

Friends of Florida State Forests, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

Friends has evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued. During the period from June 30, 2021 to September 30, 2021, Friends did not have any material recognizable subsequent events.

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.

Friends of Florida State Forests, Inc.

Notes to Financial Statements

2. Investments (continued)

Investments consist of the following at June 30, 2021:

	<u>Cost</u>	<u>Unrealized Losses</u>	<u>Market and Carrying Value</u>	<u>Level 2</u>
Brokered certificates of deposit	\$ <u>2,298,477</u>	\$ <u>(7,399)</u>	\$ <u>2,291,078</u>	\$ <u>2,291,078</u>

Investments consist of the following at June 30, 2020:

	<u>Cost</u>	<u>Unrealized Losses</u>	<u>Market and Carrying Value</u>	<u>Level 2</u>
Brokered certificates of deposit	\$ <u>2,911,193</u>	\$ <u>(10,792)</u>	\$ <u>2,900,401</u>	\$ <u>2,900,401</u>

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, 2021.

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, 2021 and 2020, restricted expendable and non-expendable fund net position consist of amounts related to the following programs:

	June 30,	
	<u>2021</u>	<u>2020</u>
Blackwater FL Gas Easement	\$ 41,875	\$ 41,875
The Preserve	68,670	68,624
Point Washington Mitigation	141,669	141,278
Lake Talquin - General	54,078	54,066
Ralph Simmons	28,743	27,866
Seacoast Pipeline - Etoniah	46,894	194,532
Tiger Bay - Gopher Tortoise	40,486	39,999
Baird Tract	348,695	348,260
Hernando - Good Neighbor Tortoise move	20,000	20,000
Suncoast II	262,740	270,367
Wekevia Parkway	268,895	285,174
Lake Wales Ridge - General	43,832	587
Babcock Ranch	26,780	26,780
Peace River State Forest	1,873,518	1,872,243
Belle Meade	60,156	60,119
Calusa Pines	160,280	160,140
San Marino	176,038	172,669
OOF - Rotary Club	80,083	37,676
OOF - Gator Egg Revenue	150,343	175,103
OOF - Goethe Sportsman Tract	20,000	20,000
DOT Gopher Tortoise Mitigation	600,000	600,000
Teacher's Tour	70,741	70,741
NFRC Gulf Power Easement	55,730	-
Big Shoals - Suwannee	39,576	-
Other purposes, less than \$20,000 each	<u>322,187</u>	<u>280,547</u>
	<u>\$ 5,002,009</u>	<u>\$ 4,968,646</u>

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, the financial statements of Friends of the Florida State Forests, Inc. (Friends), which comprise the statement of fund net position as of June 30, 2021, 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, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
September 30, 2021

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, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Friend's financial reporting process.

Generally accepted auditing standards (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.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	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 arrangement letter dated April 13, 2021. 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.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We discussed with members of the Board of Directors and the Friend's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, our approach to internal control relevant to the audit, and the timing of the audit.

Area	Comments
Accounting Policies and Practices	Adoption of, or Change in, Accounting Policies <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the 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.</p> Significant or Unusual Transactions <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
Management's Judgments and Accounting Estimates	<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>
Audit Adjustments	<p>Audit adjustments proposed by us and recorded by Friends are shown on the attached Exhibit A.</p>
Uncorrected Misstatements	<p>There were no uncorrected misstatements that management determined to be immaterial.</p>
Disagreements With Management	<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>

Area	Comments
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Friend's financial and accounting personnel.
Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting	We have separately communicated any significant deficiencies and material weaknesses in internal control 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.
Significant Written Communications Between Management and Our Firm	See Exhibit B for a copy of the representation letter provided to us by the Friend's management.

This report is intended solely for the information and use of the Board of Directors and management of the 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 regarding this letter. We appreciate the opportunity to continue to be of service to Friends of the Florida State Forests, Inc.

Thomas Howell Ferguson P.A.

Friends of Florida State Forests, Inc.

