



October 13, 2023

Board of Directors
The John and Mable Ringling Museum of Art Foundation, Inc.
Sarasota, Florida

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of The John and Mable Ringling Museum of Art Foundation, Inc. (the Foundation), a component unit of the State of Florida through Florida State University, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The John and Mable Ringling Museum of Art Foundation, Inc. as of June 30, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The John and Mable Ringling Museum of Art Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The John and Mable Ringling Museum of Art Foundation, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The John and Mable Ringling Museum of Art Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The John and Mable Ringling Museum of Art Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 6 be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 audits 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 October 13, 2023, on our consideration of The John and Mable Ringling Museum of Art Foundation, 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 solely 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 John and Mable Ringling Museum of Art Foundation, Inc.'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 Foundation's internal control over financial reporting and compliance.

Hill, Barth & King LLC

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023

The John and Mable Ringling Museum of Art Foundation, Inc. (the Foundation) is pleased to present its financial statements for fiscal year 2023. The intent of this discussion and analysis is to provide an overview of the financial position and activities of the Foundation for the fiscal year ended June 30, 2023, with comparative information for the year ended June 30, 2022, as required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. It should be read in conjunction with the financial statements and notes to financial statements for the Foundation which follow this section.

OVERVIEW OF FINANCIAL STATEMENTS

The Foundation financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The financial statements focus on the financial condition of the Foundation, the results of operations, and cash flows of the Foundation as a whole. The accrual basis of accounting is used for presentation which is similar to most private-sector companies.

Statements of Net Position

The Statement of Net Position presents the financial position of the Foundation at the end of the fiscal year and includes all of the assets and liabilities of the Foundation. The change in net position – the difference between assets and liabilities – is one indicator of the current financial position of the Foundation; however, other non-financial factors, such as the national and international economy must also be considered when assessing the overall health of the Foundation. The differences in net position that occur over time indicate whether the overall financial condition of the Foundation has improved or worsened. Assets and liabilities are reported at cost, approximating fair value, with the exception of investments, which are reported at fair value, and capital assets, which are stated at the historical cost less accumulated depreciation.

Condensed Statements of Net Position at June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 3,037,989	\$ 2,387,187
Investments	4,447,713	4,408,839
Other current assets	65,570	62,810
Capital assets, net	242,886	110,501
Other noncurrent assets	266,669	300,002
TOTAL ASSETS	<u>\$ 8,060,827</u>	<u>\$ 7,269,339</u>
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 406,113	\$ 158,943
Other current liabilities	23,000	55,000
TOTAL LIABILITIES	<u>\$ 429,113</u>	<u>\$ 213,943</u>
<u>Net Position</u>		
Net investment in capital assets	\$ 242,886	\$ 110,501
Restricted	3,480,243	3,156,506
Unrestricted	3,908,585	3,788,389
TOTAL NET POSITION	<u>\$ 7,631,714</u>	<u>\$ 7,055,396</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023

Statements of Net Position (Continued)

The assets for the Foundation totaled \$8,060,827 at June 30, 2023, which reflects an increase of \$791,488, or 11%. This increase is due primarily to the performance of the Ringling Development and Membership staff, which exceeded their budgeted revenue. Liabilities for the Foundation increased by \$215,170 or 101%. This change is largely due to the timing and payment of expenses. Total ending net position increased \$576,318 or 8%, for a year-end balance of \$7,631,714.

Capital assets increased by \$132,385 during fiscal year 2023. Additional information regarding the Foundation capital assets can be found in the accompanying notes to the financial statements.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position presents the revenue and expense activity for the Foundation, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

**Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<u>Operating Revenues</u>		
Gifts and grants	\$ 1,457,137	\$ 1,137,842
Memberships	794,884	727,416
Special events	51,450	12,030
Miscellaneous income	3,562	16,681
TOTAL OPERATING REVENUES	<u>2,307,033</u>	<u>1,893,969</u>
<u>Operating Expenses</u>		
Program services	772,344	979,126
Special events	42,143	31,220
Management and general	759,822	507,388
Development and memberships	379,673	236,903
TOTAL OPERATING EXPENSES	<u>1,953,982</u>	<u>1,754,637</u>
NET OPERATING INCOME	<u>353,051</u>	<u>139,332</u>
<u>Non-Operating Revenues</u>		
Net investment income (loss)	<u>223,267</u>	<u>(602,787)</u>
INCREASE (DECREASE) IN NET POSITION	<u>576,318</u>	<u>(463,455)</u>
<u>Net Position</u>		
Beginning of year	7,055,396	7,518,851
End of year	<u>\$ 7,631,714</u>	<u>\$ 7,055,396</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023

