



**CITY OF FORT LAUDERDALE  
City Commission Agenda Memo  
CONFERENCE MEETING**

**#14-0302**

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**TO:** Honorable Mayor & Members of the  
Fort Lauderdale City Commission

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** March 18, 2014

**TITLE:** Funding request for match dollars to be used for roof replacement at Fort  
Lauderdale Historical Society - \$40,000

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The Fort Lauderdale Historical Society, Inc. (FLHS) is preparing for the reroofing of the King Cromartie House and the New River Inn. FLHS has received a grant from the State of Florida for \$50,000 that must be matched dollar for dollar and the work completed by June 2014. FLHS is working on securing the matching portion for this grant through a capital campaign. The monies must be collected or pledged by June 30, 2014 to meet the State requirements. FLHS is requesting the City of Fort Lauderdale grant \$40,000 to be used as match dollars for the State of Florida Preservation grant for the completion of the project to preserve the historical building roofs as detailed in the attached letter.

Pursuant to Section 4(g) of the Lease between the City and FLHS, the Lessee was required to establish and maintain an endowment fund in the minimum principal amount of \$1,000,000.00 by June 1, 2013 for non-routine maintenance and replacement of structural components of the buildings and improvements, such as roofs. According to the attached financial statements, as of September 30, 2013, \$1,020,000 represents the corpus of this endowment.

**Resource Impact**

There is a financial impact of \$40,000. There are no funds budgeted for this match.

**Strategic Connection:**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018 initiative*, included within the **Public Places Cylinder of Excellence**, specifically advancing:

- **Goal 3:** Be a community that finds opportunities and leverages partnerships to create unique, inviting, and connected gathering places that highlight our beaches, waterways, urban areas, and parks.
- **Objective 2:** Enhance the City's identity and appearance through well-

March 18, 2014  
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maintained green space, parks, major corridors, gateways, and medians.

This item is in support of the *Fast Forward Fort Lauderdale Vision Plan 2035: WE ARE HERE.*

**Attachments:**

Exhibit 1 – Request for \$40,000 match funds from FLHS

Exhibit 2 – FLHS 2012-2013 Audit

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Prepared by: Carolyn Bean, Administrative Assistant

Department Director: Phil Thornburg, Parks and Recreation

# Fort Lauderdale HISTORY CENTER

BRINGING HISTORY TO LIFE

February 14, 2014

Mr. Lee Feldman  
City Manager  
City of Fort Lauderdale  
Fort Lauderdale, Florida

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#### Executive Director

Bonnie M. Flynn, MS, CFRE

Dear Lee:

As you are aware the Fort Lauderdale Historical Society (FLHS) is in the preparation process for the reroofing project of the King Cromartie House and the New River Inn. The King House is infested with termites and must be tented and the roof replaced at a cost of approximately \$51,000. It is our understanding that the New River Inn roof was last replaced by the City of Fort Lauderdale in the 1980's and therefore is now in dire need of replacement as well.

We were fortunate enough to have received a grant from the State of Florida for \$50,000 that must be matched dollar for dollar and the work completed by June 2014. The total cost of both roof replacements is approximately \$234,000. We are requesting the City of Fort Lauderdale grant FLHS \$ 40,000 to be used as match dollars for the State of Florida Preservation grant for the completion of the project construction. We believe that the Inn and the King House are vital to the Riverwalk objectives of bringing visitors to Old Fort Lauderdale to enjoy the ambiance of yesterday. It is our mission to protect and preserve these treasured buildings for everyone. The ownership of these buildings is with the City of Fort Lauderdale. Since becoming the Executive Director in 2012 here are just a few of the enhancements for FLHS:

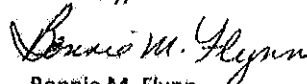
- The Hoch Heritage Center Roof was replaced and fully painted and refreshed
- The New River Inn has many new exhibits and a new gift shop and was painted.
- A new and user friendly Web site has been developed at [www.fortlauderdalehistoricalsociety.com](http://www.fortlauderdalehistoricalsociety.com).
- Trolley Excursion tours stop at the Inn as it is the Official Visitor Center for guests each weekend.

