

FINANCIAL STATEMENTS

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

June 30, 2025 and 2024



C O N T E N T S

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October 24, 2025

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, 2025 and 2024, 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, 2025 and 2024, 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 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. 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, 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 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 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, 2025

The John and Mable Ringling Museum of Art Foundation, Inc. (the Foundation) is pleased to present its financial statements for fiscal year 2025. 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, 2025, with comparative information for the year ended June 30, 2024, 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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 373,588	\$ 839,456
Investments	6,487,941	6,320,695
Other current assets	291,879	323,891
Capital assets, net	404,550	431,430
Other noncurrent assets	200,003	233,336
TOTAL ASSETS	<u>\$ 7,757,961</u>	<u>\$ 8,148,808</u>
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 65,244	\$ 239,382
Other current liabilities	28,000	28,000
TOTAL LIABILITIES	<u>\$ 93,244</u>	<u>\$ 267,382</u>
<u>Net Position</u>		
Net investment in capital assets	\$ 404,550	\$ 431,430
Restricted	4,519,810	4,094,104
Unrestricted	2,740,357	3,355,892
TOTAL NET POSITION	<u>\$ 7,664,717</u>	<u>\$ 7,881,426</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

June 30, 2025

Statements of Net Position (Continued)

The assets for the Foundation totaled \$7,757,961 at June 30, 2025, which reflects a decrease of \$390,847, or 5%. This decrease is due primarily to a decrease in cash and cash equivalents, other current assets, and capital assets. Liabilities for the Foundation decreased by \$174,138 or 65%. This change is largely due to the timing and payment of expenses. Total ending net position decreased by \$216,709, or 3%, for a year-end balance of \$7,664,717.

Capital assets decreased by \$26,880 during fiscal year 2025. 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, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<u>Operating Revenues</u>		
Gifts and grants	\$ 2,034,677	\$ 2,271,497
Memberships	610,633	817,700
Special events	71,465	149,842
Miscellaneous income	4,086	5,879
TOTAL OPERATING REVENUES	<u>2,720,861</u>	<u>3,244,918</u>
<u>Operating Expenses</u>		
Program services	1,798,653	1,770,637
Special events	100,151	105,335
Management and general	1,157,852	1,183,969
Development and memberships	468,152	353,525
TOTAL OPERATING EXPENSES	<u>3,524,808</u>	<u>3,413,466</u>
NET OPERATING LOSS	<u>(803,947)</u>	<u>(168,548)</u>
<u>Non-Operating Revenues</u>		
Net investment income	587,238	418,260
INCREASE (DECREASE) IN NET POSITION	<u>(216,709)</u>	<u>249,712</u>
<u>Net Position</u>		
Beginning of year	7,881,426	7,631,714
End of year	<u>\$ 7,664,717</u>	<u>\$ 7,881,426</u>

Total Foundation support and revenue of \$2,720,861 as reflected on the June 30, 2025 Statements of Revenues, Expenses and Changes in Net Position represents a 16% decrease over the previous fiscal year. This decrease is due primarily to a decrease in gifts and grants and memberships as well as a smaller decrease in fundraising events. Total Foundation expenses of \$3,524,808 for the fiscal year 2025 reflects an increase of \$111,342, or 3%. Total expenses were \$282,658 over budget of fiscal year 2025 targeted expenses.

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

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

June 30, 2025

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Provided by (Used In):		
Operating activities	\$ (862,895)	\$ (550,830)
Capital and related financing activities	(56,298)	(226,314)
Investing activities	453,325	(306,480)
Net Decrease in Cash and Cash Equivalents	<u>(465,868)</u>	<u>(1,083,624)</u>
Cash and Cash Equivalents, Beginning of Year	839,456	1,923,080
Cash and Cash Equivalents, End of Year	<u>\$ 373,588</u>	<u>\$ 839,456</u>

BUDGETARY HIGHLIGHTS

The Foundation budgeted operating revenue for fiscal year 2025 was \$3,094,550 as compared to the actual operating revenue, which was \$2,720,861, representing a variance of \$373,689 or 12% under budget to actual. This variance was due to the impact of the 2024 hurricane season on membership revenue and additionally a decline in gifts and grants as well as memberships that occurred particularly in the fourth quarter of fiscal year 2025. A revision to the Foundation's investment policy statement was implemented at the beginning of fiscal year 2025, resulting in investment income of \$587,238, representing a variance of \$439,638 or 298% over budget to actual of fiscal year 2025.