Statements of Revenues, Expenses and Changes in Net Position (Continued)

Total Foundation support and revenue of \$2,307,033 as reflected on the June 30, 2023 Statements of Revenues, Expenses and Changes in Net Position represents a 22% increase over the previous fiscal year. This increase is due primarily to an overall increase across operating revenues in gifts and grants, memberships, and special events. Total Foundation expenses of \$1,953,982 for the fiscal year 2023 reflect an increase of \$199,345 or 11%. Despite the increase from the prior year, total expenses were \$359,439, or 17%, short of fiscal year 2023 targeted expenses.

Statements of Cash Flows

The Statements of Cash Flows provides information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents. These statements assist in evaluating the Foundation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing.

Condensed Statements of Cash Flows For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Provided by (Used In):		
Operating activities	\$ 612,806	\$ 383,816
Capital and related financing activities	(179,730)	0
Investing activities	217,726	(740,808)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>650,802</u>	<u>(356,992)</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,387,187</u>	<u>2,744,179</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,037,989</u>	<u>\$ 2,387,187</u>

BUDGETARY HIGHLIGHTS

The Foundation budgeted amount of revenue for fiscal year 2023 was \$2,230,650 as compared to the actual amount of revenues, which was \$2,307,033, which represents a variance of \$76,383, or 3% of budget to actual. Overall growth in gifts and grants as well as memberships greatly exceeded our projections for the year.

The Foundation budgeted amount of expenses for fiscal year 2023 was \$2,064,650. The actual amount of expenses was \$1,953,982, which represents a variance of \$110,668, or 5%, of budget to actual. This variance was largely due to underspending in programming – particularly program support, which includes collections and conservations.

ECONOMIC CONDITIONS OUTLOOK

Spending plans are more robust for fiscal year 2024 in comparison to prior years. The fiscal year 2024 operating budget for the entire Ringling Museum is the largest in its history, reflecting a 9% growth from fiscal year 2023. The Foundation budget for fiscal year 2024 reflects a 28% growth from fiscal year 2023. Part of this robust growth in the Foundation budget reflects an adjustment to our conservative budgeting of fiscal year 2023, in which budgeted revenues were greatly exceeded in gifts and grants, memberships, and special events. The Foundation expects to successfully provide resources necessary to support the Ringling Museum operations in fiscal year 2024.

STATEMENTS OF NET POSITION

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 3,037,989	\$ 2,387,187
Accounts receivable	3,880	0
Investments - NOTES B AND C	4,447,713	4,408,839
Related party receivable - NOTE F	33,333	33,333
Prepaid expenses	28,357	29,477
TOTAL CURRENT ASSETS	<u>7,551,272</u>	<u>6,858,836</u>
<u>NONCURRENT ASSETS</u>		
Capital assets - NOTE D	242,886	110,501
Related party receivable - NOTE F	266,669	300,002
TOTAL NONCURRENT ASSETS	<u>509,555</u>	<u>410,503</u>
TOTAL ASSETS	<u>\$ 8,060,827</u>	<u>\$ 7,269,339</u>
<u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 406,113	\$ 158,943
Refundable deposits	23,000	55,000
TOTAL CURRENT LIABILITIES	<u>429,113</u>	<u>213,943</u>
<u>NET POSITION</u>		
Net investment in capital assets	242,886	110,501
Restricted:		
Nonexpendable - Endowment - NOTE G	1,920,889	1,920,889
Expendable - NOTE H	1,559,354	1,235,617
Unrestricted	3,908,585	3,788,389
TOTAL NET POSITION	<u>7,631,714</u>	<u>7,055,396</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,060,827</u>	<u>\$ 7,269,339</u>

