

**STEPHEN FOSTER CITIZEN SUPPORT  
ORGANIZATION, INC.**

**FINANCIAL STATEMENTS**

For the Year Ended December 31, 2017  
(With Summarized Financial Information for the  
Year Ended December 31, 2016)

**STEPHEN FOSTER CITIZEN SUPPORT  
ORGANIZATION, INC.**

**BOARD OF DIRECTORS**

December 31, 2017

**Officers**

Carol Stob	President
Kerry Waldron	Vice President
Scott Gay	Treasurer
Vacant	Secretary

**Board Members**

Tom Moore	Board Member
Vacant	Board Member
Dennis Price	Board Member

**STEPHEN FOSTER CITIZEN SUPPORT  
ORGANIZATION, INC.**

**FINANCIAL STATEMENTS**

**TABLE OF CONTENTS**

December 31, 2017  
(With Summarized Financial Information for the Year  
Ended December 31, 2016)

	<u>PAGE NO.</u>
<b>Financial Section</b>	
Independent Auditor's Report	1-2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
<b>Compliance Section</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	15-16
Management Letter	17-21
Response to audit findings	22-23

# **FINANCIAL SECTION**

**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Stephen Foster Citizen Support Organization, Inc.  
White Springs, Florida

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Stephen Foster Citizen Support Organization, Inc., a non-profit organization, which comprise the statement of financial position as of December 31, 2017, 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 State of America; this includes the design, implementation, and maintenance of internal control relevant to the fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stephen Foster Citizen Support Organization, Inc., as of December 31, 2017, 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.

## **Other Matters**

### **Report on Summarized Comparative Information**

I have previously audited the Stephen Foster Citizen Support Organization, Inc.'s December 31, 2016, financial statements and my report dated July 6, 2017, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for year ended December 31, 2016, 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*, I have also issued my report dated July 13, 2018, on my consideration of the Stephen Foster Citizen Support Organization, Inc.'s, internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stephen Foster Citizen Support Organization, Inc.'s internal control over financial reporting and compliance.



Kenneth M. Daniels  
Certified Public Accountant  
July 13, 2018

**FINANCIAL  
STATEMENTS**

**STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2017

(With Summarized Financial Information as of December 31, 2016)

<b>Assets</b>	<u>Dec-17</u>	<u>Dec-16</u>
<b>Current assets</b>		
Cash	\$ 256,462	\$ 150,094
Certificates of deposit	242,266	327,116
Accounts receivable	-	1,199
Credit cards receivable	-	445
Inventory	<u>8,723</u>	<u>39,919</u>
<b>Total current assets</b>	<u>507,451</u>	<u>518,773</u>
<b>Fixed assets</b>		
Improvements	899	899
Equipment	2,893	15,732
Accumulated depreciation	<u>(3,577)</u>	<u>(16,386)</u>
<b>Total fixed assets</b>	<u>215</u>	<u>245</u>
<b>Total assets</b>	<u>\$ 507,666</u>	<u>\$ 519,018</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	<u>\$ 865</u>	<u>\$ 633</u>
<b>Net assets</b>		
Unrestricted	504,392	518,385
Temporarily restricted (Carillon Tower)	<u>2,409</u>	<u>-</u>
<b>Total net assets</b>	<u>506,801</u>	<u>518,385</u>
<b>Total liabilities and net assets</b>	<u>\$ 507,666</u>	<u>\$ 519,018</u>