The Foundation budgeted amount of expenses for fiscal year 2025 was \$3,242,150. The actual amount of expenses was \$3,524,808, which represents a variance of \$282,658 or 9%, over budget to actual. This variance was largely due to Exhibition and Education program expenses. Exhibition programming continued toward completion of the new permanent Cypriot gallery project without delay thereby exceeding budget. The new Cypriot gallery will be completed and open to the public in October 2025. Education programming exceeded budgeted primarily due to unexpected sponsorship of the 2025 Wonder Symposium, for which a six-figure gift was donated.

Combined operating and non-operating revenues for fiscal year 2025 were \$3,333,917, representing a variance of \$91,767 or 3% over budget of fiscal year 2025. The Foundation was financially prepared to respond to this challenging year, having built cash reserves by putting aside annual surpluses.

ECONOMIC CONDITIONS OUTLOOK

Spending plans are less robust for fiscal year 2026 in comparison to prior year 2025. The Foundation budget for fiscal year 2026 is 10.4% less compared to fiscal year 2025. This is due to the necessity of managing cash flows for ongoing recovery operations related to the 2024 hurricane season. The Foundation expects to successfully provide resources necessary to support the Ringling Museum operations in fiscal year 2026.

STATEMENTS OF NET POSITION

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

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 373,588	\$ 839,456
Accounts receivable	90	813
Due from FSU Foundation	0	128,160
Grants receivable	90,000	0
Investments	6,487,941	6,320,695
Related party loan receivable	33,333	33,333
Prepaid expenses	168,456	161,585
TOTAL CURRENT ASSETS	<u>7,153,408</u>	<u>7,484,042</u>
<u>NONCURRENT ASSETS</u>		
Capital assets	404,550	431,430
Related party loan receivable	200,003	233,336
TOTAL NONCURRENT ASSETS	<u>604,553</u>	<u>664,766</u>
TOTAL ASSETS	<u>\$ 7,757,961</u>	<u>\$ 8,148,808</u>
<u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 65,244	\$ 239,382
Refundable deposits	28,000	28,000
TOTAL CURRENT LIABILITIES	<u>93,244</u>	<u>267,382</u>
<u>NET POSITION</u>		
Net investment in capital assets	404,550	431,430
Restricted:		
Nonexpendable - Endowment	1,920,889	1,920,889
Expendable	2,598,921	2,173,215
Unrestricted	2,740,357	3,355,892
TOTAL NET POSITION	<u>7,664,717</u>	<u>7,881,426</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,757,961</u>	<u>\$ 8,148,808</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>OPERATING REVENUES</u>		
Gifts and grants	\$ 2,034,677	\$ 2,271,497
Memberships	610,633	817,700
Special events	71,465	149,842
Miscellaneous income	4,086	5,879
TOTAL OPERATING REVENUES	<u>2,720,861</u>	<u>3,244,918</u>
<u>OPERATING EXPENSES</u>		
Curatorial, conservation and exhibits	1,223,457	1,489,392
Education	459,716	184,106
Accessions	115,480	97,139
Special events	100,151	105,335
Management and general	1,157,852	1,183,969
Development and memberships	468,152	353,525
TOTAL OPERATING EXPENSES	<u>3,524,808</u>	<u>3,413,466</u>
NET OPERATING LOSS	<u>(803,947)</u>	<u>(168,548)</u>
<u>NON-OPERATING REVENUES</u>		
Net investment income:		
Interest and dividends	266,175	223,763
Increase in fair value of investments	346,881	218,440
Investment expenses	(25,818)	(23,943)
TOTAL NET INVESTMENT INCOME	<u>587,238</u>	<u>418,260</u>
INCREASE (DECREASE) IN NET POSITION	<u>(216,709)</u>	<u>249,712</u>
<u>NET POSITION</u>		
Beginning of year	7,881,426	7,631,714
End of year	<u>\$ 7,664,717</u>	<u>\$ 7,881,426</u>