Year End: June 30, 2021

Journal Entries: Adjusting

Date: 7/1/2020 To 6/30/2021

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
RJE#4	6/30/2021	General	4115	7002			41.00		
RJE#4	6/30/2021	American Forests	4122	7002		119,272.00			
RJE#4	6/30/2021	Arbor Day EST CTR	5132	7002			44,060.00		
RJE#4	6/30/2021	American Forests	5133	7002			8,400.00		
RJE#4	6/30/2021	Arbor Day Foundation	4120.1	7002		34,400.00			
RJE#4	6/30/2021	General	4120.3	7002		83,540.00			
RJE#4	6/30/2021	Satsuma/SJRWMD	4507.3	7002			22,400.00		
RJE#4	6/30/2021	Districts Income - Restricted:4508 Waccasassa	4508.4	7002			26,600.00		
RJE#4	6/30/2021	Welaka General	4508.7	7002			10,476.00		
RJE#4	6/30/2021	Picayune Strand General	4517.2	7002			8,400.00		
RJE#4	6/30/2021	District Expenses - Restricted:5508 Waccasass	5508.4	7002		26,600.00			
RJE#4	6/30/2021	District Expenses - Restricted:5517 Caloosaha	5517.1	7002		8,400.00			
RJE#4	6/30/2021	Blackwater General	4501.01	7002			7,400.00		
RJE#4	6/30/2021	Withlacochee General	4511.11	7002			34,400.00		
RJE#4	6/30/2021	Lakeland General	4514.01	7002			43,125.00		
RJE#4	6/30/2021	Myakka General	4515.03	7002			9,660.00		
RJE#4	6/30/2021	General	5130.01	7002			73,880.00		
RJE#4	6/30/2021	District Expenses - Restricted:5501 Blackwate	5501.01	7002		7,400.00			
RJE#4	6/30/2021	District Expenses - Restricted:5506 Suwannee:	5506.03	7002		17,480.00			
RJE#4	6/30/2021	District Expenses - Restricted:5507.29 Cary G	5507.29	7002		22,400.00			
RJE#4	6/30/2021	District Expenses - Restricted:5511 Withlaco	5511.01	7002		34,400.00			
RJE#4	6/30/2021	District Expenses - Restricted: Myakka Genera	5515.03	7002		9,660.00			
RJE#4	6/30/2021	John Bethea General Revenue	THF4506.9	7002			17,654.00		
RJE#4	6/30/2021	Big Shoals -Suwannee - General Revenue	THF4506.10	7002			57,056.00		

To reclassify administrative fee revenue and its associated expense to restricted revenue and expense accounts.

363,552.00 363,552.00

Net Income (Loss) (2,844.00)



FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
COMMISSIONER NICOLE "NIKKI" FRIED

September 30, 2021

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

This representation letter is provided in connection with your audits of the basic financial statements of Friends of the Florida State Forests, Inc. (Friends) as of and for the year ended June 30, 2021 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 13, 2021, 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 internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and 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.
5. Related-party transactions, including those with component units for which Friends is accountable, 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, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term

loans, leasing arrangements and guarantees, 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.

6. All events subsequent to the date of the financial statements, for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which the Friends is contingently liable.
 - b. Agreements to repurchase assets previously sold.
 - c. Security agreements in effect under the Uniform Commercial Code.
 - d. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
 - e. 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.
 - f. All liabilities that are subordinated to any other actual or possible liabilities of the Friends.
 - g. All leases and material amounts of rental obligations under long-term leases.
 - h. Authorized but unissued bonds and/or notes.
 - i. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - j. Debt issue provisions.
 - k. Risk financing activities.
 - l. The fair value of investments.
 - m. Deposits and investment securities categories of risk.
 - n. Arbitrage rebate liabilities.
 - o. 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.
 - p. Net positions and fund balance classifications.
 - q. All significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. 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.
9. With respect to drafting financial statements and related footnote services 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.
10. 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.
 11. We have complied with all aspects of contractual 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.
 12. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

13. 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 audits;
 - c. Unrestricted access to persons within the Friends from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. 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.
16. We have no knowledge of allegations of fraud or suspected fraud affecting the Friends' financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Friends' financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.

20. We have disclosed to you the identity of the Friends' related parties and all the related-party relationships and transactions of which we are aware.
21. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Friend's ability to record, process, summarize, and report financial data.
22. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. Friends has no significant amounts of idle property and equipment or property or equipment.
 - b. Friends has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
 - c. Provision has been made to reduce applicable assets that have permanently declined in value to their realizable values.
 - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
24. 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 receivables to their estimated net collectable amounts.
 - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
 - c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
 - d. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - e. For any material loss to be sustained as a result of purchase commitments.
 - f. For environmental clean-up obligations.
25. 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.
26. Friends has satisfactory title to all owned assets.
 27. Net positions and fund balances are properly classified and, when applicable, approved.
 28. 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.
 29. 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.
 30. 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.
 31. 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.

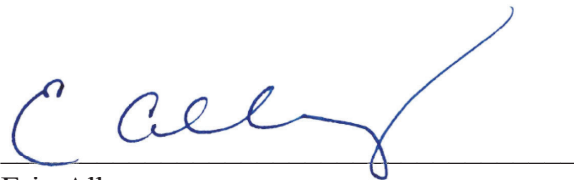
Compliance Considerations

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

32. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
33. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
34. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
35. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
36. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.

37. 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.
38. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
39. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
40. Has a process to track the status of audit findings and recommendations.
41. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
42. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
43. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement 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.

A handwritten signature in blue ink, appearing to read "Erin Albury", written over a horizontal line.

Erin Albury
President

A handwritten signature in blue ink, appearing to read "Kelly Boutwell", written over a horizontal line.

Kelly Boutwell
Accountant for Friends of the Florida State Forests