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Dec-17</u>	<u>Dec-16</u>
<b>Revenues and Other Support</b>				
<b>Revenues</b>				
Craft Store				
Sales	\$ 139,460	\$ -	\$ 139,460	\$ 140,091
Rents	1,886	-	1,886	2,200
Sales tax	-	-	-	(320)
Net sales	<u>141,346</u>	-	<u>141,346</u>	<u>141,971</u>
Less cost of goods sold	<u>(119,826)</u>	-	<u>(119,826)</u>	<u>(89,788)</u>
Craft Store gross profit	<u>21,520</u>	-	<u>21,520</u>	<u>52,183</u>
Interest	2,386	-	2,386	4,504
Programs and events				
Admissions and registrations	170,356	-	170,356	132,128
Commission	18,003	-	18,003	19,364
Vendor fees	803	-	803	1,419
Miscellaneous				
Advertising	635	-	635	-
Other	560	-	560	3,226
Vending machine sales	2,661	-	2,661	2,903
Workshop income	<u>1,805</u>	-	<u>1,805</u>	<u>886</u>
Total revenues	<u>218,729</u>	-	<u>218,729</u>	<u>216,613</u>
Other support				
Contributions	37,929	2,409	40,338	44,342
Reimbursements - FL Dept of Environmental Protection	<u>30,192</u>	-	<u>30,192</u>	<u>25,842</u>
Total other support	<u>68,121</u>	<u>2,409</u>	<u>70,530</u>	<u>70,184</u>
Total revenues and other support	<u>286,850</u>	<u>2,409</u>	<u>289,259</u>	<u>286,797</u>
<b>Expenses</b>				
Program Services				
Craft Store	48,710	-	48,710	53,189
Park Support	14,981	-	14,981	22,134
Programs and events	<u>223,408</u>	-	<u>223,408</u>	<u>180,895</u>
Total program services	<u>287,099</u>	-	<u>287,099</u>	<u>256,218</u>
Supporting Services				
Management and general	13,744	-	13,744	15,505
Fundraising	-	-	-	-
Total supporting services	<u>13,744</u>	-	<u>13,744</u>	<u>15,505</u>
Total expenses	<u>300,843</u>	-	<u>300,843</u>	<u>271,723</u>
Change in net assets	(13,993)	2,409	(11,584)	15,074
Net assets at beginning of year	<u>518,385</u>	-	<u>518,385</u>	<u>503,311</u>
Net assets at end of year	<u>\$ 504,392</u>	<u>\$ 2,409</u>	<u>\$ 506,801</u>	<u>\$ 518,385</u>

See notes to financial statements.

**STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

Expenses	Program Services			Supporting Services		Dec-17	Dec-16
	Craft Store	Park Support	Programs & Events	Management and General	Fundraising	Totals	Totals
Advertising	\$ 467	\$ 3,143	\$ 14,941	\$ 6	\$ -	\$ 18,557	\$ 16,754
Bank fees	-	-	-	29	-	29	-
Capital item contributions	-	-	-	-	-	-	3,440
Credit Card Fees	3,874	-	1,786	1,399	-	7,059	7,710
Depreciation	-	-	-	30	-	30	30
Dues and subscription	1,689	-	-	2,319	-	4,008	1,369
Instructors/performers fees	-	-	-	-	-	-	372
Insurance	1,678	-	-	400	-	2,078	2,382
Licenses and permits	215	150	345	534	-	1,244	1,220
Lodging	-	-	3,315	-	-	3,315	5,716
Meals and food	232	1,281	9,243	667	-	11,423	11,750
Miscellaneous/other	680	-	-	-	-	680	807
Equipment/supplies contributions	68	-	71	-	-	139	7,636
Park fees	-	-	98,644	-	-	98,644	21,331
Payroll (reimbursement to State)	17,225	-	-	-	-	17,225	27,100
Postage	264	-	208	87	-	559	1,961
Printing	-	-	2,434	-	-	2,434	3,192
Professional fees	-	-	4	6,820	-	6,824	9,550
Provider fees	3,795	-	63,878	-	-	67,673	81,000
Recognition	-	-	3,561	-	-	3,561	4,920
Rental equipment	539	-	6,375	(155)	-	6,759	5,546
Repairs and maintenance	1,996	4,456	435	-	-	6,887	5,200
Supplies office	148	-	108	208	-	464	2,299
Supplies other	3,952	5,833	13,748	-	-	23,533	26,745
Taxes	-	-	1,975	66	-	2,041	-
Transportation	-	-	2,040	-	-	2,040	4,025
Utilities - electric	6,790	-	-	-	-	6,790	14,722
Utilities - phone	3,707	118	297	1,334	-	5,456	4,710
Workshop expense	1,391	-	-	-	-	1,391	236
<b>Total expenses</b>	<b>\$ 48,710</b>	<b>\$ 14,981</b>	<b>\$ 223,408</b>	<b>\$ 13,744</b>	<b>\$ -</b>	<b>\$ 300,843</b>	<b>\$ 271,723</b>

See notes to financial statements.

**STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

	<u>Dec-17</u>	<u>Dec-16</u>
Cash flows from operating activities		
Cash received from sales	\$ 141,346	\$ 141,846
Cash received from programs and events	190,806	151,712
Cash received from contributions	40,338	44,342
Cash received from reimbursements	30,192	25,842
Cash received from interest	2,386	4,504
Cash received from miscellaneous	5,661	7,015
Cash paid to/for personnel	(17,225)	(27,100)
Cash paid to suppliers, performers, and others	<u>(371,986)</u>	<u>(345,378)</u>
Net cash provided (used) by operating activities	<u>21,518</u>	<u>2,783</u>
Cash flows from investing activities		
Redemption (purchase) of certificates of deposit	<u>84,850</u>	<u>(4,499)</u>
Net increase (decrease) in cash	106,368	(1,716)
Cash - beginning	<u>150,094</u>	<u>151,810</u>
Cash - ending	<u>\$ 256,462</u>	<u>\$ 150,094</u>
Reconciliation of increase (decrease) in net assets to net cash used by operating activities		
Increase (decrease) in net assets	<u>\$ (11,584)</u>	<u>\$ 15,074</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	30	30
Decrease (increase) in operating assets		
Accounts receivable	1,199	(1,199)
Credit cards receivable	445	(445)
Inventory	31,196	8,385
Increase (decrease) in operating liabilities		
Accounts payable	232	(16,464)
Sales tax payable	<u>-</u>	<u>(2,598)</u>
Total adjustments	<u>33,102</u>	<u>(12,291)</u>
Net cash provided (used) by operating activities	<u>\$ 21,518</u>	<u>\$ 2,783</u>
Noncash transactions		
Scrapped equipment/software	<u>\$ (12,839)</u>	<u>\$ -</u>

**STEPHEN FOSTER CITIZEN SUPPORT  
ORGANIZATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

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

Organization and Purpose - The Stephen Foster Citizen Support Organization, Inc., was incorporated on December 21, 1988, as a Florida non-stock, not-for-profit corporation, with objectives and purposes as follows:

“to conduct programs and activities, sponsor research, sponsor promotions, raise funds, request and receive grants, funds, contributions, dues, and bequests of money, real and personal property; or acquire, receive, hold, invest, and administer, in its own name, securities, funds, objects of value, or other property, real or personal, and make expenditures and distributions to or for the benefit of the Florida Division of Recreation and Parks and the Stephen Foster Folk Culture Center State Park.”

Nature of Activities -The Organization’s activities are achieved at the Stephen Foster Folk Culture Center in White Springs, Florida, through the following major programs:

Craft Store – The Craft Store specializes in refreshments, handcrafted objects, folk music, and Stephen Foster items.

Park Support – The Organization enhances visitors’ experiences in the Park through expenditures on maintenance, equipment, and infrastructure.

Programs and Events – Numerous folk events are funded and promoted by the Organization annually: Wild Azalea Festival, Antique Tractor and Engine Show, Florida Folk Festival, Rural Folklife Days, Quilt Show and Sale, Old Time Music Weekend, Dulcimer Retreat, Festival of Lights, and numerous craft demonstrations.

Revenues supporting these services are primarily state and local grants and reimbursements, special events’ fees, profits from the Park’s Craft Store (operated by the Organization), and contributions.

Basis of Accounting - The Stephen Foster Citizen Support Organization, Inc., follows standards of accounting and financial reporting prescribed for voluntary health and welfare organizations. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, state, local government, and public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and are summarized on a functional basis in the Statement of Activities. Expenses, which are associated with a program, are charged directly to that program based on specific identification.

#### Financial Statement Presentation

The financial statement presentation is presented as required by the Section 958, Not for Profit Entities, in the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Under the Codification, the Stephen Foster Citizens Support Organization, Inc., is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Also, in accordance with the above referenced Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

It is the Organization's policy that contributions are reported in the period received as increases in unrestricted net assets if the applicable requirements are met during the year.

Revenue from grants is recognized when earned, generally, when the related costs are incurred under the grant agreement.