FLHS is working on securing the matching portion for this grant through a capital campaign. The monies must be collected or pledged by June 30, 2014 to meet the State requirements.

We respectfully request this \$40,000 from the City of Fort Lauderdale that would be a match for us and for the citizens of Fort Lauderdale to help match your gift in honor of our mayor and commissioners to preserve our historical building roofs. The roof replacement project of the New River Inn and the King Cromartie House will be completed by June 30, 2014. Since time is of the essence we have begun to publicize this campaign in eleven neighborhood newsletters and on our web site. We seek your approval of this request. This campaign would strengthen our knowledge that the people of the City of Fort Lauderdale do care about our precious history.

Thank you for your consideration and assistance. I look forward to hearing from you as soon as possible.

Sincerely,



Bonnie M. Flynn  
Executive Director



**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**

**FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

September 30, 2013 and 2012

# FORT LAUDERDALE HISTORICAL SOCIETY, INC.

## FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

September 30, 2013 and 2012

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Fort Lauderdale Historical Society, Inc.  
Fort Lauderdale, Florida

We have audited the accompanying financial statements of the Fort Lauderdale Historical Society, Inc. (the "Organization") (a not-for-profit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Fort Lauderdale Historical Society, Inc.

**Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
December 13, 2013

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 September 30, 2013 and 2012

A S S E T S

	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 37,898	\$ 67,642
Grants receivable	48,750	55,871
Accounts receivable	30,289	31,265
Inventory	53,262	53,332
Prepaid expenses and other assets	<u>11,545</u>	<u>20,693</u>
Total current assets	<u>181,744</u>	<u>228,803</u>
Noncurrent assets:		
Property and equipment, net	978,830	1,021,622
Investments	<u>1,063,612</u>	<u>1,079,556</u>
Total noncurrent assets	<u>2,042,442</u>	<u>2,101,178</u>
Total assets	<u>\$ 2,224,186</u>	<u>\$ 2,329,981</u>

L I A B I L I T I E S   A N D   N E T   A S S E T S

<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 41,311	\$ 113,668
Deferred revenue	24,600	32,040
Security deposits	<u>8,500</u>	<u>10,000</u>
Total current liabilities	<u>74,411</u>	<u>155,708</u>
COMMITMENTS AND CONTINGENCIES (Note 12)		
	-	-
<b>NET ASSETS:</b>		
Unrestricted	1,125,770	1,146,999
Temporarily restricted	4,005	7,274
Permanently restricted (Note 6)	<u>1,020,000</u>	<u>1,020,000</u>
Total net assets	<u>2,149,775</u>	<u>2,174,273</u>
Total liabilities and net assets	<u>\$ 2,224,186</u>	<u>\$ 2,329,981</u>

