

Friends of Rainbow Springs State Park, Inc.

Financial Statements
and
Independent Auditors' Reports

December 31, 2016

Contents

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters	9
Schedule of Findings	10
Organization's Response to Auditors' Findings	11

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.

REPORT ON THE FINANCIAL STATEMENTS

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, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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, 2016, and the changes in its net assets and its cash flows for the year 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' financial statements for the six months ended December 31, 2015, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the six months ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2017, 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.

May 8, 2017
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, 2016
(with summarized information December 31, 2015)
Friends of Rainbow Springs State Park, Inc.

	<u>2016</u>	<u>2015</u>
Assets		
Cash on Hand	\$ 1,250	\$ 1,250
Cash – Checking	138,128	176,708
Cash – Money Market	111,044	110,988
Cash – Certificates of Deposit	325,062	323,590
Inventory	28,300	28,449
Equipment, Net	15,185	10,909
Total Assets	\$ 618,969	\$ 651,894
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 510	\$ 35,437
Net Assets:		
Unrestricted:		
Designated for Capital Replacement	60,106	60,106
Designated for Capital Improvement	420,818	420,818
Undesignated	137,535	135,533
Total Unrestricted	618,459	616,457
Total Net Assets	618,459	616,457
Total Liabilities and Net Assets	\$ 618,969	\$ 651,894

See accompanying notes.

Statement of Activities
For The Year Ended December 31, 2016
(with summarized information for the six months ended December 31, 2015)
Friends of Rainbow Springs State Park, Inc.

	2016			2015
	Unrestricted	Temporarily Restricted	Totals	Totals
Revenues and Other Support:				
Sales	\$ 205,390	\$ --	\$ 205,390	\$ 83,442
Cost of Sales	(97,717)	--	(97,717)	(44,372)
Net Sales	107,673	--	107,673	39,070
Park Events	2,365	--	2,365	6,628
Cost of Park Events	(2,224)	--	(2,224)	(9,277)
Net Park Events	141	--	141	(2,649)
Grants	250	--	250	--
Donations	3,465	--	3,465	1,291
Memberships	1,720	--	1,720	838
Interest Income	1,528	--	1,528	756
Miscellaneous	1,489	--	1,489	120
Net Revenues and Other Support	116,266	--	116,266	39,426
Expenses:				
Program Services:				
Park Support	99,199	--	99,199	56,662
Supporting Activities:				
Management and General	14,825	--	14,825	8,200
Fund Raising	240	--	240	101
Total Expenses	114,264	--	114,264	64,963
Change In Net Assets	2,002	--	2,002	(25,537)
Net Assets, Beginning of Year	616,457	--	616,457	641,994
Net Assets, End of Year	\$ 618,459	\$ --	\$ 618,459	\$ 616,457

See accompanying notes.

Statement of Functional Expenses
For The Year Ended December 31, 2016
(with summarized information for the six months ended December 31, 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		
	2016					2015	
Advertising	\$ 650	\$ --	\$ --	\$ --	\$ --	\$ 650	\$ 150
Office	--	--	--	3,566	--	3,566	2,314
Cost of Goods Sold	--	--	93,792	--	--	93,792	42,210
Credit Card Fees	--	--	3,925	--	--	3,925	2,162
Depreciation	1,983	--	--	--	--	1,983	1,407
Dues and Subscriptions	100	--	--	--	--	100	--
Insurance	--	--	--	1,141	--	1,141	--
Engraving Brick Pavers	--	--	--	--	240	240	20
Licenses and Taxes	--	--	--	340	--	340	340
Park Improvement Projects:							
Garden Maintenance	28,517	--	--	--	--	28,517	7,210
Construction and Maintenance	15,810	--	--	--	--	15,810	1,245
Pontoon Boat Maintenance	788	--	--	--	--	788	67
Truck/Tractor/Trailer	8,169	--	--	--	--	8,169	7,050
Golf Carts	24,300	--	--	--	--	24,300	5,300
Other Park Equipment	12,545	--	--	--	--	12,545	33,767
Postage and Printing	--	--	--	283	--	283	237
Professional Fees	--	--	--	7,705	--	7,705	3,176
Security	6,060	--	--	--	--	6,060	--
Supplies	277	2,224	--	1,790	--	4,291	11,957
TOTALS	\$ 99,199	\$ 2,224	\$ 97,717	\$ 14,825	\$ 240	\$ 214,205	\$ 118,612

See accompanying notes.

Statement of Cash Flows
For The Year Ended December 31, 2016
(with summarized information for the six months ended December 31, 2015)
Friends of Rainbow Springs State Park, Inc.