Expenses are reported as decreases in unrestricted net assets. When applicable, expirations of temporary restrictions on net assets are reported as net assets released from restrictions in the statement of activities (the donor-stipulated purpose has been fulfilled or time has elapsed or both).

All transactions are considered from operations unless specifically excluded on the statement of activities.

Promises to Give – Based on FASB Codification 958-605-25, Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents - Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase. At December 31, 2017, the Organization held no amounts that are considered a cash equivalent.

Property and Equipment - Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Depreciation of property and equipment (with cost exceeding \$1,000 – lesser amounts are expensed) is computed using the straight-line method over the estimated useful lives of the respective assets carried at historical cost or fair market value. The estimated useful lives of the various classes of depreciable assets are as follows:

<u>Fixed Assets</u>	<u>Cost</u>	<u>Life (years)</u>
Improvements	\$ 899	7
Equipment	<u>2,893</u>	5
Total	3,792	
Accumulated depreciation	<u>(3,577)</u>	
Net property and equipment	<u>\$ 215</u>	

In the 2009 year, the Organization approved the donation of all future capital expenditures to the Stephen Foster Folk Culture Center State Park.

Donations to the Park (Florida Department of Environmental Protection) are documented via a “Donated Property Report.”

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Unrestricted Support - The Organization reports contributions as unrestricted support when any donor-imposed restrictions are met within the same reporting period in which the contribution is received.

Restricted net assets - At December 31, 2017, the Organization had temporarily restricted net assets in the amount of \$2,409. The donations were made to assist in the repair and restoration of the Carillon Tower Bells and dioramas displayed in the Park’s Museum. As a result of the restriction, \$2,409 of the cash reported is restricted to the above purpose. The Organization expects to use the restricted funds in the subsequent year.

Contributed services and materials – The Organization receives contributed services from various individuals. When applicable, volunteer services are recorded in accordance with FASB Codification 958-605-25-16 if they: 1. create or enhance nonfinancial assets or 2. require specialized skills and are provided by the individuals possessing those skills and would typically need to be purchased if not provided by donation.

Cost Allocation Method – The Organization uses the direct charge off method of allocating costs to the various programs. The method charges the costs directly to the program as the expense is incurred.

Uncertain Tax Positions – The Organization considered FASB Codification 740-10-50-15. As a result, it determined that the primary tax position of the Organization is its filing status as a tax-exempt entity. In addition, the Organization determined that it is more likely than not that its tax positions would be sustained upon examination by the Internal Revenue Service (IRS).

Prior Year Summarized Comparative Information – The financial statements include certain prior-year summarized comparative information in total but not function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31 of the prior year, from which the summarized information was derived.

Change in Accounting Principle – On January 1, 2017, the Organization adopted Accounting Standards Update (ASU) 2015-11 “Simplifying the Measurement of Inventory.” ASU 2015-11 was adopted to ensure that the measurement of inventory was not unnecessarily complex. As a result, ending inventory is stated at the lower of cost and net realizable value, determined by the first-in/first-out method. The adoption had no material change on the prior year’s (beginning balance) inventory. As a result, no adjustment to the beginning balance was required. There was no change in the Organization’s net assets.

**NOTE 2. CASH AND CERTIFICATES OF DEPOSIT**

Cash includes amounts in demand deposits as well as short-term money market investment accounts. Restrictions on the cash balances at December 31, 2017 totaled \$2,409.

The cash held by the Organization represents approximately 10 months of the expenses for the year ending December 31, 2017 and expects the balance and the subsequent year’s collections to be adequate to support the general expenses of the 2018 year.

The certificates of deposit are recorded at their carrying value which is the equivalent of fair value. The certificates of deposit consist of the following amounts with rates and maturities as indicated.

Certificates of deposit	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
Vystar Credit Union xxxxxx3053	82,576	1.24%	8/4/2018
EverBank xxxxx2486	46,983	2.08%	12/6/2019
Edward Jones xxxxxxx9416	<u>112,707</u>	1.95%	8/31/2020
Total certificates of deposit	<u>\$ 242,266</u>		

### NOTE 3. INVENTORY

Under Contract #R-7599 with the Florida Department of Environmental Protection, the Organization operates the Craft Store within the Stephen Foster Folk Culture Center State Park.