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



**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended September 30, 2013 and 2012

	September 30, 2013			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUE:</b>				
In-kind donations	\$ 270,872	\$ -	\$ -	\$ 270,872
Donations, including \$ 42,500 of inventory items for 2012	182,962	-	-	182,962
County grants	101,500	-	-	101,500
Investment income	68,506	-	-	68,506
City grants	63,558	-	-	63,558
Facility rental	60,036	-	-	60,036
Special events, net	58,985	-	-	58,985
Membership fees	58,777	-	-	58,777
Sales - gift shop	25,100	-	-	25,100
Education	11,615	-	-	11,615
Admissions	11,037	-	-	11,037
State grants	8,640	-	-	8,640
Other income	470	-	-	470
Total support and revenue	<u>922,058</u>	<u>-</u>	<u>-</u>	<u>922,058</u>
<b>EXPENSES:</b>				
Personnel, including in-kind labor force of \$ 32,222 for 2013	365,644	-	-	365,644
Occupancy, including in-kind of \$ 158,000 for 2013 and 2012, respectively	158,005	-	-	158,005
Special event costs, including in-kind donations of \$ 54,994 and \$ 9,200, respectively	119,224	-	-	119,224
Insurance	33,268	-	-	33,268
Repairs and maintenance	27,912	-	-	27,912
In-kind services	24,656	-	-	24,656
Utilities	24,177	-	-	24,177
Management activities	23,465	-	-	23,465
Pass through grants	21,500	-	-	21,500
Professional fees	21,343	-	-	21,343
Membership	13,827	-	-	13,827
Marketing	11,058	-	-	11,058
Equipment leases and other	10,927	-	-	10,927
Telephone	9,497	-	-	9,497
Costs of goods sold	9,332	-	-	9,332
Technology support	7,033	-	-	7,033
Education	6,376	-	-	6,376
Supplies	5,064	-	-	5,064
Facility	4,687	-	-	4,687
Exhibits/collections	2,237	-	-	2,237
Postage and printing	1,521	-	-	1,521
Total expenses	<u>900,753</u>	<u>-</u>	<u>-</u>	<u>900,753</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>3,269</u>	<u>(3,269)</u>	<u>-</u>	<u>-</u>
Change in net assets before provision for depreciation and amortization	24,574	(3,269)	-	21,305
Provision for depreciation and amortization	(45,803)	-	-	(45,803)
Change in net assets	<u>(21,229)</u>	<u>(3,269)</u>	<u>-</u>	<u>(24,498)</u>
<b>NET ASSETS, beginning of year</b>	<u>1,146,999</u>	<u>7,274</u>	<u>1,020,000</u>	<u>2,174,273</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,125,770</u>	<u>\$ 4,005</u>	<u>\$ 1,020,000</u>	<u>\$ 2,149,775</u>

September 30, 2012

Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
\$ 188,337	\$ -	\$ -	\$ 188,337
109,469	4,305	-	113,774
84,300	-	-	84,300
141,438	-	-	141,438
69,990	-	-	69,990
65,988	-	-	65,988
19,905	-	-	19,905
49,450	-	-	49,450
24,039	-	-	24,039
13,060	-	-	13,060
9,233	-	-	9,233
2,879	-	-	2,879
849	-	-	849
<u>778,937</u>	<u>4,305</u>	<u>-</u>	<u>783,242</u>
333,417	-	-	333,417
158,005	-	-	158,005
35,861	-	-	35,861
19,618	-	-	19,618
23,993	-	-	23,993
21,137	-	-	21,137
23,487	-	-	23,487
35,564	-	-	35,564
25,000	-	-	25,000
17,849	-	-	17,849
4,507	-	-	4,507
8,369	-	-	8,369
6,588	-	-	6,588
8,977	-	-	8,977
11,322	-	-	11,322
2,291	-	-	2,291
2,513	-	-	2,513
4,778	-	-	4,778
7,075	-	-	7,075
1,169	-	-	1,169
1,765	-	-	1,765
<u>753,285</u>	<u>-</u>	<u>-</u>	<u>753,285</u>
-	-	-	-
25,652	4,305	-	29,957
<u>(45,013)</u>	<u>-</u>	<u>-</u>	<u>(45,013)</u>
(19,361)	4,305	-	(15,056)
<u>1,166,360</u>	<u>2,969</u>	<u>1,020,000</u>	<u>2,189,329</u>
<u>\$ 1,146,999</u>	<u>\$ 7,274</u>	<u>\$ 1,020,000</u>	<u>\$ 2,174,273</u>

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

**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (24,498)	\$ (15,056)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Net realized / unrealized (gains) losses on investments	(38,560)	(108,834)
Provision for depreciation and amortization	45,803	45,013
Donated inventory	-	(42,500)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	7,121	18,904
Accounts receivable	976	(1,748)
Inventory	70	1,289
Prepaid expenses and other assets	9,148	(6,224)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(72,357)	79,260
Deferred revenue	(7,440)	6,540
Security deposits	(1,500)	4,500
	<u>(81,237)</u>	<u>(18,856)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	717,344	1,279,152
Purchases of property and equipment	(3,011)	(91,178)
Purchases of investments	(662,840)	(1,268,016)
	<u>51,493</u>	<u>(80,042)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit	30,000	
Payments on line of credit	(30,000)	-
	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	-	-
 Net increase (decrease) in cash	(29,744)	(98,898)
 CASH, beginning of year	<u>67,642</u>	<u>166,540</u>
 CASH, end of year	\$ <u><u>37,898</u></u>	\$ <u><u>67,642</u></u>

