

# Friends of Rainbow Springs State Park, Inc.

Financial Statements  
and  
Independent Auditors' Reports

December 31, 2015

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**Kattell and Company, P.L.**  
*Certified Public Accountants Serving the Nonprofit Community*

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Friends of Rainbow Springs State Park, Inc.

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**REPORT ON THE FINANCIAL STATEMENTS**

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We have audited the accompanying financial statements of Friends of Rainbow Springs State Park, Inc. (FORS), which comprise the statements of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the six months 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion.** In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FORS, as of December 31, 2015, and the changes in its net assets and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information.** We have previously audited FORS' June 30, 2015, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2016, on our consideration of FORS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 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 FORS' internal control over financial reporting and compliance.

*Kattell and Company, P.L.*

April 11, 2016  
Gainesville, Florida

“Not everything that counts can be counted, and not everything that can be counted counts.”

Albert Einstein

**Statement of Financial Position**  
**December 31, 2015**  
**(with summarized information for June 30, 2015)**  
**Friends of Rainbow Springs State Park, Inc.**

	December 31, <u>2015</u>	June 30, <u>2015</u>
<b>Assets</b>		
Cash on Hand	\$ 1,250	\$ 1,050
Cash – Checking	176,708	170,753
Cash – Money Market	110,988	110,960
Cash – Certificates of Deposit	323,590	322,863
Inventory	28,449	24,826
Equipment, Net	<u>10,909</u>	<u>11,542</u>
<b>Total Assets</b>	<b><u>\$ 651,894</u></b>	<b><u>\$ 641,994</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts Payable	\$ 35,437	\$ --
Net Assets:		
Unrestricted:		
Designated for Capital Replacement	60,106	60,106
Designated for Capital Improvement	420,818	420,818
Undesignated	<u>135,533</u>	<u>157,091</u>
Total Unrestricted	616,457	638,015
Temporarily Restricted	<u>--</u>	<u>3,979</u>
<b>Total Net Assets</b>	<b><u>616,457</u></b>	<b><u>641,994</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 651,894</u></b>	<b><u>\$ 641,994</u></b>

See accompanying notes.

**Statement of Activities**  
**For The Six Months Ended December 31, 2015**  
**(with summarized information for the year ended June 30, 2015)**  
**Friends of Rainbow Springs State Park, Inc.**

	December 31, 2015			June 30, 2015
	Unrestricted	Temporarily Restricted	Totals	Totals
<b>Revenues and Other Support:</b>				
Sales	\$ 83,442	\$ --	\$ 83,442	\$ 149,717
Cost of Sales	(44,372)	--	(44,372)	(79,217)
Net Sales	39,070	--	39,070	70,500
Park Events	6,628	--	6,628	9,821
Cost of Park Events	(9,277)	--	(9,277)	(11,507)
Net Park Events	(2,649)	--	(2,649)	(1,686)
Grants	--	--	--	621
Donations	1,291	--	1,291	2,886
Memberships	838	--	838	2,342
Interest Income	756	--	756	1,277
Miscellaneous	120	--	120	743
Net Assets Released from Restrictions:		--		
Satisfaction of Purpose Restrictions	3,979	(3,979)	--	--
<b>Net Revenues and Other Support</b>	<b>43,405</b>	<b>(3,979)</b>	<b>39,426</b>	<b>76,683</b>
<b>Expenses:</b>				
Program Services:				
Park Support	56,662	--	56,662	80,928
Supporting Activities:				
Management and General	8,200	--	8,200	17,352
Fund Raising	101	--	101	2,698
<b>Total Expenses</b>	<b>64,963</b>	<b>--</b>	<b>64,963</b>	<b>100,978</b>
<b>Change In Net Assets</b>	<b>(21,558)</b>	<b>(3,979)</b>	<b>(25,537)</b>	<b>(24,295)</b>
<b>Net Assets, Beginning of Year</b>	<b>638,015</b>	<b>3,979</b>	<b>641,994</b>	<b>666,289</b>
<b>Net Assets, End of Year</b>	<b>\$ 616,457</b>	<b>\$ --</b>	<b>\$ 616,457</b>	<b>\$ 641,994</b>

See accompanying notes.