See accompanying notes to financial statements

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

Years ended June 30, 2023 and 2022

	2023	2022
<u>OPERATING REVENUES</u>		
Gifts and grants	\$ 1,457,137	\$ 1,137,842
Memberships	794,884	727,416
Special events	51,450	12,030
Miscellaneous income	3,562	16,681
TOTAL OPERATING REVENUES	2,307,033	1,893,969
<u>OPERATING EXPENSES</u>		
Curatorial, conservation and exhibits	679,790	914,308
Education	57,353	24,918
Accessions	35,201	39,900
Special events	42,143	31,220
Management and general	759,822	507,388
Development and memberships	379,673	236,903
TOTAL OPERATING EXPENSES	1,953,982	1,754,637
NET OPERATING INCOME	353,051	139,332
<u>NON-OPERATING REVENUES</u>		
Net investment income (loss):		
Interest and dividends	154,448	109,809
Increase (decrease) in fair value of investments	91,203	(687,519)
Investment expenses	(22,384)	(25,077)
TOTAL NET INVESTMENT INCOME (LOSS)	223,267	(602,787)
INCREASE (DECREASE) IN NET POSITION	576,318	(463,455)
<u>NET POSITION</u>		
Beginning of year	7,055,396	7,518,851
End of year	\$ 7,631,714	\$ 7,055,396

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

Years ended June 30, 2023 and 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from gifts and grants	\$ 1,457,137	\$ 1,137,842
Cash received from memberships	794,884	727,416
Cash received from special events	51,450	12,030
Payments to vendors for supplies and services	(1,410,255)	(1,042,573)
Payments for accessions	(35,201)	(39,900)
Payments to or on behalf of employees	(248,771)	(144,342)
Transfer to FSU	0	(283,338)
Other receipts	3,562	16,681
NET CASH PROVIDED BY OPERATING ACTIVITIES	612,806	383,816
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	(179,730)	0
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(179,730)	0
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from related party receivable	33,333	33,333
Proceeds from sales and maturities of investments	632,796	1,246,451
Purchase of investments	(580,467)	(2,105,324)
Interest and dividends, net of expenses	132,064	84,732
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	217,726	(740,808)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	650,802	(356,992)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	2,387,187	2,744,179
End of year	\$ 3,037,989	\$ 2,387,187
<u>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Net operating income	\$ 353,051	\$ 139,332
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	47,345	74,407
Increase in accounts receivable	(3,880)	0
Decrease in prepaid expenses	1,120	36,563
Increase in accounts payable and accrued expenses	247,170	146,514
Decrease in refundable deposits	(32,000)	(13,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 612,806	\$ 383,816
<u>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES</u>		
Unrealized loss on investments	\$ (157,645)	\$ (675,780)

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

THE JOHN AND MABLE RINGLING MUSEUM OF ART FOUNDATION, INC.

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

The John and Mable Ringling Museum of Art Foundation, Inc. (the Foundation) is a not-for-profit corporation organized in 1978. Florida statutes section 1004.45 designates the Foundation as a direct-support-organization for the John and Mable Ringling Museum of Art (the Museum) with authority to develop policy for the Museum, to nominate the Museum director, to maintain and preserve the collections of the Museum, and to provide charitable and educational support to the Museum, subject to the provisions of John Ringling's will and the overall direction of the President of Florida State University (FSU). Significant activities are performed and funded by the State of Florida through FSU. The costs of these activities are separate from the Foundation and, thus, are excluded from these financial statements.

Basis of Accounting:

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Component Units:

The Foundation is considered a component unit of the State of Florida (the State) through FSU, as defined by Governmental Accounting Standards Board Statement No. 14. As such, the Foundation's financial statements will be included with the State's through its inclusion in the financial statements of FSU.

Basis of Presentation:

The Foundation's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the Foundation with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB which allows public universities various reporting options. The University has elected to report as an entity engaged in only business type activities. This election requires the adoption of the accrual basis of accounting and entity wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Other Required Supplementary Information

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. The statement of revenues, expenses, and changes in net position is presented by major sources of operating revenues, natural classifications of operating expenses, nonoperating revenues and expenses, and all other activity not otherwise classified. The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

Income Taxes:

The Foundation qualifies under section 501(c)(3) of the Internal Revenue Code as a tax-exempt corporation. However, revenues from certain activities can be considered taxable for federal tax purposes as unrelated business income and provisions for taxes are recorded when appropriate.

Cash and Cash Equivalents:

Cash and cash equivalents are comprised of cash and money market funds. The Foundation considers all the cash on hand and highly liquid investments with a maturity of three months or less at the date of acquisition to be cash and cash equivalents. Market value approximates cost for these funds.

Accounts Receivable:

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value. Gains and losses on disposition are based on the difference between the net proceeds received and the carrying value of the investment sold, using the specific-identification method. Also gains or losses are reported as increases or decreases in unrestricted net position unless their use is restricted by donor stipulations or law.