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

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

NOTE 1 – ORGANIZATION AND OPERATIONS

The Fort Lauderdale Historical Society, Inc. (the “Organization”) is a not-for-profit organization dedicated to the preservation of various historical buildings, artifacts, records, and documents of the greater Fort Lauderdale area. The Organization operates a museum, develops and operates various educational programs, maintains a library of documents and photographs, and develops books and pamphlets in conjunction with other organizations. The Organization also rents its facilities for special events and sells gift shop merchandise.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - net assets that are not subject to donor-imposed restrictions and are available for the support of current operations.
- Temporarily restricted net assets - net assets subject to timing and/or donor-imposed restrictions that may or will be met, either by actions of the Organization or that expire by the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets - net assets subject to donor-imposed restrictions that require the assets be permanently maintained by the Organization.

Restricted and unrestricted revenue and support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Cash and cash equivalents:

The Organization considers all highly liquid investments, for operating purposes, with original maturities of three months or less from the date of acquisition to be cash equivalents.

Accounts receivable:

Accounts receivable principally consists of uncollateralized customer obligations related to facility rentals.

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no unconditional promises to give as of September 30, 2013 and 2012. The Organization had a conditional promise to give of \$ 175,000 as of September 30, 2013, as discussed in Note 13.

Allowance for doubtful accounts:

Management periodically reviews the grants and accounts receivable balances and provides an allowance for those which may be uncollectible. At September 30, 2013 and 2012, management considers all of the receivables to be collectible within the current accounting period and an allowance for doubtful accounts has not been recorded.

Inventory:

Inventory, which consists primarily of paintings, books, photographs and post cards, are held for sale in the Organization's gift shop. The inventory is valued at the lower of cost or market, with cost determined on the first in, first out, method.

Property and equipment:

Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of donation, less accumulated depreciation. Leasehold improvements are generally amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the underlying asset. Office and museum furniture and equipment is depreciated on a straight-line basis over the estimated useful lives ranging from five to seven years.

As applicable, donated property and equipment is reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. For the years ending September 30, 2013 and 2012, the Organization recorded no donated property and equipment.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Investments:

The Organization's investments are reported at their estimated fair values in the statements of financial position. Investment income, including realized and unrealized gains and losses, and interest and dividend income are included as a change in net assets in the statements of activities. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue:

Payments received from donors in advance of a special event, those from exchange transactions, as well as prepayments received for facility rentals, are recorded as deferred revenue in the accompanying statements of financial position until earned.

Government grants:

Grant revenue is recognized when the allowable costs as defined by the individual grant are incurred and/or unit of service has been rendered. Grants receivable at year end represent allowable expenditures and/or units of service which have not yet been reimbursed by the granting agency.

Membership fees:

Revenues from membership fees are recognized as income when received and expenses are recognized as incurred.

Contributed goods, facilities and services (Note 9):

Contributed goods and facilities are recorded as contributions at their estimated fair value at date of receipt. Contributed services are recognized as contributions at their estimated fair value, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since these are not susceptible to the objective measurement or valuation.

Museum exhibits and collections:

Donated artifacts for exhibits are not recorded due to the uncertainty about the existence of value. Costs incurred to prepare and maintain exhibits are treated as expenses of the period in which they are incurred. The Organization's collections consist of photographs, historical artifacts, newspapers and publications.

Functional expenses:

The costs of providing the Organization's programs and other activities are charged directly to each program for direct expenses incurred. Any expenses that are not directly chargeable to a program or activity are allocated to program services, management and general or fundraising based on estimates as determined annually by management.

Marketing:

Marketing costs are expensed as incurred. Marketing expense for the years ended September 30, 2013 and 2012, amounted to approximately \$ 11,100 and \$ 8,400, respectively.

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes:

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "IRC") and is therefore exempt from Federal income taxation under Section 501(a) of the IRC. No provision for income taxes was recorded for the years ended September 30, 2013 or 2012 since the Organization had no significant unrelated business income.