Inventory within the Craft Store consists of purchased and consigned goods available for resale. The financial statements include only the purchased inventory since neither an asset nor liability exists for the consigned goods until a sale occurs.

For the consigned merchandise, the Organization recognizes ten to thirty percent of the sales price and remits the remainder to the consignee on a monthly basis.

On January 1, 2017, the Organization adopted Accounting Standards Update (ASU) 2015-11 "Simplifying the Measurement of Inventory." AUS 2015-11 was adopted to ensure that the measurement of inventory was not unnecessarily complex. As a result, ending inventory is stated at the lower of cost and net realizable value, determined by the first-in/first-out method. Should inventory be donated, the donated items are valued at their fair market value at the date of transfer.

At December 31, 2017, the Organization's inventory was \$8,723 valued on the basis indicated above.

The detail of the major classes of inventory is indicated below:

<u>Department</u>	<u>Items On Hand</u>	<u>Cost</u>
Artwork	32	\$ 515
Bath & Body	95	85
Books	1,103	2,023
Camp Store	1,322	240
Candy	2,394	10
Cards	377	12
Children	1,436	438
Civil War	55	94
Clearance	22	258
Clothing	180	198

Craft Square Mer	23	23
FL Folk Fest	579	24
Food	2,685	650
Home	91	1,423
Jewelry	161	161
Music	1,313	1,829
Novelty	3	-
Park Svc Souv.	41,819	58
Seasonal	2,055	592
Stephen Foster Music	716	46
Tractor Show	6	44
	<u>56,467</u>	<u>\$ 8,723</u>

#### NOTE 4. COSTS OF GOODS SOLD

The following is a summary of the components used to determine the Cost of Goods Sold in the accompanying Statement of Activities:

Beginning inventory	\$ 39,919
Purchases	<u>88,630</u>
Available for sale	128,549
Less ending inventory	<u>(8,723)</u>
Cost of goods sold	<u>\$ 119,826</u>

#### NOTE 5. CONTINGENCIES

There is a contingent liability due to the fact that regulatory audits of the Organization's operations and project closeout procedures have not been completed for all projects administered. Any eventual expenses determined not to be in compliance with laws and regulations would be subject to repayment by the Organization.

The Organization's administration believes that all expenditures were significantly in compliance with applicable laws and regulations.

#### NOTE 6. INCOME TAXES

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501 (c)(3) as a non-profit corporation. As required by Internal Revenue Service (IRS) regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service.

No taxes were owed by the Organization for the year ended December 31, 2017.

#### NOTE 7. CONTRIBUTED SERVICES AND FACILITIES

The Craft Store facility is located within the Park and owned by the State of Florida. The Organization receives "in-kind" building space (the Craft Store) as a donation from the State of Florida. The fair market value of the donated facilities has not been determined and accordingly, the financial statements do not include any expenses or related in-kind revenue.

The Organization also receives contributed services from various individuals.

The contributed services provided to the Organization during the year ending December 31, 2017, did not meet the revenue recognition criteria above (Note 1) and were not recorded. In addition, the fair market value of the unrecorded donated services has not been estimated.

Volunteer services were provided to all programs.

## **NOTE 8. COMMITMENTS**

### **Craft Store**

The Organization has an agreement (DEP Contract #R-7599) with the Florida Division of Recreation and Parks to jointly operate the Craft Store at the Stephen Foster State Folk Culture Center. The Organization is responsible for all financial and purchasing needs of the Store. The Agreement was originally signed on November 2, 1999 and is renewed every five years.

The Organization also has an agreement with the Florida Department of Environmental Protection to serve exclusively as the Citizen Support Organization for the Park. The agreement continues indefinitely or until terminated under the agreement's provisions. The agreement allows use of the facilities, the conducting of fundraising events, meetings, and volunteer activities onsite, and any other activities allowed under the Organization's Articles of Incorporation.

### **Ticket Sales**

The Organization has a three-year agreement with Crowd Torch to act as the exclusive ticketing and mobile event solution during the term. Crowd Torch will make ticketing services available to the Organization's customers and end users. Fees for the service range from \$1 to \$1.50 per ticket with an additional service fee of 0% to 4.5% depending upon the ticket price and method of purchase (internet or phone).

The agreement will renew for successive three-year periods unless either party provides written notice within sixty days of the renewal period.