Capital Assets:

Capital assets are recorded at cost. Expenditures for improvements, furniture, and supplies less than \$5,000 are charged to expense as incurred. When capital assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of revenues, expenses and changes in net position for the respective period.

Expenditures that significantly add to the productivity or extend the useful lives of capital assets are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. A summary of depreciable lives follows:

	<u>Years</u>
Building improvements	5 - 10
Furniture, fixtures, and equipment	3 - 10

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position:

The Foundation's financial resources are classified for accounting and reporting purposes into the following four net position categories:

Net investment in capital assets:

Capital assets, net of accumulated depreciation, cash restricted for capital projects and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – Nonexpendable:

Amounts subject to externally imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal. These assets primarily consist of the Foundation's permanent endowments.

Restricted – Expendable:

Amounts whose use is subject to externally imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.

Unrestricted:

Amounts which are not subject to externally imposed stipulations.

The Foundation typically uses restricted fund balances prior to unrestricted fund balances when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Contributions:

Contributions received, including unconditional promises to give, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). In accordance with GASB Statement No. 33, private donations are recognized when all eligibility requirements are met.

The value of contributions received that are restricted for acquisition of items for the collection is reported as contributions in the statement of revenues, expenses and changes in net position. Gifts of cash or other property restricted by donors for the purchase of items for the collection are classified as restricted - expendable and acquisitions are made in accordance with the terms of the gift.

Contributed Services:

The Foundation receives advertising services from various sources and receives fundraising, gift processing, and accounting services from FSU employees. In addition, a number of volunteers of the Museum have made significant contributions of their time to develop the Foundation's programs. The value of the services provided constitutes additional in-kind income to the Foundation but is not reported in the Foundation's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inexhaustible Collections:

The Foundation has elected to exercise the option of not capitalizing items that meet the definition of “collections” as prescribed by accounting principles generally accepted in the United States of America. All donations of collections are transferred to FSU at the time of the gift. Therefore, the fair value of donated collections of art, historical treasures and similar items are not reflected in the accompanying financial statements. The Foundation received donations of paintings, sculptures, photographs, memorabilia and similar items with a value of \$674,800 and \$682,950 for the years ended June 30, 2023 and 2022, respectively.

Functional Expenses:

The costs of providing the Foundation’s programs and supporting services have been summarized on a functional basis in the statement of revenues, expenses and changes in net position. Accordingly, certain costs have been allocated among programs and supporting services benefited. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Building and grounds maintenance	Square footage
Information technology	Usage
Insurance	Specific identification
Depreciation	Specific identification

Subsequent Events:

Management evaluated all activity of the Foundation through October 13, 2023 the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

NOTE B – INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 measurements). Unrealized gains and losses are included in the change in net position. During the fiscal year ended June 30, 2023 and 2022, the Foundation’s investments depreciated \$157,645 and \$675,780, respectively. Investments consist of the following at June 30, 2023:

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 1,928,148	\$ 1,938,520
Exchange traded funds (ETFs)	2,519,565	2,470,319
	<u>\$ 4,447,713</u>	<u>\$ 4,408,839</u>

The Foundation, in accordance with their Investment Management Policy, has the ability to invest in a variety of instruments including overnight investments, treasury bills, large cap growth and value equities, small/mid cap equities, international equities, and other fixed income instruments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE B – INVESTMENTS (CONTINUED)

The following are required risk disclosures applicable to the investments of the Foundation under the GASB reporting model.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation has investments in bond mutual funds and bond exchange traded funds that are subject to interest rate risk.

These investments and their future maturities at June 30, 2023 are as follows:

	Fair Value	Investment Maturities (in years)		
		< 1	1-10	> 10
Bond mutual funds	\$ 1,431,630	\$ 0	\$ 1,431,630	\$ 0
Bond ETFs	1,611,259	0	1,611,259	0
	<u>\$ 3,042,889</u>	<u>\$ 0</u>	<u>\$ 3,042,889</u>	<u>\$ 0</u>

These investments and their future maturities at June 30, 2022 are as follows:

	Fair Value	Investment Maturities (in years)		
		< 1	1-10	> 10
Bond mutual funds	\$ 1,464,179	\$ 0	\$ 1,464,179	\$ 0
Bond ETFs	1,552,235	0	1,552,235	0
	<u>\$ 3,016,414</u>	<u>\$ 0</u>	<u>\$ 3,016,414</u>	<u>\$ 0</u>