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

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

Years ended June 30, 2025 and 2024

	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from gifts and grants	\$ 1,944,677	\$ 2,271,497
Cash received from memberships	610,633	817,700
Cash received from special events	71,465	149,842
Payments to vendors for supplies and services	(3,090,908)	(3,520,640)
Payments for accessions	(115,480)	(97,139)
Payments to or on behalf of employees	(287,368)	(177,969)
Other receipts	4,086	5,879
NET CASH USED IN OPERATING ACTIVITIES	(862,895)	(550,830)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	(56,298)	(226,314)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(56,298)	(226,314)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from related party loan receivable	33,333	33,333
Proceeds from sales and maturities of investments	1,868,236	2,031,668
Purchase of investments	(1,610,132)	(2,589,070)
Investment income, net of expenses	161,888	217,589
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	453,325	(306,480)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(465,868)	(1,083,624)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	839,456	1,923,080
End of year	\$ 373,588	\$ 839,456
<u>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</u>		
Net operating loss	\$ (803,947)	\$ (168,548)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	83,178	37,770
Decrease in accounts receivable	723	3,067
(Increase) decrease in due from FSU Foundation	128,160	(128,160)
Increase in grants receivable	(90,000)	0
Decrease in prepaid expenses	(6,871)	(133,228)
Decrease in accounts payable and accrued expenses	(174,138)	(166,731)
Increase in refundable deposits	0	5,000
NET CASH USED IN OPERATING ACTIVITIES	\$ (862,895)	\$ (550,830)
<u>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES</u>		
Unrealized gain on investments	\$ 425,350	\$ 170,198
Contributions of securities	\$ 0	\$ 23,141

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

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

June 30, 2025 and 2024

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.

Component Units:

The Foundation is a direct-support organization of Florida State University ("FSU") and is considered a component unit of the State of Florida ("State") for financial reporting purposes. The Foundation meets the criteria for inclusion in the State's financial reporting entity under GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statements No. 34, No. 35, No. 39, No. 61, No. 63, No. 87, and No. 90. Because the State exercises financial accountability over FSU and its direct-support organizations, the Foundation's financial statements are included in the State of Florida's Annual Comprehensive Financial Report through their 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, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses:

The Foundation uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the client base has not changed significantly. Based on this information, management believes that no allowance for credit losses is necessary as of June 30, 2025 and 2024.

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. During the fiscal years ended June 30, 2025 and 2024, the Foundation's investments appreciated \$425,350 and \$170,198, respectively.

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

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, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Activities:

The Foundation’s operating income includes all revenues and expenses associated with the Foundation’s daily activities. Operating revenues consist primarily of gifts, grants and memberships. Nonoperating revenues consist of net investment income. Operating expenses are comprised of expenditures associated with Foundation programs or other support as well as administrative and fundraising expenses associated with the Foundation’s operations.

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 \$993,630 and \$848,425 for the years ended June 30, 2025 and 2024, 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

Recent GASB Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued Statements No. 100 (Accounting Changes and Error Corrections), No. 101 (Compensated Absences), and other recent standards. The Foundation has evaluated these pronouncements and determined that they will not have a material impact on its financial statements.

Subsequent Events:

Management evaluated all activity of the Foundation through October 24, 2025, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

NOTE B – INVESTMENTS

Investments consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Mutual funds	\$ 1,419,300	\$ 1,221,123
Exchange traded funds	3,873,382	3,599,471
Treasury bills	1,195,259	1,500,101
	<u>\$ 6,487,941</u>	<u>\$ 6,320,695</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.

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, bond exchange traded funds, and treasury bills that are subject to interest rate risk.

These investments and their future maturities at June 30, 2025 are as follows:

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>< 1</u>	<u>1-10</u>	<u>> 10</u>
Bond mutual funds	\$ 612,694	\$ 0	\$ 612,694	\$ 0
Bond ETFs	2,089,998	0	2,089,998	0
Treasury bills	1,195,259	1,195,259	0	0
	<u>\$ 3,897,951</u>	<u>\$ 1,195,259</u>	<u>\$ 2,702,692</u>	<u>\$ 0</u>

These investments and their future maturities at June 30, 2024 are as follows:

	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>< 1</u>	<u>1-10</u>	<u>> 10</u>
Bond mutual funds	\$ 665,801	\$ 0	\$ 665,801	\$ 0
Bond ETFs	2,488,657	0	2,488,657	0
Treasury bills	1,500,101	1,500,101	0	0
	<u>\$ 4,654,559</u>	<u>\$ 1,500,101</u>	<u>\$ 3,154,458</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 32% 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

NOTE B – INVESTMENTS (CONTINUED)

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 bills, large cap growth and value equities, small/mid cap equities, international equities, and other fixed income instruments.