Concentrations of credit risk:

The Organization's assets that are exposed to credit risk consist primarily of cash, investments, and grants and accounts receivables. Deposits are maintained at two financial institutions, and such deposits may, at times, exceed Federally insured limits (FDIC). Cash balances are maintained with what management believes to be high-quality financial institutions; therefore, management believes the credit risk related to these balances is minimal. The Organization invests its excess cash and maintains its investments with a high-quality financial institution; which is a member of the Securities Investor Protection Corporation (SIPC). The Organization performs periodic evaluations of this institution for relative credit standing. Management regularly monitors the composition and maturities of investments. Grants and accounts receivables consist primarily of amounts due from various local governments or individuals. Historically, the Organization has not experienced significant losses related to grants and accounts receivable, and; therefore, believes that the credit risk related to grants and accounts receivable is minimal.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Date of management's review:

The Organization has evaluated subsequent events through December 13, 2013, which is the date the financial statements were available for issuance. The Organization is not aware of material subsequent events which would require recognition or disclosure in the financial statements.

**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**NOTE 3 – GRANTS RECEIVABLE AND GRANTS REVENUE**

Grants receivable consisted of the following at September 30:

	<u>2013</u>	<u>2012</u>
Broward County Cultural Division	\$ 41,560	\$ 34,884
City of Fort Lauderdale	7,190	12,347
State of Florida	-	8,640
	<u>\$ 48,750</u>	<u>\$ 55,871</u>

Grants revenue consisted of the following at September 30:

	<u>2013</u>	<u>2012</u>
Broward County, Cultural Investment Program	\$ 80,000	\$ 59,300
Broward County, Cultural Tourism Program	21,500	25,000
Total Broward County grants	101,500	84,300
City of Fort Lauderdale, Historic Preservation Consulting Services	63,558	69,990
State of Florida, Division of Cultural Affairs	8,640	2,879
Total grant revenue	<u>\$ 173,698</u>	<u>\$ 157,169</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 1,567,898	\$ 1,567,898
Office furniture and equipment	102,794	99,783
Museum and display furniture and equipment	96,621	96,621
	<u>1,767,313</u>	<u>1,764,302</u>
Less: accumulated depreciation and amortization	788,483	742,680
	<u>\$ 978,830</u>	<u>\$ 1,021,622</u>

Depreciation and amortization expense amounted to \$ 45,803 and \$ 45,013 for the years ended September 30, 2013 and 2012, respectively.



**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**NOTE 5 - INVESTMENTS**

Investments, at fair value, are summarized as follows as of September 30:

	<u>2013</u>	<u>2012</u>
Money market funds	\$ 56,343	\$ 42,862
Mutual funds:		
Fixed Income	399,467	459,674
Equity - Large Cap	440,215	436,962
Equity - Mid Cap	94,825	-
Equity - International	72,762	94,069
Equity - Small Cap	-	45,989
	<u>\$ 1,063,612</u>	<u>\$ 1,079,556</u>

Net investment income is comprised of the following for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Net realized gains (losses)	\$ 73,141	\$ 27,692
Interest and dividend income, net of fees	29,946	32,604
Net unrealized gains (losses)	<u>(34,581)</u>	<u>81,142</u>
	<u>\$ 68,506</u>	<u>\$ 141,438</u>

Fair Value Measurements:

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, the Organization provides certain disclosures based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Organization's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- Level 1 - Inputs that are observable and reflect quoted market prices (unadjusted) for identical instruments traded in active markets.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

NOTE 5 – INVESTMENTS (continued)

- Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. An investment's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All of the investments held by the Organization as of September 30, 2013 and 2012 are valued using *Level 1* inputs, as described above.