The Foundation is limiting the investment activity of the Fine Arts Endowment to an asset allocation of up to 25% equity and up to 100% high quality fixed income instruments. This endowment comprises approximately 43% of total investments. The Foundation's investment policy does not limit the investment maturities of the remainder of its portfolio as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk (by the GASB) and do not require disclosure of credit quality. The Foundation, in accordance with their investment management policy, has the ability to invest in a variety of instruments including overnight investments, Treasury bill, large cap growth and value equities, small/mid cap equities, international equities, and other fixed income instruments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE B – INVESTMENTS (CONTINUED)

The Foundation held money market funds, bond mutual funds, and bond exchange traded funds which have underlying investments with quality ratings by nationally recognized rating agencies.

The credit ratings of the Foundations directly owned interest-bearing investments as of June 30, 2023 are as follows:

Investment Rating	Investment Type	
	Bond Mutual Funds	Bond ETFs
AAA	\$ 107,456	\$ 0
AA	248,124	1,083,915
A	700,960	0
BBB	0	527,344
B	375,090	0
	<u>\$ 1,431,630</u>	<u>\$ 1,611,259</u>

The credit ratings of the Foundations directly owned interest-bearing investments as of June 30, 2022 are as follows:

Investment Rating	Investment Type	
	Bond Mutual Funds	Bond ETFs
AAA	\$ 411,643	\$ 0
AA	0	1,035,814
A	632,910	0
BBB	419,626	516,421
	<u>\$ 1,464,179</u>	<u>\$ 1,552,235</u>

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the custodian, Foundation investments may not be recovered. It is the policy of the Foundation to hold investments in custodial accounts, and the securities are registered solely in the name of the Foundation. All investments are transacted with nationally reputable brokerage firms, offering protection by the Securities Investor Protection Corporation.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. The Foundation, in accordance with their investment management policy, established target allocation percentages by type of accounts that provide target asset and class allocations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE C – FAIR VALUE MEASUREMENTS

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 – Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Consist of fixed income and equity funds valued using the closing price reported in the active market in which the individual securities are traded. All mutual funds are considered Level 1.

Exchange Traded Funds: Consist of fixed income and equity funds valued using the closing price reported in the active market in which the individual securities are traded. All exchange traded funds are considered Level 1.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2023:

Assets at Fair Value as of June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Equities	\$ 450,598	\$ 0	\$ 0	\$ 450,598
Fixed income	1,431,630	0	0	1,431,630
Real estate	45,920	0	0	45,920
Exchange traded funds:				
Equities	908,306	0	0	908,306
Fixed income	1,611,259	0	0	1,611,259
Total assets at fair value	<u>\$ 4,447,713</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,447,713</u>

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2022:

Assets at Fair Value as of June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Equities	\$ 429,448	\$ 0	\$ 0	\$ 429,448
Fixed income	1,464,179	0	0	1,464,179
Real estate	44,893	0	0	44,893
Exchange traded funds:				
Equities	918,084	0	0	918,084
Fixed income	1,552,235	0	0	1,552,235
Total assets at fair value	<u>\$ 4,408,839</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,408,839</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE D – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Building improvements	\$ 537,444	\$ 0	\$ 0	\$ 537,444
Furniture, fixtures and equipment	1,204,432	179,730	58,599	1,325,563
TOTAL	<u>1,741,876</u>	<u>179,730</u>	<u>58,599</u>	<u>1,863,007</u>
Less accumulated depreciation:				
Building improvements	531,674	971	0	532,645
Furniture, fixtures and equipment	1,099,701	46,374	58,599	1,087,476
TOTAL	<u>1,631,375</u>	<u>47,345</u>	<u>58,599</u>	<u>1,620,121</u>
NET CAPITAL ASSETS	<u>\$ 110,501</u>	<u>\$ 132,385</u>	<u>\$ 0</u>	<u>\$ 242,886</u>

Capital assets activity for the year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Building improvements	\$ 537,444	\$ 0	\$ 0	\$ 537,444
Furniture, fixtures and equipment	1,204,432	0	0	1,204,432
TOTAL	<u>1,741,876</u>	<u>0</u>	<u>0</u>	<u>1,741,876</u>
Less accumulated depreciation:				
Building improvements	528,951	2,723	0	531,674
Furniture, fixtures and equipment	1,028,017	71,684	0	1,099,701
TOTAL	<u>1,556,968</u>	<u>74,407</u>	<u>0</u>	<u>1,631,375</u>
NET CAPITAL ASSETS	<u>\$ 184,908</u>	<u>\$ (74,407)</u>	<u>\$ 0</u>	<u>\$ 110,501</u>

NOTE E – RELATED PARTY TRANSACTIONS

The Foundation received \$244,117 and \$148,092 in donations and memberships from active board members for the years ended June 30, 2023 and 2022, respectively.