## **NOTE 9. CONCENTRATION OF CREDIT RISK**

The Organization has no policy requiring collateral or other security to support its deposits. At December 31, 2017, the Organization's bank balances were \$498,728. This entire balance was covered by federal depository insurance.

When applicable, the Organization has no policy requiring collateral or other security to support its receivables

## **NOTE 10. CONCENTRATION OF REVENUE SOURCES**

Approximately 86% of the Organization's unrestricted revenues are derived from Craft Store profits, reimbursements from the Florida Department of Environmental Protection, and fees from

the annual events held at the Park. A significant reduction in the level of these activities and funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

**NOTE 11. RELATED PARTY TRANSACTIONS**

Various board members consign items at the Craft Store operated by the Organization. The sales of the consigned items are immaterial to the financial statements.

**NOTE 12. SUBSEQUENT EVENTS**

The Organization's management has evaluated subsequent events through July 13, 2018, the date which the financial statements were available for issuance and reports the following:

**Service and Maintenance Agreement**

On January 23, 2018, the Organization contracted with the Verdin Company to provide service and repair to the Park's Tubular Bell Carillon. The agreement calls for two payments of \$43,230 – one made upon the execution of the agreement and the other upon completion of the project.

# COMPLIANCE SECTION

**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

107 2<sup>nd</sup> Ave S.E.  
Jasper, FL 32052

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Stephen Foster Citizen Support Organization, Inc.  
White Springs, Florida

I 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 Stephen Foster Citizen Support Organization, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated July 13, 2018.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Stephen Foster Citizen Support Organization, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stephen Foster Citizen Support Organization, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stephen Foster Citizen Support Organization, Inc.'s financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth M. Daniels  
Certified Public Accountant  
July 13, 2018

**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

107 2<sup>nd</sup> Ave S.E.  
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**MANAGEMENT LETTER**

To the Board of Directors of  
Stephen Foster Citizen Support Organization, Inc.  
White Springs, Florida

**Report on the Financial Statements**

I have audited the financial statements of the Stephen Foster Citizen Support Organization, Inc., as of and for the year ended December 31, 2017 and have issued my report thereon dated July 13, 2018.

**Auditor's Responsibility**

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Other Reporting Requirements**

I have issued my Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated July 13, 2018, should be considered in conjunction with this management letter.

**Additional Matters**

Communicated below are findings and recommendations to improve internal controls/financial reporting and/or enhance compliance with the provisions of laws or regulations. The findings and recommendations address amounts that are less than material but warrant the attention of those charged with governance.

**Prior Year Audit Findings and Recommendations**

**2013-003 Reconciliation of Sales to Amounts Reported on the Sales Tax Returns**

Criteria: To ensure the accuracy of the DR-15 Sales and Use Tax Return, amounts reported on the Return should be agreed to Craft Store's general ledger/deposit totals on a monthly basis.

Condition: For the year ending December 31, 2017, a variance of \$3,943 existed between the general ledger total and Craft Store deposited amounts. A variance of \$888 existed between the amounts reported on Form DR-15 and the general ledger amounts.

Cause: Failure to agree the daily amounts posted to the general ledger to the amounts reported on the Form DR-15.

Effect: Potential errors in reporting amounts on the Sales and Use Tax Return and general ledger.

Context: Annually, an attempt is made during the audit to agree the above referenced reports.

Recommendation: Reconcile total sales from the DR-15 to the sales/deposits reported monthly on the general ledger and bank statements to ensure that all taxable or nontaxable amounts are reported correctly.

#### **2014-001 Cash – Outstanding Transactions**

Criteria: Unclaimed property should be processed in accordance with *Florida Statutes* Chapter 717.

Condition: From my audit of cash, I noted that checks remained outstanding from the 2012 year totaling \$247; 2013 totaling \$2,941; 2014 totaling \$2,084; and 2015 totaling \$936.

Cause: Failure to establish procedures for processing those items that do not clear the bank statement in a timely manner.

Effect: Possible violation of *Florida Statutes*.

Context: The above outstanding checks were identified during the audit of the Organization's cash.

Recommendation: Process outstanding checks in accordance with the *Florida Unclaimed Property Reporting Instructions Manual*.