**Statement of Functional Expenses**  
**For The Six Months Ended December 31, 2015**  
**(with summarized information the year ended June 30, 2015)**  
**Friends of Rainbow Springs State Park, Inc.**

	PROGRAM SERVICES			SUPPORTING ACTIVITIES		TOTAL	TOTAL
	PARK SUPPORT	PARK EVENTS	COST OF SALES	MANAGEMENT AND GENERAL	FUND RAISING		
	December 31, 2015						June 30, 2015
Advertising	\$ 150	\$ --	\$ --	\$ --	\$ --	\$ 150	\$ 488
Office	--	--	--	2,314	--	2,314	5,778
Cost of Goods Sold	--	--	42,210	--	--	42,210	77,077
Credit Card Fees	--	--	2,162	--	--	2,162	2,140
Depreciation	1,407	--	--	--	--	1,407	2,047
Dues and Subscriptions	--	--	--	--	--	--	40
Insurance	--	--	--	--	--	--	1,189
Engraving Brick Pavers	--	--	--	--	20	20	80
Licenses and Taxes	--	--	--	340	--	340	340
Park Improvement Projects:	--	--	--	--	--	--	--
Garden Maintenance	7,210	--	--	--	--	7,210	23,599
Construction and Maintenance	1,245	--	--	--	--	1,245	12,930
Mobi Mats	32,864	--	--	--	--	32,864	--
Pontoon Boat Maintenance	67	--	--	--	--	67	766
Radios	903	--	--	--	--	903	--
Truck/Tractor	7,050	--	--	--	--	7,050	32,139
Golf Carts	5,300	--	--	--	--	5,300	7,443
Postage and Printing	--	--	--	237	--	237	1,527
Professional Fees	100	--	--	3,076	--	3,176	6,177
Supplies	366	9,277	--	2,233	81	11,957	17,942
<b>TOTALS</b>	<b>\$ 56,662</b>	<b>\$ 9,277</b>	<b>\$ 44,372</b>	<b>\$ 8,200</b>	<b>\$ 101</b>	<b>\$ 118,612</b>	<b>\$ 191,702</b>

See accompanying notes.

**Statement of Cash Flows**  
**For The Six Months Ended December 31, 2015**  
**(with summarized information for the year ended June 30, 2015)**  
**Friends of Rainbow Springs State Park, Inc.**

	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (25,537)	\$ (24,295)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,407	2,047
Changes In:		
Inventory	(3,623)	1,813
Accounts Payable	<u>35,437</u>	<u>(752)</u>
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>7,684</b>	<b>(21,187)</b>
Cash Flows from Investing Activities:		
Purchase of Equipment	<u>(774)</u>	<u>(899)</u>
<b>Net Change in Cash</b>	<b>6,910</b>	<b>(22,086)</b>
<b>Cash, Beginning of Year</b>	<b><u>605,626</u></b>	<b><u>627,712</u></b>
<b>Cash, End of Year</b>	<b><u>\$ 612,536</u></b>	<b><u>\$ 605,626</u></b>

Reconciliation to Cash on the Statements of Financial Position

	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Cash on Hand	\$ 1,250	\$ 1,050
Cash – Checking	176,708	170,753
Cash – Money Market	110,988	110,960
Cash – Certificates of Deposit	<u>323,590</u>	<u>322,863</u>
<b>Total Cash</b>	<b><u>\$ 612,536</u></b>	<b><u>\$ 605,626</u></b>

See accompanying notes.

**Notes to the Financial Statements**  
**As of and for the Six Months Ended December 31, 2015**  
**(with summarized information for the year ended June 30, 2015)**  
**Friends of Rainbow Springs State Park, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Friends of Rainbow Springs State Park, Inc. (FORS) is a nonprofit corporation established under Chapter 617, Florida Statutes. FORS promotes community involvement in support of the Florida Park Service in its efforts to preserve, protect and perpetuate the treasure of Rainbow Springs. The activities are aimed at ensuring optimal funding to support the park.

The financial statements of the Friends of Rainbow Springs State Park, Inc. have been prepared on the accrual basis of accounting. Other significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

FORS changed its year end from June 30 to December 31 by preparing these financial statements for the period from July 1, 2015 to December 31, 2105.