NOTE 6 – ENDOWMENT FUND

The Organization maintains an endowment fund for which a minimum principal amount of \$ 1,000,000 must be maintained (Note 12). Distributions from the endowment fund investments are to be used for general uses and purposes, which uses and purposes may include but are not limited to the maintenance of the physical plant, buildings, facilities, fixtures, and equipment of the Organization. At September 30, 2013 and 2012, \$ 1,020,000 represents the corpus of this endowment and is reflected under permanently restricted net assets in the statements of financial position. The total balance of the fair value of the endowment fund as of September 30, 2013 and 2012 was \$ 1,063,612 and \$ 1,079,556, respectively, and was held in investments as discussed in Note 5.

Interpretation of Relevant Law:

The Organization's Board of Trustees is responsible for the oversight and management of the Organization's endowments. The Board of Trustees of the Organization has interpreted the State of Florida Uniform Prudent Management of Institutional Funds Act (the "FUPMIFA") as allowing the Organization to appropriate the expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes and duration for which the endowment funds are established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets of an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Trustees. As a result of this interpretation, the Organization classifies as permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets, unless stated otherwise in the gift instrument, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence described by FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment and spending policies of the Organization.

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2013 and 2012

NOTE 6 – ENDOWMENT FUND (continued)

Spending Policy:

Each fiscal year, the Board of Trustees shall authorize the whole or a lesser part of the “annual distribution amount.” The “annual distribution amount” shall mean an amount equal to 4% of the net value of the endowment assets as of June 30<sup>th</sup> immediately preceding the beginning of the fiscal year. In establishing this policy, the Organization and donor considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow the endowment fund to grow at a reasonable rate. This is consistent with the Organization’s objective to maintain the purchasing power of the investment endowment assets as well as to provide additional real growth through investment returns.

Return Objectives and Risk Parameters:

To achieve the above growth objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a diversified asset mix, which includes mutual funds, equity and fixed income securities, and money market funds that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the fund, if possible. Accordingly, the Organization expects its endowment assets, over time, to produce a reasonable rate of return annually. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the endowment fund to unacceptable levels of risk.

Funds with Deficiencies:

From time to time, the fair value of assets associated with the donor-restricted endowment funds may fall below the amount required to be retained permanently. In accordance with accounting principles generally accepted in the United States of America, as of September 30, 2013 and 2012, there were no funds with deficiencies or considered underwater.

The following tables present the Organization’s endowment composition, changes, and net asset classification as of and for the years ended September 30:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor - restricted endowment fund	\$ <u>43,612</u>	\$ <u>-</u>	\$ <u>1,020,000</u>	\$ <u>1,063,612</u>
	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor - restricted endowment fund	\$ <u>59,556</u>	\$ <u>-</u>	\$ <u>1,020,000</u>	\$ <u>1,079,556</u>

**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**NOTE 6 – ENDOWMENT FUND (continued)**

Changes in endowment net asset composition by type of fund as of September 30:

	2013		Total Net Endowment Assets
	Unrestricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 59,556	\$ 1,020,000	\$ 1,079,556
Investment income, net of fees	29,946	-	29,946
Expenditures	(84,450)	-	(84,450)
Net appreciation of investments	38,560	-	38,560
	<u>\$ 43,612</u>	<u>\$ 1,020,000</u>	<u>\$ 1,063,612</u>
	2012		
	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ (38,142)	\$ 1,020,000	\$ 981,858
Investment income, net of fees	32,604	-	32,604
Expenditures	(43,740)	-	(43,740)
Net appreciation of investments	108,834	-	108,834
	<u>\$ 59,556</u>	<u>\$ 1,020,000</u>	<u>\$ 1,079,556</u>

**NOTE 7 – LINE OF CREDIT**

During the year ended September 30, 2012, the Organization obtained an unsecured \$ 50,000 revolving line of credit with a financial institution through September 2013, with interest accrued monthly at the Wall Street Journal Prime rate plus 0.50% (3.75% at September 30, 2012). The line of credit was paid in full at September 24, 2013, the maturity date. Subsequent to year end, the Organization reopened its unsecured line of credit for \$ 75,000, maturing in September 2018, with interest at the Wall Street Journal Prime rate plus 0.50%. The line of credit is subject to an annual review, at each anniversary date, by the lender.

