Financial Statements

Florida Sheriffs Association

Years ended September 30, 2022 and 2021
with Report of Independent Auditors

Thomas Howell Ferguson P.A.
Certified Public Accountants

Florida Sheriffs Association

Financial Statements

Years ended September 30, 2022 and 2021

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Thomas Howell Ferguson P.A.

Certified Public Accountants

Report of Independent Auditors

Board of Directors
Florida Sheriffs Association

Opinion

We have audited the financial statements of the Florida Sheriffs Association (the Association) which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Association, as of September 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 Association 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 opinion.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Association's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibility 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 opinion. 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 Association'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 Association'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.

Report on Summarized Comparative Information

We have previously audited Florida Sheriffs Association's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of state financial assistance, as required by Chapter 10.650, Rules of the Auditor General, and the schedule of findings and questioned costs relating to state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2023 on our consideration of the Association'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 Association'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 Association's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 15, 2023

Florida Sheriffs Association

Statements of Financial Position

	September 30, 2022	2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,843,366**	$ 2,049,751
Investments, short-term	**6,804,351**	5,084,903
Accounts receivable	**841,767**	894,299
Prepaid expenses	**162,316**	307,685
Inventory	**485,562**	87,385
Note receivable, current	**191,359**	-
Total current assets	**10,328,721**	8,424,023
Certificates of deposit	**2,266,346**	2,199,447
Investments, long-term	**7,566,885**	9,988,697
Property and equipment, net	**7,120,844**	6,883,080
Note receivable, long-term	**343,351**	-
Other assets	**2,262**	2,262
Total assets	**$ 27,628,409**	$ 27,497,509
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 646,432**	$ 320,894
Deferred revenue	**320,716**	171,669
Retirement obligation, short-term	**72,299**	70,193
Other accrued liabilities	**40**	136
Total current liabilities	**1,039,487**	562,892
Long-term liabilities:		
Accrued leave liability	**253,779**	246,541
Retirement obligation, long-term	**521,768**	596,198
Total long-term liabilities	**775,547**	842,739
Total liabilities	**1,815,034**	1,405,631
Net assets:		
Without donor restrictions:		
Undesignated	**25,378,928**	25,654,377
With donor restrictions:		
Purpose restrictions	**434,447**	437,501
Total net assets	**25,813,375**	26,091,878
Total liabilities and net assets	**$ 27,628,409**	$ 27,497,509

See accompanying notes.

Florida Sheriffs Association

Statements of Activities and Changes in Net Assets

	Years ended September 30, 2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Changes in net assets:				
Revenues and other support:				
Administrative fees	$ 3,361,018	$ -	$ 3,361,018	$ 3,415,368
Dues and fees	4,672,726	-	4,672,726	4,056,233
Contributions	1,269,063	443,858	1,712,921	1,320,918
Conferences	1,331,240	-	1,331,240	784,735
Grant revenue	528,843	292,314	821,157	836,476
Investment income (loss)	(399,943)	-	(399,943)	91,820
Other revenue	121,126	-	121,126	114,353
Seminar and training revenue	75,221	-	75,221	40,250
Sales revenue	62,631	-	62,631	41,715
Loss on disposal of equipment	(2,046)	-	(2,046)	-
Net assets released from restrictions	739,226	(739,226)	-	-
Total revenues and other support	11,759,105	(3,054)	11,756,051	10,701,868
Program services:				
Training programs	2,941,670	-	2,941,670	2,402,379
Membership	3,340,106	-	3,340,106	2,363,322
Other program services	2,759,025	-	2,759,025	2,027,337
Cooperative purchasing program	1,139,118	-	1,139,118	999,351
Legal and legislative	963,535	-	963,535	685,865
Research institute	184,154	-	184,154	-
Accreditation program	146,004	-	146,004	-
Teen driving program	-	-	-	75,557
Federal 1122 program	-	-	-	85,281
Total program services	11,473,612	-	11,473,612	8,639,092
General and administrative	600,608	-	600,608	663,968
Total expenses	12,074,220	-	12,074,220	9,303,060
Change in operating net assets	(315,115)	(3,054)	(318,169)	1,398,808
Change in excess additional pension liability over unrecognized prior service cost	39,666	-	39,666	47,881
Change in net assets	(275,449)	(3,054)	(278,503)	1,446,689
Net assets at beginning of year	25,654,377	437,501	26,091,878	24,645,189
Net assets at end of year	$ 25,378,928	$ 434,447	$ 25,813,375	$ 26,091,878

See accompanying notes.