#### **2016-001 Beer Garden Sales – Auditable Support**

Criteria: Auditable support should accompany sales from the Organization's annual Beer Garden Fundraiser held during the Florida Folk Festival.

Condition: From my audit of Beer Garden sales, I noted deposits of \$3,702 for May 28, 2017. Amounts for other days (May 26-27, 2017) were not identifiable and/or supported by z-tape totals, ticket reconciliations, or other auditable support.

**Cause:** Tickets have been used in the past to document sales; however, tickets were only used for the one day indicated above. There was no indication of tickets used on the dates above in which there were no documentation.

**Effect:** Potential for loss of funds due to failure to agree collections to tickets sold.

**Context:** Annual event's gross proceeds totaled approximately \$12,000 in the prior year.

**Recommendation:** Identify and support sales with z-tape totals (use cash register), tickets (sell tickets and reconcile tickets sold/remaining to proceeds), or, alternatively, compute maximum sales based on purchases (number purchased multiplied by selling price) and compare to proceeds.

## **Current Year Immaterial Audit Findings and Recommendations**

### **2017-001 Review and Approval of Inventory**

**Criteria:** Inventory and inventory adjustments should be reviewed periodically by Park Management and the CSO Board.

**Condition:** From my audit of inventory, I noted a number of year-end adjustments. The net amount of the adjustment in dollars was \$561. However, the number of items adjusted exceeded 350.

**Context:** Significant adjustments to inventory indicates the need for greater oversight.

**Effect:** Greater number of adjustments than expected given limited inventory.

**Cause:** A perpetual inventory is used throughout the year with a hard count at year end. Variances are adjusted at year end for those items that are not in agreement with the hard count.

**Recommendation:** Inventory select items on a monthly basis and compare to perpetual amounts. Submit to Park Management and the CSO Board for approval. Make adjustments to the perpetual items upon approval.

### **2017-002 Craft Store Profit/Loss Computation**

**Criteria:** Profit or loss should be computed on the Craft Store sales on a monthly basis.

**Condition:** Profit or loss has not been computed in the past due to lack of segregated amounts: consigned sales/purchases; sales/merchandise purchases. However, the detail reported on the trial balance at present allows the computation.

**Context:** The monthly income/loss was computed on purchased and consigned items as an audit procedure.

Effect: Lack of monitoring of the profit/loss at Craft Store.

Cause: Prior lack of segregation of purchases and sales reported on the trial balance – no longer. The finding is an isolated condition relating to the audited year.

Recommendation: Compute gain/loss on sales on a monthly basis. Report amount to Board for monthly review.

### **2017-003 Gate Receipts**

Criteria: Gate receipts should be reconciled to auditable support.

Condition: From the audit of ticket sales during the Florida Folk Festival, documentation supporting ticket collections could not be located for the May 26, 2017 date. In addition, gate receipts could not be reconciled to the supporting documentation for May 27, 2017.

Context: Collections in question for the above days: May 26, 2017 - \$1,788 and May 27, 2017 - \$15,010.

Effect: Possible loss of funds without agreement to supporting documentation.

Cause: The finding is isolated to the period indicated above and is not a systematic problem.

Recommendation: Reconcile the daily gate collections to tickets sold, credit card receipts, and online sales. Retain the documentation for post year end audit review.

### **2017-004 Florida Folk Festival Ticket Sales**

Criteria: The Organization should base payments to the State for the Florida Folk Festival ticket sales on actual ticket revenue and associated expenses.

Condition: From the comparison of actual transactions to the analysis of sales, I discovered variances of \$4,156 in the ticket sales – analysis greater than actual - and a deficit of \$1,533 - actual expenses greater than the analysis.

Context: Failure to use actual amounts per bank statements and general ledger.

Effect: Possible over/underpayment to the State of Florida for ticket sales.

Cause: The finding is isolated to the current year and only for the computation of the Florida Folk Festival portion of ticket sales due to the State of Florida.

Recommendation: Base any computations for ticket sales and remittance to the State of Florida on actual amounts received and expended in the Organization's ticket account.

### **2017-005 Festival of Lights Donations**

**Criteria:** Cash collections should be secured via a lockbox or supported by documentation (tickets) until verified by two individuals.