Ticket sales related to the Foundation events are collected by FSU and then subsequently disbursed by FSU to the Foundation. Additionally, the Foundation will occasionally pay vendors for services or items that are to be subsequently reimbursed by FSU.

Accounts payable on the Statements of Net Position include salaries and wages payable to FSU totaling \$395,403 and \$144,342, as of June 30, 2023 and 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE E – RELATED PARTY TRANSACTIONS (CONTINUED)

FSU entered into a lease agreement on behalf of the Foundation for storage facilities that expires on September 30, 2024. FSU is the entity obligated by the lease and there is no additional agreement requiring the Foundation to pay the lease. The lease expense for the years ended June 30, 2023 and 2022 was \$127,500. Future minimum lease payments required under this lease for the next fiscal years and in the aggregate are as follows:

2024	\$ 127,500
2025	<u>31,875</u>
	<u>\$ 159,375</u>

NOTE F – RELATED PARTY RECEIVABLE

In an agreement dated January 13, 2006, and amended December 27, 2007, a donor made a \$4,100,000 gift in cash to FSU to renovate the Museum's West Wing and construct a pavilion for Asian Art. In addition, the donor made a gift of \$2,000,001 in cash to establish an endowment held at the FSU Foundation for a curatorship and future support for an Asian Art Collection and related programs.

The gift agreement was contingent upon the gifted funds qualifying for a 100% matching by the State under the Cortellis, or other matching program, and receiving said matching funds within three years of the date of the gift. During the three year period following the date of the gift agreement, the donor's gift qualified for the match, but remained unfunded. Further, due to budgetary issues, these matching programs were suspended for any new gift applications in June 2011 by the State until previously approved matchings are paid. The donor's gift remains qualified for matching as soon as program funding resumes.

Due to the significant nature of the gift, FSU proposed that the Foundation, in conjunction with FSU and the FSU Foundation pledge to provide for the temporary matching of funds, in the form of an interest free bridge loan, with the understanding that once these funds are released by the State of Florida, these amounts will be repaid. The Board of Directors of the Foundation approved this transaction on July 27, 2011 and executed a formal Memorandum of Understanding in February 2012. Pursuant to this memorandum, the Foundation will provide, interest-free, twenty-five percent (25%) of the total \$4,100,000 matching portion of the gift, with a portion of these funds totaling \$525,000 coming from Museum auxiliary funds. During the fiscal year ended June 30, 2012, the first installment in the amount of \$62,500 was paid by the Foundation. During the fiscal year ended June 30, 2014, the second installment in the amount of \$437,500 was paid by the Foundation. During fiscal year 2014, the donor filed a lawsuit seeking return of the gift. The Foundation is not a party to this action and has no conceivable liability beyond the strictly voluntary and already funded payment to benefit the Museum.

During the year ended June 30, 2018, the Foundation agreed to receive annual payments on the related party receivable in the amount of \$33,333 for fifteen periods commencing on August 1, 2017 and concluding on August 1, 2031. The balance of the related party receivable was \$300,002 and \$333,335 as of June 30, 2023 and 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE G – RESTRICTED FOR NONEXPENDABLE NET POSITION

Restricted for nonexpendable net position at June 30, 2023 and 2022 is restricted to investment in perpetuity, the income from which is expendable to support the following purposes:

	<u>2023</u>	<u>2022</u>
State of Florida Cultural Endowment Program	\$ 512,974	\$ 512,974
Fine arts programs, including educational programs	844,880	844,880
Salary and benefits	403,737	403,737
Contemporary art purchase from a Florida artist	26,717	26,717
Programs and publications	132,581	132,581
Total restricted for nonexpendable	<u>\$ 1,920,889</u>	<u>\$ 1,920,889</u>

NOTE H – RESTRICTED FOR EXPENDABLE NET POSITION

Restricted for expendable net position at June 30, 2023 and 2022 is available for the following purposes:

	<u>2023</u>	<u>2022</u>
Art acquisition	\$ 216,425	\$ 226,348
Ca'd'Zan - Aeolian organ	199,810	81,208
Ca'd'Zan - other	237,288	242,355
Circus Museum	239,317	221,722
Curatorial and conservation	260,339	141,658
Education and library	190,081	123,225
Gardens and grounds	33,841	25,763
Non-expendable endowment earnings	45,237	46,603
Other programs	119,686	99,404
Wisconsin railroad car	17,330	27,331
Total restricted for expendable	<u>\$ 1,559,354</u>	<u>\$ 1,235,617</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE I – MANAGEMENT AND GENERAL EXPENSES

Management and general expenses consisted of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accounting services	\$ 3,159	\$ 5,974
Board of directors meetings	23,851	13,956
Depreciation	47,345	74,407
Events, rentals, and store	184,656	132,586
Facilities and security	11,678	17,044
Human resources	6,659	13,523
Insurance and audit	34,395	44,456
Management and administration	183,375	181,457
Public relations/marketing	290,690	87,981
Technology integration	29,910	47,517
Volunteer services	17,534	350
	<u>833,252</u>	<u>619,251</u>
Allocated to programs and other activities	73,430	111,863
	<u>\$ 759,822</u>	<u>\$ 507,388</u>

NOTE J – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents and investments with major banks and financial institutions. At any given time, the Foundation may have cash and investment balances exceeding the federal depository insurance coverage limits. The Foundation has not experienced any losses in such accounts and does not believe such accounts are exposed to any significant credit risk.

NOTE K – ENDOWMENTS

The Foundation's endowment consists of two separate investment funds established for a variety of purposes, resulting from donor restrictions. As required by accounting principles generally accepted in the United States of America, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretations of Relevant Law:

The Foundation has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of the Foundation has interpreted UPMIFA as requiring the presentation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as restricted – nonexpendable net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**THE JOHN AND MABLE RINGLING
MUSEUM OF ART FOUNDATION, INC.**

June 30, 2023 and 2022

NOTE K – ENDOWMENTS (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not classified as restricted - nonexpendable net position is classified as unrestricted or restricted - expendable net position based on the donor direction and the Board's current interpretation of UPMIFA.

Return Objectives and Risk Parameters:

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment assets. The following summarizes the endowment account policies:

Fine Arts Endowments – These funds represent two State Matching Share awards from the Florida Department of State through the Cultural Endowment Program Trust Fund. The Foundation is contractually obligated to protect the principal of these endowed funds and invest according to an agreed upon investment plan outlined in the contracts. As such, the Foundation has adopted investment policies for these funds that enable them to grow and preserve capital and minimize risk by investing primarily in high quality fixed income instruments that provide a return on investment that performs at or above the Barclays Intermediate Govt. Credit Index.

Other Endowments – The Foundation has adopted investment policies for other endowment assets that will enable them to grow and preserve capital, maintain liquidity, and provide a return on investments that performs at or above the Russell Index, MSCI EAFE, and Barclays Intermediate Govt. Credit Index.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The Foundation, in accordance with their Investment Management Policy, provides for a 4% per year spending policy based on a rolling three-year average of the quarterly market values of the participating funds in support of Museum operations.

Summary of Endowment Net Position and Change in Endowment Net Position:

All of the Foundation's endowments are donor restricted endowments. Changes in the endowment funds for the year ended June 30, 2023 consisted of the following:

	<u>Unrestricted</u>	<u>Restricted Expendable</u>	<u>Restricted Nonexpendable</u>	<u>Total</u>
Endowment net position, Beginning of the year	\$ 0	\$ (37,333)	\$ 1,920,890	\$ 1,883,557
Investment return, net	0	47,515	0	47,515
Fees	0	(6,770)	0	(6,770)
Endowment net position, End of year	<u>\$ 0</u>	<u>\$ 3,412</u>	<u>\$ 1,920,890</u>	<u>\$ 1,924,302</u>



October 13, 2023

Board of Directors
The John and Mable Ringling Museum of Art Foundation, Inc.
Sarasota, Florida

Independent Auditor's 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*

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 The John and Mable Ringling Museum of Art Foundation, Inc. (the Foundation), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The John and Mable Ringling Museum of Art Foundation, Inc.'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 John and Mable Ringling Museum of Art Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The John and Mable Ringling Museum of Art Foundation, Inc.'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.

Report on Compliance and Other Matters

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

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

Hill, Barth & King LLC
Certified Public Accountants