Florida Sheriffs Association

Statements of Functional Expenses

	Years ended September 30, 2022										2021
	Training Program	Membership	Other Program Services	Cooperative Purchasing Program	Legal and Legislative	Research Institute	Accreditation Program	Total Program Services	General and administrative	Total Expenses	Total Expenses
Communication and utilities	$ 16,875	$ 18,092	$ 4,781	$ 13,030	$ 4,877	$ 2,340	$ 4,679	$ 64,674	$ 10,312	$ 74,986	$ 66,321
Conference	759,521	-	-	-	-	-	-	759,521	-	759,521	95,207
Contributions	-	364,300	501,589	-	5,000	-	-	870,889	-	870,889	497,825
Depreciation	63,515	69,564	18,147	51,417	15,123	15,123	30,245	263,134	39,319	302,453	275,371
Insurance	13,902	14,467	35,005	10,023	4,986	26	73	78,482	11,344	89,826	82,418
Information technology expenses	27,382	69,806	3,376	26,474	3,806	981	2,079	133,904	7,261	141,165	182,830
Law enforcement operations direct support	-	-	1,486,836	-	-	-	-	1,486,836	-	1,486,836	921,647
Membership dues and subscriptions	900	750	229	2,265	19,847	-	50	24,041	6,982	31,023	28,836
Plaques and awards	10,942	5,659	50,000	-	689	-	-	67,290	663	67,953	148,963
Postage	463	611,837	109	11	606	(858)	(1,716)	610,452	209	610,661	533,537
Printing and publications	15,518	222,954	5,464	14,737	23,946	252	1,909	284,780	4,144	288,924	331,676
Professional services	37,768	84,299	363,551	494,208	468,923	64,164	3,953	1,516,866	63,026	1,579,892	1,270,137
Membership acquisition and fulfillment	-	1,028,370	-	-	-	-	-	1,028,370	-	1,028,370	670,575
Rent	6,751	7,217	1,911	5,178	1,998	845	1,688	25,588	4,119	29,707	31,842
Repairs and maintenace	26,976	29,050	7,657	21,036	7,514	4,292	8,584	105,109	16,528	121,637	152,594
Resale supplies	-	163	22	-	-	-	-	185	-	185	100,680
Salaries and benefits	936,210	747,091	245,088	457,632	349,933	90,885	67,669	2,894,508	361,611	3,256,119	2,760,924
Supplies and other miscellaneous	15,981	17,865	4,645	12,936	3,908	3,552	7,103	65,990	28,397	94,387	112,907
Taxes and fees	14,423	44,691	1,341	(55)	18	19	36	60,473	27,997	88,470	66,027
Training and seminars	946,215	-	8,104	-	-	-	-	954,319	-	954,319	882,400
Travel, meetings, and events	48,328	3,931	21,170	30,226	52,361	2,533	19,652	178,201	18,696	196,897	90,343
	$ 2,941,670	$ 3,340,106	$ 2,759,025	$ 1,139,118	$ 963,535	$ 184,154	$ 146,004	$ 11,473,612	$ 600,608	$ 12,074,220	$ 9,303,060

See accompanying notes.