**Condition:** From the audit of contributions, it was noted that donations were accepted during the Festival of Lights on evenings of no charge by one individual and submitted without auditable support.

**Context:** The night of December 24, 2017, was examined. Donations remitted totaled \$1,492.

**Effect:** Possible loss of undocumented funds.

**Cause:** Failure to secure funds between collections and remittance for deposit. The finding is isolated to the above date indicated.

**Recommendation:** Consider using a lock box for donations on the nights during the Festival of Lights when the entry fee is not charged.

### **2017-006 Consignment Fees**

**Criteria:** When payments are made to consignors and a consignment fee is not charged, an explanation of the circumstance should accompany the ShopKeep Inventory Sheet.

**Condition:** From the audit of Craft Store disbursements, it was noted that eleven payments were made for consigned items; however, a consignment fee was not charged.

**Context:** The eleven payments made agreed to the cost of items indicated on the ShopKeep inventory list.

**Effect:** Uncertainty regarding failure to charge commission – lack of fee due to loss of item or failure to charge.

**Cause:** Lack of explanation on inventory sheet indicating reason for not charging consignment fee. The finding is isolated to the eleven of the sixty items tested.

**Recommendation:** Indicate via explanation on inventory sheet reason for payment without fee for consignment – broken, spoilage, theft, etc. Retain for post year end audit review.

This management letter is intended solely for the information and use of the Stephen Foster Citizen Support Organization, Inc. and management and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels, CPA  
July 13, 2018



## Citizen Support Organization

P.O. BOX 666 WHITE SPRINGS, FL 32096

July 13, 2018

Kenneth M. Daniels  
Certified Public Accountant  
107 2<sup>nd</sup> Ave SE  
Jasper, FL 32052

RE: Management Letter dated July 13, 2018

Mr. Daniels:

The Stephen Foster Citizens Support Organization provides the following responses to the Management Letter findings:

### **2013-003 Reconciliation of Sales to Amounts Reported on the Sales Tax Returns**

Beginning immediately, sales per the general ledger will be agreed to the amounts reported on the Form DR-15. Any variances will be identified and corrections made as necessary. In addition, deposits from the Craft Store sales will be agreed to the general ledger postings. The monthly agreement will be provided to the Organization's Board of Directors and Park Management for review and approval.

### **2014-001 Cash – Outstanding Transactions**

The *Florida Unclaimed Property Reporting Instructions Manual* will be followed. Checks will be reissued if possible and those that are not claimed will be forwarded to the State.

### **2016-001 Beer Garden Sales – Auditable Support**

The Organization will review the sales and determine the most appropriate form of support for the Beer Garden Sales held annually during the Florida Folk Festival. Once the support is determined, it will accompany the deposits of all future events.

**2017-001 Review and Approval of Inventory**

The Board will review and approve the inventory of selected items monthly as well as the year end amounts. Significant variances will be questioned/investigated.

**2017-002 Craft Store Profit/Loss Computation**

A computation of the Craft Store's profit or loss on purchased and consigned items will be computed monthly. The computation will be presented to the Board for review and approval.

**2017-003 Gate Receipts**

Gate receipts will be reconciled to corresponding cash ticket sales, credit card sales, and online receipts as applicable. The supporting documentation will be reconciled to the daily collections.

**2017-004 Florida Folk Festival Ticket Sales**

Any future remittances to the State of Florida for the Florida Folk Festival tickets sold will be based upon actual receipts and expenses based on the CSO's ticket account.

**2017-005 Festival of Lights Donations**

On nights when there are no charges for entry into the Festival of Lights, future donations will be secured through a lockbox or other means. Subsequently, the secured funds will be opened and confirmed via two individuals using a cash count sheet which will be signed by both.

**2017-006 Consignment Fees**

For all future consignment disbursements for which a consignment fee is not charged, an explanation will be indicated on the change in inventory count sheet. The explanation will indicate the reason for the lack of charge.

The Organization continues to work towards the elimination of the above findings and with cooperation from Park Personnel, fully expects all findings to be resolved.

If any additional information is needed, do not hesitate to contact me.

Sincerely,



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Scott Gay, Treasurer  
Stephen Foster Citizen Support Organization, Inc.