**NOTE 8 – RESTRICTED NET ASSETS**

As of September 30, 2013 and 2012, the Organization had \$ 4,005 and \$ 7,274, respectively, of temporarily restricted net assets, consisting of cash that is donor restricted for certain operating activities.

As of September 30, 2013 and 2012, the Organization's permanently restricted net assets consisted of the amounts held in its endowment fund (Notes 5 and 6).

**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**NOTE 9 – CONTRIBUTED GOODS AND FACILITIES AND SERVICES**

The Organization receives contributed goods, facilities and professional services as part of its program services and fundraising campaigns. These contributions are recorded at their estimated fair values and are reflected as in-kind donations and a corresponding expense in the accompanying statements of activities and changes in net assets. The following is a summary of the in-kind donations for the years ended September 30:

	2013	2012
Occupancy (Note 12)	\$ 158,000	\$ 158,000
Professional and other volunteer services	24,656	21,137
Special events goods and services	55,994	9,200
Labor force	32,222	-
	\$ 270,872	\$ 188,337

During the year ended September 30, 2012, the Organization received \$ 42,500 in donated inventory consisting of twenty-one paintings.

**NOTE 10 – FUNCTIONAL CLASSIFICATION OF EXPENSES**

The statements of activities and changes in net assets disclose expenses by natural classification. The following is a classification of expenses by function for the year ended September 30:

	2013	2012
Program Services:		
Education	\$ 369,760	\$ 327,379
Historical collections	199,670	176,784
Research	170,090	150,594
Fundraising	90,030	46,222
Management and general	71,203	52,306
	\$ 900,753	\$ 753,285

**NOTE 11 – EMPLOYEE BENEFIT PLAN**

The Organization sponsors a 403(b) tax deferred annuity plan (the "Plan") that covers substantially all full-time employees meeting certain eligibility requirements. The Organization matches employee deferrals up to 3% of annual compensation provided that the employee has agreed to make elective deferrals at a rate equal to at least 3% of their annual compensation. The Organization's benefit plan expense is recognized in the year in which it is incurred. The Organization made contributions to the Plan of approximately \$ 3,500 and \$ 2,100 during the years ended September 30, 2013 and 2012, respectively. These contributions are included as a component of personnel costs in the statements of activities.

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

NOTE 12 - COMMITMENTS AND CONTINGENCIES

City of Fort Lauderdale Lease:

The Organization leases five historical buildings owned by the City of Fort Lauderdale for an annual rent of \$ 1 each under a 50-year lease expiring on November 30, 2051. In accordance with its lease agreement, the Organization shall promote an active use of the buildings that will lead to their continuance, conservation and improvement in a manner appropriate to the preservation of the cultural and historic heritage of the City of Fort Lauderdale. The Organization is responsible for the operations, management, supervision, security and maintenance of the buildings and all associated costs. The Organization uses a portion of these facilities for its administrative offices and/or commercial rental. The use of these facilities for this purpose is recognized as a contribution at its estimated fair value and a corresponding expense is recorded (Note 9). Furthermore, the Organization is required to establish and maintain an endowment fund (Note 6).

Sub-Lease of Philemon Bryan House:

The Organization renewed a noncancelable two-year agreement to sub-lease the Philemon Bryan House through August 2014. Under this agreement, the Organization received \$ 31,500 for the years ending September 30, 2013 and 2012.

Granting Agencies:

In the normal course of activities, the Organization receives grants and other forms of reimbursement from various governmental agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that all of the expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of an audit would not be material.

Economic Conditions:

The Organization depends substantially on contributions and contributed services for its revenues. The ability of certain Organization contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Organization's Board of Trustees and Management believes the Organization has the resources to continue its programs, its ability to do so and extent to which it continues, may be dependent on the above factors.

NOTE 13 - CONDITIONAL PROMISE TO GIVE

During the year ended September 30, 2013, the Organization was awarded a \$ 250,000 matching pledge from a foundation. This pledge is conditional upon the Organization receiving matching funding or meeting certain other conditions between the donor and management of the Organization. During the year ended September 30, 2013, the Organization received and recognized the first installment of \$ 75,000. The Organization expects to receive \$ 100,000 during the year ended September 30, 2014 and the remaining \$ 75,000 during the year ended September 30, 2015. In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-605-25 *Not-for-Profit Entities Revenue Recognition*, conditional promises that depend on a future event occurring should not be recorded until such future event actually occurs.

