

Friends of Rainbow Springs State Park, Inc.

Financial Statements
and
Independent Auditors' Reports

December 31, 2018

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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.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Friends of Rainbow Springs State Park, Inc. (FORS), which comprise the statement of financial position as of December 31, 2018, 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, 2018, 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 year ended December 31, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, 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 April 8, 2019, 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 8, 2019
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, 2018
 (with summarized information for December 31, 2017)
Friends of Rainbow Springs State Park, Inc.

Assets	2018	2017
Cash on Hand	\$ 600	\$ 1,350
Cash – Checking	88,423	130,653
Cash – Money Market	51,132	111,099
Cash – Certificates of Deposit	328,018	326,593
Inventory	28,996	35,112
Equipment, Net	19,154	24,060
Total Assets	\$ 516,323	\$ 628,867
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 75	\$ 5,478
Net Assets - Without Donor Restrictions		
Designated for Capital Replacement	60,106	60,106
Designated for Capital Improvement	266,308	420,818
Undesignated	189,834	142,465
Total Net Assets	516,248	623,389
Total Liabilities and Net Assets	\$ 516,323	\$ 628,867

See accompanying notes.

Statement of Activities
For The Year Ended December 31, 2018
(with summarized information for the year ended December 31, 2017)
Friends of Rainbow Springs State Park, Inc.

	<u>2018</u>	<u>2017</u>
Revenues and Other Support:		
Sales	\$ 146,044	\$ 194,208
Cost of Sales	<u>(74,758)</u>	<u>(100,450)</u>
Net Sales	71,286	93,758
Park Events	5,181	7,997
Cost of Park Events	<u>(4,260)</u>	<u>(3,129)</u>
Net Park Events	921	4,868
Firewood Donations	20,456	13,879
Other Donations	2,748	4,307
Memberships	2,156	2,138
Interest Income	2,113	1,586
Miscellaneous	<u>3,243</u>	<u>917</u>
Net Revenues and Other Support	102,923	121,453
Expenses:		
Program Services:		
Park Support	189,002	100,507
Supporting Activities:		
Management and General	20,722	15,701
Fund Raising	<u>340</u>	<u>315</u>
Total Expenses	<u>210,064</u>	<u>116,523</u>
Change In Net Assets	(107,141)	4,930
Net Assets, Beginning of Year	<u>623,389</u>	<u>618,459</u>
Net Assets, End of Year	<u>\$ 516,248</u>	<u>\$ 623,389</u>

See accompanying notes.

Statement of Functional Expenses
For The Year Ended December 31, 2018
(with summarized information for the year ended December 31, 2017)
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		
	2018					2017	
Advertising	\$ 525	\$ --	\$ --	\$ --	\$ --	\$ 525	\$ 75
Office	--	--	--	9,484	--	9,484	6,068
Cost of Goods Sold	--	--	69,725	--	--	69,725	96,426
Credit Card Fees	--	--	5,033	--	--	5,033	4,024
Depreciation	4,906	--	--	--	--	4,906	3,578
Donations	1,000	--	--	--	--	1,000	--
Dues and Subscriptions	100	--	--	--	--	100	100
Engraving Brick Pavers	--	--	--	--	340	340	315
Insurance	--	--	--	1,293	--	1,293	1,189
Licenses and Taxes	--	--	--	--	--	--	340
Park Improvement Projects:							
Garden Maintenance	824	--	--	--	--	824	18,849
Construction and Maintenance	1,377	--	--	--	--	1,377	45,624
Campground Firewood	10,577	--	--	--	--	10,577	9,617
Ice Machine/Shade House	--	--	--	--	--	--	5,049
Generators	71,280	--	--	--	--	71,280	--
Brush Chipper	38,988	--	--	--	--	38,988	--
Stump Cutter	19,084	--	--	--	--	19,084	--
Backhoe for Tractor	15,076	--	--	--	--	15,076	--
Lawnmower	10,082	--	--	--	--	10,082	--
Other Park Equipment/Tools	15,183	--	--	--	--	15,183	7,995
Postage and Printing	--	--	--	317	--	317	244
Professional Fees	--	--	--	5,951	--	5,951	5,780
Security	--	--	--	--	--	--	9,620
Supplies	--	4,260	--	3,677	--	7,937	5,209
TOTALS	\$ 189,002	\$ 4,260	\$ 74,758	\$ 20,722	\$ 340	\$ 289,082	\$ 220,102

See accompanying notes.