Florida Sheriffs Association

Statements of Cash Flows

	Years ended September 30, 2022	2021
Operating activities		
Change in net assets	**$ (278,503)**	$ 1,446,689
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**302,453**	275,370
Loss on disposal of assets	**2,046**	-
Losses on investments	**605,534**	156,841
Changes in operating assets and liabilities		
Accounts receivable	**52,532**	123,336
Prepaid expenses	**145,369**	(165,918)
Inventory	**(398,177)**	(25,747)
Accounts payable	**325,538**	(204,491)
Deferred revenue	**149,047**	(20,756)
Retirement obligation	**(72,324)**	(71,961)
Other accrued liabilities	**7,238**	(48,633)
Accrued leave liability	**(96)**	12
Net cash provided by operating activities	**840,657**	1,464,742
Investing activities		
Purchases of property and equipment	**(542,263)**	(575,582)
Purchases of investments	**(5,045,069)**	(7,432,191)
Sale of investments	**5,075,000**	5,764,207
Net cash used in investing activities	**(512,332)**	(2,243,566)
Financing activities		
Note receivable to Sheriff's office, net	**(534,710)**	-
Net cash used in financing activities	**(534,710)**	-
Net decrease in cash and cash equivalents	**(206,385)**	(778,824)
Cash and cash equivalents at beginning of year	**2,049,751**	2,828,575
Cash and cash equivalents at end of year	**$ 1,843,366**	$ 2,049,751

See accompanying notes.

1. Nature of Operations and Significant Accounting Policies

The Florida Sheriffs Association (the Association) is a not-for-profit entity organized exclusively for educational and charitable purposes. The Association seeks to foster the effectiveness of the Office of Sheriff through leadership, innovative practices, legislative initiatives, education, and training. The Association's strategic plan outlines its major goals, which include protecting Florida's youth, providing timely and effective service to the 67 sheriffs of Florida, promoting public safety through the legislative process, promoting the activities of sheriffs, and effectively managing the Association's resources. Revenue is mainly generated from membership dues and the cooperative purchasing programs.

Basis of Accounting

The Association uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Effective October 1, 2020, the Association has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* as the Financial Accounting Standards Board (FASB) believes the standard improves the usefulness and understandability of the Association's financial reporting. The adoption of the standard had no effect on previously reported financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds. The financial instruments exposed to concentrations of credit risk consist primarily of its cash and cash equivalents. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Investments

Investments are in certificates of deposit and are recorded at fair market value. Terms of certificates of deposit vary up to five years. Certificates of deposit with maturities of less than one year from the financial statement date are classified as short-term.

1. Nature of Operations and Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consists primarily of cooperative purchasing program revenue earned during the period and Crisis Intervention Team grant revenue for services provided and reimbursable at year end. Receivables are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for doubtful accounts based on factors including experience and the current economic environment. Accounts are charged against the allowance when deemed uncollectible. Management has determined that any losses would be immaterial; therefore, they have recorded no allowance for doubtful accounts.

Inventory

Inventory consists of various items given to members upon membership renewal as well as items offered for resale (i.e. license plate frames and tags, lapel pins, and history books). Inventory is recorded at the lower of cost (first-in, first-out) or net realizable value.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives (3 - 40 years) of the individual assets. Generally, property and equipment purchases over $3,000 are capitalized. Repairs are expensed as incurred. The Florida Sheriffs Law Enforcement Memorial is considered a work of art or historical treasure with an indefinite life and is not depreciated.

Revenue Recognition

Sheriffs' membership dues are recognized as revenue during the period for which they are assessed. All other membership dues are recognized as revenue in the period which payment is received due to the absence of any significant continued service obligation. Administrative fee revenue is recognized in the period the vendor service is provided to the customer. Conference and seminar revenues are recognized as income in the period that the conferences and seminars are held. Contributions are recognized as revenue at the earlier of when promised or received.

Contributions

The Association reports gifts of cash and other assets as restricted support if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At September 30, 2022, net assets with donor restrictions are comprised of $179,363 related to scholarships and $255,084 related to specialty license plates.

1. Nature of Operations and Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function and contains certain categories of expenses that are attributable to the program or supporting functions of the Association. These expenses, such as salaries, are allocated based on estimates of time and effort by the individual. Other expenses, such as contributions and conference food and hospitality, are allocated on a direct method for expenses directly related to the program.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, the Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as such, is liable for income taxes only on business income unrelated to the purpose for which it is exempt. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for the years ended September 30, 2018 and prior.

Advertising

Advertising costs are charged to operations when incurred.