FORT LAUDERDALE HISTORICAL SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

NOTE 14 - SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Cash Flow Information:

	<u>2013</u>	<u>2012</u>
Cash received during the year for - Interest and dividend income	\$ <u>21,232</u>	\$ <u>39,397</u>



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL  
SPECIAL REPORT OF CASH RECEIPTS AND CASH DISBURSEMENTS

To the Board of Trustees  
Fort Lauderdale Historical Society, Inc.  
Fort Lauderdale, Florida

We have audited the supplemental special report of cash receipts and disbursements of the Fort Lauderdale Historical Society, Inc. as of September 30, 2013. This supplemental special report is the responsibility of the Fort Lauderdale Historical Society, Inc. Our responsibility is to express an opinion on this supplemental special report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the supplemental special report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the supplemental special report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall supplemental special report presentation. We believe that our audit provides a reasonable basis for our opinion.

The supplemental special report of cash receipts and disbursements was prepared for the purpose of complying with Articles 2 and 9 of the grant agreement and the budget classifications established between the Broward Cultural Council and the Fort Lauderdale Historical Society, Inc. and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the supplemental special report of cash receipts and disbursements referred to above presents fairly, in all material respects, the recorded cash transactions and related expenditures of the Broward Cultural Council grant for the year ended September 30, 2013, in accordance with Articles 2 and 9 of the grant agreement and the budget classifications established therein relating to the expenditures of the general operating support grant. In our opinion, no funds, including interest, would be due back to the Broward Cultural Council under the terms of Article 9 of the grant agreement.

This report is intended for the information of the Board of Trustees, management of the Fort Lauderdale Historical Society, Inc., and the Broward Cultural Council and is not intended to be and should not be used by anyone other than these specified parties.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
December 13, 2013



**FORT LAUDERDALE HISTORICAL SOCIETY, INC.**  
**SUPPLEMENTAL SPECIAL REPORT - 2013 BROWARD CULTURAL**  
**COUNCIL GRANT - SCHEDULE OF CASH RECEIPTS AND**  
**DISBURSEMENTS - GENERAL OPERATING SUPPORT GRANT**  
 For the Year Ended September 30, 2013

Grant funds authorized (CINV12-2013)		\$	80,000
Grant funds received (a)			<u>59,940</u>
Net remaining funds		\$	<u><u>20,060</u></u>
Calculation of grant reimbursement:			
Allowable expenditures for year	(b)	\$	611,392
Hours of operation			2,488
General Operating Support:			
General Operating Program:			
Cost per unit of service		\$	246
Maximum cost per unit of service allowed		\$	592
Units of service purchased	(c)		135
Plus: Cost for one additional unit of service purchased		\$	<u>80</u>
Total cost of units purchased		\$	<u><u>80,000</u></u>
Excess receipts (reimbursements)		\$	<u><u>-</u></u>

- (a) Remaining funds amounting to \$ 20,060, as authorized by the grant, are collected by the Organization after the close of the year end.
- (b) Eligible expenditures for fiscal year ended September 30, 2013 include total expenditures, plus property and equipment purchases, less depreciation and amortization, in-kind donations and pass through grants.
- (c) A unit of service is defined as one hour of the contractor's operation.

See independent auditors' report on supplemental special report.

# STATE PRESERVATION GRANT

AWARD 50,000-DOLLAR FOR DOLLAR MATCH

- Reroof cost of New River Inn \$115,000
- Reroof cost of King Cromartie \$ 51,000

TOTAL COST \$166,000

State Grant - 50,000

\$ 116,000

City Request - 40,000

FLHS Must raise in Capital \$ 76,000

Amount raised to date 7,000

**\$69,000 TO GO**

**PROJECT MUST BE COMPLETE BY June 30, 2014**

MAR 18, 2014  
PROVIDED BY  
BONNIE FLYNN

BUS-1