Statement of Cash Flows
For The Year Ended December 31, 2018
(with summarized information for the year ended December 31, 2017)
Friends of Rainbow Springs State Park, Inc.

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (107,141)	\$ 4,930
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	4,906	3,578
Changes In:		
Inventory	6,116	(6,812)
Accounts Payable	<u>(5,403)</u>	<u>4,968</u>
Net Cash Provided by (Used In) Operating Activities	(101,522)	6,664
Cash Flows from Investing Activities:		
Purchase of Equipment	<u>--</u>	<u>(12,453)</u>
Net Change in Cash	(101,522)	(5,789)
Cash, Beginning of Year	<u>569,695</u>	<u>575,484</u>
Cash, End of Year	<u><u>\$ 468,173</u></u>	<u><u>\$ 569,695</u></u>

Reconciliation to Cash on the Statements of Financial Position

	<u>2018</u>	<u>2017</u>
Cash on Hand	\$ 600	\$ 1,350
Cash – Checking	88,423	130,653
Cash – Money Market	51,132	111,099
Cash – Certificates of Deposit	<u>328,018</u>	<u>326,593</u>
Total Cash	<u><u>\$ 468,173</u></u>	<u><u>\$ 569,695</u></u>

See accompanying notes.

Notes to Financial Statements
December 31, 2018
(with summarized information for the year ended December 31, 2017)
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.

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.

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, 2018 and 2017, 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 \$1,000 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.

Revenue Recognition

Contributions. Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded at their estimated fair values. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. However, contributions that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year in which the contributions are recognized.

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.

Inventory – Gift Shop and Concession Stand. The Corporation operates a gift shop and a concession stand where items relating to the Park and food, respectively, are held for resale. Revenue collected from the gift shop and concession stand are recognized at the point of sale. Operation of the concession stand ceased during 2018.

Expense Recognition and Allocation

The cost of programs and other activities have been summarized on a functional basis:

Program Services. FORS is a citizen support organization that supports Rainbow Springs State Park. Services include park improvement and maintenance projects such as the Butterfly Garden, providing educational activities, and donating materials for facility improvements. Costs of goods sold at the Gift Shop operated by FORS are also included in the costs of program services.

Notes to Financial Statements
December 31, 2018
(with summarized information for the year ended December 31, 2017)
Friends of Rainbow Springs State Park, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Expense Recognition and Allocation (concluded)

Management and General. Management and general activities are those that provide governance, oversight, business and financial management, financial recordkeeping, and budgeting.

Fundraising. Fundraising expenses include costs of purchasing and engraving leaf and brick displays with donors' names, and costs of donor appreciation events.

FORS assigns expenses directly to the benefited function. No costs are allocated.

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.

Change in Accounting Standards

FORS implemented Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in the current year, applying the changes retrospectively. The new standards changed the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets. (Note 2)
- This change had no effect on total net assets at December 31, 2017.

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure are all financial assets without donor or other restrictions limiting their use. Financial assets consist of the following at December 31:

Financial Assets:	<u>2018</u>	<u>2017</u>
Cash on Hand	\$ 600	\$ 1,350
Cash - Checking	88,423	130,653
Cash - Money Market	51,132	111,099
Cash - Certificates of Deposit	<u>328,018</u>	<u>326,593</u>
Total Financial Assets	468,173	569,695
Less Board Designated Funds	<u>(326,414)</u>	<u>(480,924)</u>
Amount Available for General Expenditures within One Year	<u>\$ 141,759</u>	<u>\$ 88,771</u>

The above table reflects board designated funds as unavailable because it is the intention of FORS to invest those resources for specific support of the Park. (Note 3) However, in the case of need, the Board of Directors could appropriate resources from its designated funds.

FORS has structured its financial assets to be available as its general expenditures and liabilities come due. FORS invests cash in excess of foreseeable cash needs in short term, highly liquid investments.

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 is used to pay for Board approved capital improvements requested by the Park Manager.

Notes to Financial Statements
December 31, 2018
(with summarized information for the year ended December 31, 2017)
Friends of Rainbow Springs State Park, Inc.