Subsequent Events

The Association has evaluated subsequent events through March 15, 2023, the date the financial statements were available to be issued. During the period from September 30, 2022 to March 15, 2023, the Association did not have any material recognizable subsequent events.

Use of Estimates

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

2. Available Resources and Liquidity

The Association receives administrative fees, conference registration fees, contributions, membership dues, and investment income and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. The Association manages its liquidity to meet 180 days of operating expenses.

The table below presents financial assets available for general expenditures within one year at September 30:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	**$ 1,843,366**	$ 2,049,751
Investments, short-term	**6,804,351**	5,084,903
Accounts receivable	**841,767**	894,299
Prepaid expenses	**162,316**	307,685
Total financial assets	**9,651,800**	8,336,638
Less: net assets with donor restrictions	**(434,447)**	(437,501)
Financial assets available to meet general expenditures within one year	**$ 9,217,353**	$ 7,899,137

3. Accounts Receivable

Accounts receivable consists of the following at September 30:

	2022	2021
Administrative fee receivable	**$ 625,801**	$ 665,339
Grants receivable	**99,334**	127,285
Product inventory receivable	**23,115**	25,950
Other receivables	**93,517**	75,725
	$ 841,767	$ 894,299

4. Property and Equipment, Net

The major components of property and equipment are as follows:

	September 30, 2022	2021
Buildings	**$ 6,801,537**	$ 6,801,537
Furniture and equipment	**1,163,058**	850,278
Vehicles	**165,594**	107,316
Land improvements	**47,372**	47,372
Software	**442,695**	442,695
Total depreciable property and equipment	**8,620,256**	8,249,198
Accumulated depreciation	**(2,294,811)**	(2,051,080)
Total depreciable property and equipment, net	**6,325,445**	6,198,118
Law enforcement memorial	**442,173**	442,173
Land	**102,182**	102,182
Software development in process	**251,044**	140,607
Total property and equipment, net	**$ 7,120,844**	$ 6,883,080

Depreciation expense totaled $302,453 and $275,370 for the years ended September 30, 2022 and 2021, respectively.

5. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

5. Investments (continued)

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Investments consist of the following at September 30, 2022:

	Cost	Unrealized Gains (Losses)	Market and Carrying Value	Level 2
Brokered certificates of deposits	**$ 14,911,438**	**$ (540,202)**	**$ 14,371,236**	**$ 14,371,236**

Investments consist of the following at September 30, 2021:

	Cost	Unrealized Gains (Losses)	Market and Carrying Value	Level 2
Brokered certificates of deposits	$ 15,008,268	$ 65,332	$ 15,073,600	$ 15,073,600

Investment income consists of the following:

	Years ended September 30, 2022	2021
Change in unrealized (loss) gain	**$ (605,534)**	$ (156,841)
Realized gains (loss)	**9,081**	24,944
Interest income	**196,510**	223,717
	$ (399,943)	$ 91,820

6. Note Receivable

The note receivable consists of the following at September 30, 2022:

Law Enforcement Equipment Lease Purchase Agreement: Dated June 15, 2022. Principal and accrued interest at 1.83% are due in monthly payments of $16,627 through June 15, 2025 at which time the title of the equipment will have fully vested to the lessee.	$ 534,710
Less: current portion	(191,359)
	$ 343,351

7. Deferred Revenue

Deferred revenue is comprised of the following:

	September 30, 2022	2021
Conference sponsorships	**$ 308,194**	$ 151,400
Conference registrations	**6,400**	8,100
Advertising	**6,122**	12,169
	$ 320,716	$ 171,669

The following table provides significant changes in deferred revenue for the years ended September 30,

	2022	2021
Deferred revenue, beginning of year	**$ 171,669**	$ 192,425
Conference sponsorship recognized	**(151,400)**	(160,000)
Advertising revenue recognized	**(12,169)**	(32,425)
Conference registration revenue recognized	**(8,100)**	-
Collections for future conferences	**314,594**	159,500
Collections for future advertising	**6,122**	12,169
Deferred revenue, end of year	**$ 320,716**	$ 171,669

8. Employee Benefit Plans

Defined Contribution Plan

The Association maintains a 403(b) plan. All employees who have reached the age of 21 are eligible to participate in the plan. The Association makes an employer contribution to all full-time employee participants equal to 7% of their annual salary. In addition, the Association matches 100% of full-time employee deferrals up to 3% of the employee's compensation. Participant contributions vest immediately while employer contributions vest after one year of employment.