Tax Exemption

FORS is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business income. Therefore, no provision for income taxes is reflected in the accompanying statements. In addition, FORS has been classified by the Internal Revenue Service as an organization that is not a private foundation and qualifies for the charitable contribution deduction. FORS is operated exclusively for charitable, scientific and educational purposes. FORS holds no uncertain tax positions and, therefore, has no policy for evaluating them.

Cash

Cash consists of cash on hand, a demand deposit account, money market accounts, and certificates of deposit. At times such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At December 31, 2015, and June 30, 2015, there were no amounts held in excess of FDIC insurance coverage.

Inventory

FORS reports inventory at the lower of cost or market. Cost is determined using the first-in, first-out method.

Equipment

Equipment is valued at cost if purchased, or estimated fair value at the date of donation. FORS capitalizes all equipment with a value of \$500 or more. Depreciation is computed using the straight-line method over estimated useful lives of five to ten years. Equipment donated to FORS is recorded as support on the date received.

Donated Materials and Services

Donated materials are reported as contributions and expenses at their estimated fair values at date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. FORS assigns most expenses directly to the benefited function.

Program services include the expenses of park support activities and cost of sales. Park support includes park improvement and maintenance projects such as greenhouse operation, providing educational activities and donating materials for facility improvements. Management and general expenses include all activities required to conduct the affairs of FORS which are not allocable to other functional areas. Fund raising expenses include costs of purchasing and engraving leaf and brick displays with donors' names, and costs of donor appreciation events.

**Notes to Financial Statements**  
**As of and for the Six Months Ended December 31, 2015**  
**(with summarized information for the year ended June 30, 2015)**  
**Friends of Rainbow Springs State Park, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

Use of Estimates

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

**NOTE 2 – EQUIPMENT**

Equipment consists of the following:

	December 31, 2015	June 30, 2015
Boat and Trailer	\$ 11,672	\$ 11,672
Office Equipment	8,422	8,422
Concession Equipment	1,998	1,998
Gift Shop Equipment	1,483	1,418
<b>TOTAL</b>	<b>23,575</b>	<b>23,510</b>
Accumulated Depreciation	(12,666)	(11,968)
<b>NET</b>	<b>\$ 10,909</b>	<b>\$ 11,542</b>

**NOTE 3 – DESIGNATED NET ASSETS**

At its October 2007 meeting, the Board of Directors of FORS identified a portion of its net assets for the following purposes:

*Capital Replacement* – the Board is holding cash (or investments) to be used for replacement of its property and equipment.

*Capital Improvement* – the Board is holding cash in a money market account and in certificates of deposit that will be used to provide a match for its next PIP (Partnerships In Park) grant from the State Department of Environmental Protection.

**NOTE 4 – NET SALES**

Net Sales consists of the following:

	<u>For the Six Months Ended December 31, 2015</u>		
	Revenues	Expenses	Net
Concessions & Coke Vending	\$ 30,848	\$ 15,275	\$ 15,573
Gift Shop	52,506	28,927	23,579
Crafty Ladies	88	170	(82)
<b>TOTAL</b>	<b>\$ 83,442</b>	<b>\$ 44,372</b>	<b>\$ 39,070</b>
	<u>For the Year Ended June 30, 2015</u>		
	Revenues	Expenses	Net
Concessions & Coke Vending	\$ 58,740	\$ 30,623	\$ 28,117
Gift Shop	88,611	46,559	42,052
Crafty Ladies	2,366	2,035	331
<b>TOTAL</b>	<b>\$ 149,717</b>	<b>\$ 79,217</b>	<b>\$ 70,500</b>

**Notes to Financial Statements**  
**As of and for the Six Months Ended December 31, 2015**  
**(with summarized information for the year ended June 30, 2015)**  
**Friends of Rainbow Springs State Park, Inc.**

**NOTE 5 – PARK EVENTS**

FORS sponsors the following events in order to generate interest in the park and its activities.