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,002	\$ (25,537)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	1,983	1,407
Changes In:		
Inventory	149	(3,623)
Accounts Payable	(34,927)	35,437
	(30,793)	7,684
Net Cash Provided by (Used In) Operating Activities	(30,793)	7,684
Cash Flows from Investing Activities:		
Purchase of Equipment	(6,259)	(774)
	(6,259)	(774)
Net Change in Cash	(37,052)	6,910
Cash, Beginning of Year	612,536	605,626
	612,536	605,626
Cash, End of Year	\$ 575,484	\$ 612,536
	\$ 575,484	\$ 612,536

Reconciliation to Cash on the Statements of Financial Position

	<u>2016</u>	<u>2015</u>
Cash on Hand	\$ 1,250	\$ 1,250
Cash – Checking	138,128	176,708
Cash – Money Market	111,044	110,988
Cash – Certificates of Deposit	325,062	323,590
	325,062	323,590
Total Cash	\$ 575,484	\$ 612,536
	\$ 575,484	\$ 612,536

See accompanying notes.

Notes to Financial Statements
As of and for the Year Ended December 31, 2016
(with summarized information for the six months ended December 31, 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 financial statements for the period from July 1, 2015 to December 31, 2015.

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, 2016 and 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 fifteen 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 Year Ended December 31, 2016
(with summarized information for the six months ended December 31, 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:

	<u>2016</u>	<u>2015</u>
Boat and Trailer	\$ 15,372	\$ 11,672
Office Equipment	8,422	8,422
Concession Equipment	1,998	1,998
Gift Shop Equipment	4,042	1,483
TOTAL	<u>29,834</u>	<u>23,575</u>
Accumulated Depreciation	(14,649)	(12,666)
NET	<u>\$ 15,185</u>	<u>\$ 10,909</u>

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 Year Ended December 31, 2016</u>		
	Revenues	Expenses	Net
Concessions & Coke Vending	\$ 71,955	\$ 36,642	\$ 35,313
Gift Shop	131,963	60,034	71,929
Crafty Ladies	1,472	1,041	431
TOTAL	<u>\$ 205,390</u>	<u>\$ 97,717</u>	<u>\$ 107,673</u>
	<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)
TOTAL	<u>\$ 83,442</u>	<u>\$ 44,372</u>	<u>\$ 39,070</u>

Notes to Financial Statements
As of and for the Year Ended December 31, 2016
(with summarized information for the six months ended December 31, 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.

	For the Year Ended December 31, 2016		
	Revenues	Expenses	Net
Santa Over the Rainbow	\$ --	\$ 743	\$ (743)
Art Shows	1,821	--	1,821
Cracker Days	294	1,012	(718)
Kids Fair	250	384	(134)
Dragon Boat Races	--	85	(85)
	\$ 2,365	\$ 2,224	\$ 141
	For the Six Months Ended December 31, 2015		
	Revenues	Expenses	Net
Santa Over the Rainbow	\$ 5,915	\$ 8,782	\$ (2,867)
Art Shows	693	--	693
Halloween Event	20	495	(475)
	\$ 6,628	\$ 9,277	\$ (2,649)

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 six months ended December 31, 2015, from which the summarized information was derived.

NOTE 8 – SUBSEQUENT EVENTS

FORS has evaluated events and transactions for potential recognition or disclosure through May 8, 2017, 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.

May 8, 2017

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 year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise FORS' basic financial statements, and have issued our report thereon dated May 8, 2017.

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 opinion 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 below, we identified certain deficiencies in internal control that we consider to be 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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 2016-001 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
December 31, 2016
Friends of Rainbow Springs State Park, Inc.

Significant Deficiency

2016-001 Duplicate Payment

Finding - During our audit testing, we identified a duplicate payment.

Recommendation - FORS should consider whether their controls are sufficient to determine that all payments are properly authorized.

Recommendations

2016-002 Financial Software

Finding - The QuickBooks program used for FORS' financial activity is the 2007 version. This dated version is no longer supported by the software developer.

Recommendation - We recommend that FORS update their QuickBooks software to the most current version.

2016-003 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.



Response to Schedule of Findings

December 31, 2016

2016-001 Duplicate Payment: Only a summary of reimbursed expenses attached to original invoices will be accepted from Rainbow Springs State Park personnel.

2016-002 Financial Software: The FORS office did not have an internet connection on the Treasurers computer after a particular bad storm. I did not pursue it because no internet also meant no viruses. An internet connection and QuickBooks upgrade will be investigated.

2016-003 Interest Rates on Certificates of Deposit: Interest rates will be reviewed and higher interest rates will be sought or negotiated.

Diane Kahler, Treasurer

May 8, 2016

A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE 1-800-435-7352 WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

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