Supplemental Executive Retirement Plan

The Association also administers a supplemental executive retirement plan (SERP) for one individual, established to provide retirement income payments or survivor benefits in the event of death prior to retirement age for a key employee.

Following are reconciliations of the pension benefit obligation and the value of the plan assets for the years ended September 30:

8. Employee Benefit Plans (continued)

Supplemental Executive Retirement Plan (continued)

SERP pension benefit obligation:

	2022	2021
Balance at the beginning of the year	**$ 666,391**	$ 738,352
Interest cost	**9,279**	7,676
Actuarial loss	**(11,410)**	(11,488)
Benefits paid	**(70,193)**	(68,149)
Balance at the end of the year	**$ 594,067**	$ 666,391

Change in SERP plan assets:

	2022	2021
Fair value at the beginning of the year	**$ -**	$ -
Employer contributions	**70,193**	68,149
Benefits paid	**(70,193)**	(68,149)
Fair value at the end of the year	**$ -**	$ -

At September 30, the unfunded status of the SERP plan follows:

	2022	2021
Accrued pension cost	**$ 425,815**	$ 458,473
Unrecognized net actuarial loss	**168,252**	207,918
Unfunded SERP pension obligation	**$ 594,067**	$ 666,391

For the years ended September 30, the following weighted-average rates were used:

	2022	2021
Interest rate used to calculate net periodic pension cost	**2.80%**	2.80%
Interest rate used to calculate year end disclosure information	**4.78%**	1.47%
Rate of expected return on plan assets	**3.50%**	3.50%

SERP pension expense for the years ended September 30, is comprised of the following:

	2022	2021
Interest cost	**$ 9,279**	$ 7,676
Recognized net actuarial loss	**28,256**	36,393
SERP pension expense	**$ 37,535**	$ 44,069

8. Employee Benefit Plans (continued)

Supplemental Executive Retirement Plan (continued)

The expected benefit payments for the Association's supplemental executive retirement plan for the fiscal years indicated are as follows:

Expected benefit payments for the fiscal year ended September 30:

2023	$ 72,299
2024	74,468
2025	76,702
2026	79,003
2027	81,373
2028-2032	350,646
Total	$ 734,491

The accumulated benefit obligation was $594,067 at September 30, 2022.

Contributions for the fiscal year beginning October 1, 2022 are not available until that valuation report is completed. However, a reasonable projection of the minimum contribution for the fiscal year beginning October 1, 2022 would be $72,299.

Total retirement expense for all plans for the year ended September 30, 2022 was $196,072.

9. Operating Leases

The Association leases office equipment under operating leases that expire through 2028. Total rent expense for the year ended September 30, 2022 was $29,707.

Minimum lease payments under non-cancellable operating leases are as follows for years ending September 30:

Year	Amount
2023	$ 21,881
2024	18,649
2025	12,168
2026	7,620
Thereafter	1,905
	$ 69,843

10. Florida Sheriffs Youth Ranches, Inc. and Florida Sheriffs Explorers Association

The Association solicits funds for the Florida Sheriffs Youth Ranches, Inc. (the FSYR) and the Florida Sheriffs Explorers Association (FSEA) through its honorary membership program. Renewal requests clearly indicate that additional sums are being solicited and that they will be forwarded to the FSYR and FSEA for their support. Donations received directly by the Association for the FSYR were $348,388 and $267,156 for the years ended September 30, 2022 and 2021, respectively. Donations received directly by the Association for the FSEA were $15,912 and $12,016 for the years ended September 30, 2022 and 2021, respectively. These donations are recorded gross in restricted contributions and membership in the accompanying statements of activities and changes in net assets. Amounts due to the FSYR were $522 and $3,281 at September 30, 2022 and 2021, respectively. Amounts due to the FSEA were $15,012 and $11,116 at September 30, 2022 and 2021, respectively.