NOTE 4 – EQUIPMENT

Equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Boat and Trailer	\$ 15,372	\$ 15,372
Computers and Equipment	19,928	20,875
Concession Equipment	--	1,998
Gift Shop Equipment	2,559	4,042
TOTAL	<u>37,859</u>	<u>42,287</u>
Accumulated Depreciation	(18,705)	(18,227)
NET	<u>\$ 19,154</u>	<u>\$ 24,060</u>

NOTE 5 – NET SALES

Net Sales consists of the following:

	<u>For the Year Ended December 31, 2018</u>		
	Revenues	Expenses	Net
Concessions & Coke Vending	\$ 5,985	\$ 3,994	\$ 1,991
Gift Shop	139,318	70,339	68,979
Crafty Ladies	741	425	316
TOTAL	<u>\$ 146,044</u>	<u>\$ 74,758</u>	<u>\$ 71,286</u>

	<u>For the Year Ended December 31, 2017</u>		
	Revenues	Expenses	Net
Concessions & Coke Vending	\$ 63,986	\$ 36,337	\$ 27,649
Gift Shop	129,021	63,591	65,430
Crafty Ladies	1,201	522	679
TOTAL	<u>\$ 194,208</u>	<u>\$ 100,450</u>	<u>\$ 93,758</u>

NOTE 6 – PARK EVENTS

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

	<u>For the Year Ended December 31, 2018</u>		
	Revenues	Expenses	Net
Santa Over the Rainbow	\$ 4,753	\$ 2,527	\$ 2,226
Cracker Days	228	1,266	(1,038)
Kids Fair	200	467	(267)
TOTAL	<u>\$ 5,181</u>	<u>\$ 4,260</u>	<u>\$ 921</u>

	<u>For the Year Ended December 31, 2017</u>		
	Revenues	Expenses	Net
Santa Over the Rainbow	\$ 7,003	\$ 2,149	\$ 4,854
Art Shows	469	--	469
Cracker Days	275	640	(365)
Kids Fair	250	340	(90)
TOTAL	<u>\$ 7,997</u>	<u>\$ 3,129</u>	<u>\$ 4,868</u>

Notes to Financial Statements
December 31, 2018
(with summarized information for the year ended December 31, 2017)
Friends of Rainbow Springs State Park, Inc.

NOTE 7 – DONATED MATERIALS, SERVICES AND FACILITIES

FORS has no staff and is operated by volunteers. Volunteers contribute an estimated 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 8 - CONTINGENCIES AND COMMITMENTS

FORS had unrecognized obligations for commitments that they made with the Park at December 31, 2018 and 2017, of approximately \$57,280 and \$95,331, respectively.

NOTE 9 – 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 December 31, 2017, from which the summarized information was derived.

NOTE 10 – SUBSEQUENT EVENTS

FORS has evaluated events and transactions for potential recognition or disclosure through April 8, 2019, 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 as Required by *Government Auditing Standards*

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

April 8, 2019

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of Rainbow Springs State Park, Inc. (FORS) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise FORS' basic financial statements, and have issued our report thereon dated April 8, 2019.

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 deficiencies described in the accompanying schedule of findings as Finding 2018-001, Finding 2018-002 and Finding 2018-003 to be significant deficiencies.

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, 2018
Friends of Rainbow Springs State Park, Inc.

Significant Deficiencies

2018-001 Disbursement Overpayments

Finding - During our audit testing, we identified some disbursements that were overpaid. Specifically:

- There was an overpayment for generators of \$363 over the invoice amounts.
- There were a couple of Gift Shop expenses that were paid twice. Both were returned to FORS.

Recommendation - FORS volunteers should take more care to make sure invoices are not paid twice and are not overpaid.

2018-002 Cash and Sales Entries and Sales Tax Calculations

Finding – There were several math and posting errors noted when testing the Cash Intake Forms. For example:

- Gift Shop revenue for one week (\$1,926) was posted to Firewood Donations. As a result, no sales tax was paid on this amount.
- The revenue for some weeks were included in the calculation of sales tax in two separate months, causing an overpayment of sales tax.

Recommendation – FORS volunteers should consider ways to eliminate these errors.

2018-003 Controls over Cash Collections

Finding – Controls over cash collections generally provide reasonable assurance regarding the risks of skimming. In most cases, any theft of cash collections is likely to be identified by others. The exception is the collection of firewood donations.

Recommendation - We have no recommendation as it may not be feasible to have two independent people collecting the firewood donations. However, we believe the Board should remain aware of this condition.