	<u>For the Six Months Ended December 31, 2015</u>		
	Revenues	Expenses	Net
Santa Over the Rainbow	\$ 5,915	\$ 8,782	\$ (2,867)
Art Shows	693	--	693
Halloween Event	20	495	(475)
<b>TOTAL</b>	<b><u>\$ 6,628</u></b>	<b><u>\$ 9,277</u></b>	<b><u>\$ (2,649)</u></b>
	<u>For the Year Ended June 30, 2015</u>		
	Revenues	Expenses	Net
Santa Over the Rainbow	\$ 4,537	\$ 8,532	\$ (3,995)
Cracker Days	1,889	2,754	(865)
Art Shows	2,543	--	2,543
Sunflower Festival	266	--	266
Halloween Event	279	--	279
Heritage Festival	250	221	29
Kindergarten Day	57	--	57
<b>TOTAL</b>	<b><u>\$ 9,821</u></b>	<b><u>\$ 11,507</u></b>	<b><u>\$ (1,686)</u></b>

**NOTE 6 – DONATED MATERIALS, SERVICES AND FACILITIES**

FORS has no staff and is operated by volunteers. Volunteers contribute approximately 15,000 hours annually to support visitor services. These services include operations of the gift shop and concessions as well as special events. No amounts have been reflected in the financial statements for volunteer services since the recognition criteria were not met. All activities are conducted on the premises and for the benefit of Rainbow Springs State Park.

**NOTE 7 – SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**NOTE 8 – SUBSEQUENT EVENTS**

FORS has evaluated events and transactions for potential recognition or disclosure through April 11, 2016, which is the date the financial statements were available to be issued.

# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

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## **Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters**

To the Board of Directors  
Friends of Rainbow Springs State Park, Inc.

April 11, 2016

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of Rainbow Springs State Park, Inc. (FORS) as of and for the six months ended December 31, 2015, and the related notes to the financial statements, which collectively comprise FORS' basic financial statements, and have issued our report thereon dated April 11, 2016.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FORS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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 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. We consider the deficiency described in the accompanying schedule of findings as Finding 2015-006 to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings as Finding 2015-007 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of 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 determination of financial statement amounts. 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*.

### FORS' Response to Finding

FORS' response to the findings identified in our audit is described in the accompanying letter. FORS' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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.

*Kattell and Company, P.L.*

**Schedule of Findings**  
**As of and for the Six Months Ended December 31, 2015**  
**Friends of Rainbow Springs State Park, Inc.**

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**Material Weakness**

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**2015-006 Cut-off of Cash at Year-end**

***Finding*** - During our testing of cash, we noted that there were checks written after the end of the period that were dated as of period-end, resulting in a material adjustment.

***Recommendation*** - FORS should always date their checks as of the day they are written. At the end of the year, if there are outstanding payables, they should be recorded as accounts payable.

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**Significant Deficiency**

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**2015-007 Accuracy of Cash In-take Forms**

***Finding*** - We performed tests on the Cash In-take forms and noted several errors in their completion. Specifically, we noted one form where a Concession Stand cash overage was added to the cash deposited instead of subtracted from it to reach the sales balance. This also caused the sales tax calculation to be incorrect. We also noted one form that had incorrect Gift Store figures due to math errors on the Gift Store summary schedule. These errors effect the journal entries for recording the sales transactions.

***Recommendation*** - FORS should review their procedures for completing the Cash In-take forms. More care should be taken in completing the forms, including reviewing the information that creates the Cash In-take forms data. The Cash In-take forms, as well as the Gift Shop summary schedule and the Concession Stand Over/Under Report, should be checked for mathematical accuracy prior to recording in the General Ledger.

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**Other Recommendations**

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**2015-008 Interest Rates on Certificates of deposit**

***Finding and Recommendation*** - We noted that the current interest rates on certificates of deposit held by FORS are extremely low. Although rates are low in general, we recommend that FORS search or negotiate for higher interest rates. Refer to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), Chapter 617 of the Florida Statutes for rules for prudently managing and investing funds.

*Note that findings 2015-001 through 2015-005 were reported in the Schedule of Findings for the year ended June 30, 2015.*



KATTEL & Company

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April 12, 2016

2015-001

The Board President reviews and initials the bank statement.

2015-002

Counter and Treasurer will review the procedures for counting money and take greater care in the process will be employed. The Treasurer will look into each envelope to be sure no checks are left undeposited.

2015-003

For the previous 10 years the Treasurer has written checks after the end of the year knowing that the merchandise was counted in the inventory. The Treasurer will change the procedure to put such late invoices into an account payable category.

Diane M. Kahler, Treasurer

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***FORS is a nonprofit 501(c)3 organization. Donations are tax exempt to the extent allowed by law.***