11. Commitments and Contingencies

The Association received 28.6% of its revenues from cooperative purchasing program revenues and 40% of its revenues from membership dues during the year ended September 30, 2022.

During the ordinary course of business, the Association executes agreements with hotels and conference centers for future events. These agreements contain financial penalties for termination of the contract, as well as minimum financial guarantees related to room and food/beverage sales. In the case of an unforeseen cancellation, as of September 30, 2022, the potential penalties totaled $433,805. As of March 15, 2023, management has no intentions to terminate any of the existing agreements.

12. Related Party Transactions

The Florida Sheriff's Risk Management Fund (FSRMF), an affiliated entity, contributes to the Association $750,000 in order to support its mission and cover various expenses. Additionally, Florida Sheriffs Employee Benefits Trust (FSEBT), an affiliated entity of the Association, pays the Association an annual amount based on a January 2021 agreement. For the years ended September 30, 2022 and 2021, revenue from the FSEBT agreement was $40,000.

Other Reports

Thomas Howell Ferguson P.A.

Certified Public Accountants

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Florida Sheriffs Association

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 Florida Sheriffs Association (the Association), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 15, 2023

Thomas Howell Ferguson P.A.

Certified Public Accountants

Report of Independent Auditors on Compliance for the Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Auditor General*

Board of Directors
Florida Sheriffs Association

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Florida Sheriffs Association's (the Association) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the Association's major state project for the year ended September 30, 2022. The Association's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended September 30, 2022.

Basis for Opinion on the Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards and the Chapter 10.650, *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major state program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Association's state project.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Chapter 10.650, *Rules of the Auditor General*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Association’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 15, 2023

Florida Sheriffs Association

Schedule of Expenditures of State Financial Assistance

Year ended September 30, 2022

Grantor/Pass through Grantor/Project Title	CSFA Number	Contract Number	Total Expenditures
State Finanacial Assistance			
Florida Department of Legal Affairs and Office of Attorney General			
Florida Sheriffs Association	41.021	K05171	$ 429,997
Florida Sheriffs Association	41.021	K05338	102,299
Florida Department of Highway Safety and Motor Vehicles			
Florida Sheriffs Association	76.139	FL Statute 320.08058	301,281
Total Expenditures of Sate Financial Assistance			$ 833,577

Note 1 - This schedule of expenditures of state financial assistance (the Schedule) includes the State grant activity of Florida Sheriffs Association (the Association) under projects of the State of Florida for the year ended September 30, 2022, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. Because this schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

Note 2 - Expenditures reported on this Schedule are reported on the modified accrual basis of accounting. Fixed assets are included in the Schedule in the period in which they are purchased and placed in service. Depreciation expense is not included in the Schedule.

Note 3 - Interest earned on certain grant funds are applied to the applicable program. Therefore, certain grant expenditures may exceed award amount.

Note 4 - Grant monies received and disbursed by the Association are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Association does not believe that such disallowance, if any, would have a material effect on the financial position of the Association. As of September 30, 2022, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note 5 - The Association did not receive any state noncash assistance for the fiscal year ended September 30, 2022.

See report of independent auditors.

Florida Sheriffs Association

Schedule of Findings and Questioned Costs
Relating to State Financial Assitance

Year ended September 30, 2022

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

State Projects

Type of auditor's report issued on compliance for state projects?	Unmodified
Internal control over state projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*?	No

Identification of major state projects:

CSFA Number	State Project
41.021	Florida Sheriffs Association

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low risk auditee?	Yes

(continued)

Section II -- Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operation that we considered to be significant deficiencies and/or material weaknesses required to be reported in accordance with *Government Auditing Standards.*

Section III -- Findings and Questioned Costs-Major State Projects

This section identifies audit findings required to be reported by Chapter 10.650, *Rules of the Auditor General* (for example, significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving state awards that are material to a major project. We noted no such matters required to be reported in accordance with the provisions outlined above.

Section IV -- Other Matters

No matters were reported.

See report of independent auditors.