The Foundation held bond mutual funds, bond exchange traded funds, and treasury bills 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, 2025 are as follows:

<u>Investment Rating</u>	<u>Investment Type</u>		
	<u>Bond Mutual Funds</u>	<u>Bond ETFs</u>	<u>Treasury Bills</u>
AAA	\$ 289,959	\$ 0	\$ 0
AA	0	1,637,832	1,195,259
BBB	0	452,166	0
B	322,735	0	0
	<u>\$ 612,694</u>	<u>\$ 2,089,998</u>	<u>\$ 1,195,259</u>

The credit ratings of the Foundations directly owned interest-bearing investments as of June 30, 2024 are as follows:

<u>Investment Rating</u>	<u>Investment Type</u>		
	<u>Bond Mutual Funds</u>	<u>Bond ETFs</u>	<u>Treasury Bills</u>
AAA	\$ 299,668	\$ 0	\$ 0
AA	0	1,849,035	1,500,101
BBB	0	639,622	0
B	366,133	0	0
	<u>\$ 665,801</u>	<u>\$ 2,488,657</u>	<u>\$ 1,500,101</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, 2025 and 2024

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.

Debt Securities: Consist of treasury bills, all of which are carried at their fair value based on the quoted market prices. All debt securities are considered Level 1.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

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, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Equities	\$ 720,571	\$ 0	\$ 0	\$ 720,571
Fixed income	612,694	0	0	612,694
Real estate	86,035	0	0	86,035
Exchange traded funds:				
Commodities	38,104	0	0	38,104
Equities	1,745,280	0	0	1,745,280
Fixed income	2,089,998	0	0	2,089,998
Debt securities:				
Treasury bills	1,195,259	0	0	1,195,259
Total assets at fair value	<u>\$ 6,487,941</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,487,941</u>

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Equities	\$ 514,443	\$ 0	\$ 0	\$ 514,443
Fixed income	665,801	0	0	665,801
Real estate	40,879	0	0	40,879
Exchange traded funds:				
Equities	1,110,814	0	0	1,110,814
Fixed income	2,488,657	0	0	2,488,657
Debt securities:				
Treasury bills	1,500,101	0	0	1,500,101
Total assets at fair value	<u>\$ 6,320,695</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,320,695</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

NOTE D – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Building improvements	\$ 537,444	\$ 16,275	\$ 129,992	\$ 423,727
Furniture, fixtures and equipment	1,551,877	40,023	46,271	1,545,629
TOTAL	<u>2,089,321</u>	<u>56,298</u>	<u>176,263</u>	<u>1,969,356</u>
Less accumulated depreciation:				
Building improvements	533,616	2,463	129,992	406,087
Furniture, fixtures and equipment	1,124,275	80,715	46,271	1,158,719
TOTAL	<u>1,657,891</u>	<u>83,178</u>	<u>176,263</u>	<u>1,564,806</u>
NET CAPITAL ASSETS	<u>\$ 431,430</u>	<u>\$ (26,880)</u>	<u>\$ 0</u>	<u>\$ 404,550</u>

Capital assets activity for the year ended June 30, 2024 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	1,325,563	226,314	0	1,551,877
TOTAL	<u>1,863,007</u>	<u>226,314</u>	<u>0</u>	<u>2,089,321</u>
Less accumulated depreciation:				
Building improvements	532,645	971	0	533,616
Furniture, fixtures and equipment	1,087,476	36,799	0	1,124,275
TOTAL	<u>1,620,121</u>	<u>37,770</u>	<u>0</u>	<u>1,657,891</u>
NET CAPITAL ASSETS	<u>\$ 242,886</u>	<u>\$ 188,544</u>	<u>\$ 0</u>	<u>\$ 431,430</u>

NOTE E – RELATED PARTY TRANSACTIONS

The Foundation received \$354,190 and \$912,152 in donations and memberships from active board members for the years ended June 30, 2025 and 2024, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

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, 2029. FSU is the entity obligated by the lease and there is no additional agreement requiring the Foundation to pay the lease. Accordingly, the Foundation has not recorded a lease liability or right-to-use asset under GASB Statement No. 87. The lease expense for the years ended June 30, 2025 and 2024 was \$127,500. Future minimum lease payments required under this lease for the next five fiscal years and in the aggregate are as follows:

2026	\$	127,500
2027		127,500
2028		127,500
2029		127,500
2030		31,875
	<u>\$</u>	<u>541,875</u>

NOTE F – RELATED PARTY LOAN 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 loan 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 loan receivable was \$233,336 and \$266,669 as of June 30, 2025 and 2024, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

NOTE G – RESTRICTED FOR NONEXPENDABLE NET POSITION

Restricted for nonexpendable net position at June 30, 2025 and 2024 is restricted to investment in perpetuity, the income from which is expendable to support the following purposes:

	<u>2025</u>	<u>2024</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, 2025 and 2024 is available for the following purposes:

	<u>2025</u>	<u>2024</u>
Art acquisition	\$ 177,642	\$ 234,972
Ca'd'Zan - Aeolian organ	238,288	238,288
Ca'd'Zan - other	176,029	159,584
Circus Museum	356,341	84,578
Curatorial and conservation	84,967	265,724
Education and library	223,914	541,621
Gardens and grounds	141,517	28,459
Non-expendable endowment earnings	45,280	55,671
Other programs	1,024,113	445,988
Wisconsin railroad car	130,830	118,330
Total restricted for expendable	<u>\$ 2,598,921</u>	<u>\$ 2,173,215</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2025 and 2024

NOTE I – MANAGEMENT AND GENERAL EXPENSES

Management and general expenses consisted of the following for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Accounting services	\$ 41,071	\$ 93,330
Board of directors meetings	22,642	41,806
Depreciation	83,178	37,770
Events, rentals, and store	358,930	297,530
Facilities and security	79,133	58,755
Human resources	39,158	18,600
Insurance and audit	19,213	100,269
Management and administration	198,902	246,205
Public relations/marketing	371,279	304,172
Technology integration	3,900	20,246
Volunteer services	32,922	23,286
	<u>1,250,328</u>	<u>1,241,969</u>
Allocated to programs and other activities	92,476	58,000
	<u>\$ 1,157,852</u>	<u>\$ 1,183,969</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, 2025 and 2024

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, 2025 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	\$ 77,035	\$ 1,920,890	\$ 1,997,925
Investment return, net	0	117,359	0	117,359
Fees	0	(7,559)	0	(7,559)
Endowment net position, End of year	<u>\$ 0</u>	<u>\$ 186,835</u>	<u>\$ 1,920,890</u>	<u>\$ 2,107,725</u>

October 24, 2025

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, 2025, 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, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 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.

Hill, Barth & King LLC

Certified Public Accountants

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Year ended June 30, 2025

The findings from the prior audit's schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

Audit Period: Year ended June 30, 2024.

Finding Number: 2024-001 – Material Weakness: Recognition of Contributions Received

Condition: Out of thirty seven contributions tested, it was discovered that the Foundation failed to record one \$250,000 grant received during the current fiscal year. This grant, which had been made specifically to The John and Mable Ringling Museum of Art Foundation, Inc., was transferred to the Florida State University Foundation rather than being recorded as revenue on the financial statements of the Foundation.

Status: Resolved.

Finding Number: 2024-002 – Material Weakness: Recognition and Reconciliation of Accounts Payable

Condition: During the audit, we noted unexplained differences between the accounts payable subsidiary ledger and the total recorded in the general ledger. Additionally, during our search for unrecorded liabilities we noted three exceptions (out of four items tested) in which invoices totaling \$98,500 relating to services performed prior to the fiscal year-end date were not recorded as payables in the proper period.

Status: Resolved.

Finding Number: 2024-003 – Significant Deficiency: Recognition of Grants Receivable

Condition: During the audit, it was noted that the Foundation did not properly record grants receivable as of the reporting date. We noted one multi-year grant that had been awarded with no donor-imposed conditions that must be met or barrier that must be overcome.

Status: Resolved.