

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2018
(With Summarized Financial Information for the
Year Ended December 31, 2017)

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

BOARD OF DIRECTORS

December 31, 2018

Officers

Jerry Bullard	President
Kerry Waldron	Vice President
Scott Gay	Treasurer
Bonny Willis	Secretary

Board Members

Melissa Russell	Board Member
Shauna Adams Farries	Board Member
Dennis Price	Board Member

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

FINANCIAL STATEMENTS

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

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FINANCIAL SECTION

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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, 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 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, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Stephen Foster Citizen Support Organization, Inc., adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. My opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

I have previously audited the Stephen Foster Citizen Support Organization, Inc.'s December 31, 2017, financial statements and my report dated July 13, 2018, 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, 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*, I have also issued my report dated August 23, 2019, 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
August 23, 2019

FINANCIAL STATEMENTS

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2018

(With Summarized Financial Information as of December 31, 2017)

Assets	<u>Dec-18</u>	<u>Dec-17</u>
Current assets		
Cash	\$ 260,558	\$ 256,462
Cash - donor restricted	11,926	-
Certificates of deposit	-	242,266
Inventory	<u>39,179</u>	<u>8,723</u>
Total current assets	<u>311,663</u>	<u>507,451</u>
Noncurrent assets		
Cash - board designated	89,980	-
Certificates of deposit - board designated	<u>158,817</u>	<u>-</u>
Total cash and certificates of deposit - board designated	<u>248,797</u>	<u>-</u>
Fixed assets		
Improvements	899	899
Equipment	2,893	2,893
Accumulated depreciation	<u>(3,607)</u>	<u>(3,577)</u>
Total fixed assets	<u>185</u>	<u>215</u>
Total noncurrent assets	<u>248,982</u>	<u>215</u>
Total assets	<u>\$ 560,645</u>	<u>\$ 507,666</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	<u>\$ 17,614</u>	<u>\$ 865</u>
Net assets		
Without donor restrictions		
Designated	248,797	246,892
Undesignated	<u>282,308</u>	<u>257,500</u>
Total net asset without donor restrictions	<u>531,105</u>	<u>504,392</u>
With donor restrictions		
Purpose restriction (Carillon Tower)	<u>11,926</u>	<u>2,409</u>
Total net assets	<u>543,031</u>	<u>506,801</u>
Total liabilities and net assets	<u>\$ 560,645</u>	<u>\$ 507,666</u>

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Dec-18</u>	<u>Dec-17</u>
Revenues and Other Support				
Revenues				
Craft Store				
Sales	\$ 126,143	\$ -	\$ 126,143	\$ 139,460
Rents	2,461	-	2,461	1,886
Net sales	128,604	-	128,604	141,346
Less cost of goods sold	<u>(52,028)</u>	<u>-</u>	<u>(52,028)</u>	<u>(119,826)</u>
Craft Store gross profit	76,576	-	76,576	21,520
Interest	2,533	-	2,533	2,386
Programs and events				
Admissions and registrations	127,741	-	127,741	170,356
Commission	12,594	-	12,594	18,003
Vendor fees	961	-	961	803
Miscellaneous				
Advertising	880	-	880	635
Other	1,702	-	1,702	560
Vending machine sales	2,293	-	2,293	2,661
Workshop income	<u>4,418</u>	<u>-</u>	<u>4,418</u>	<u>1,805</u>
Total revenues	<u>229,698</u>	<u>-</u>	<u>229,698</u>	<u>218,729</u>
Other support				
Contributions	51,499	9,517	61,016	40,338
Reimbursements - FL Dept of Environmental Protection	<u>31,821</u>	<u>-</u>	<u>31,821</u>	<u>30,192</u>
Total other support	<u>83,320</u>	<u>9,517</u>	<u>92,837</u>	<u>70,530</u>
Total revenues and other support	<u>313,018</u>	<u>9,517</u>	<u>322,535</u>	<u>289,259</u>
Expenses				
Program Services				
Craft Store	56,830	-	56,830	48,710
Park Support	51,252	-	51,252	14,981
Programs and events	<u>158,088</u>	<u>-</u>	<u>158,088</u>	<u>223,408</u>
Total program services	<u>266,170</u>	<u>-</u>	<u>266,170</u>	<u>287,099</u>
Supporting Services				
Management and general	20,135	-	20,135	13,744
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>20,135</u>	<u>-</u>	<u>20,135</u>	<u>13,744</u>
Total expenses	<u>286,305</u>	<u>-</u>	<u>286,305</u>	<u>300,843</u>
Change in net assets	26,713	9,517	36,230	(11,584)
Net assets at beginning of year	<u>504,392</u>	<u>2,409</u>	<u>506,801</u>	<u>518,385</u>
Net assets at end of year	<u>\$ 531,105</u>	<u>\$ 11,926</u>	<u>\$ 543,031</u>	<u>\$ 506,801</u>

See notes to financial statements.

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

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

Expenses	Program Services			Supporting Services		Dec-18 <u>Totals</u>	Dec-17 <u>Totals</u>
	<u>Craft Store</u>	<u>Park Support</u>	<u>Programs & Events</u>	<u>Management and General</u>	<u>Fundraising</u>		
Advertising	\$ 39	\$ 3,369	\$ 20,010	\$ -	\$ -	\$ 23,418	\$ 18,557
Bank fees	-	-	-	-	-	-	29
Capital item contributions	-	-	-	2,259	-	2,259	-
Credit Card Fees	3,905	-	1,646	1,169	-	6,720	7,059
Depreciation	-	-	-	30	-	30	30
Dues and subscription	1,954	13	-	2,520	-	4,487	4,008
Insurance	1,429	-	-	400	-	1,829	2,078
Licenses and permits	215	-	345	399	-	959	1,244
Lodging	-	-	2,350	-	-	2,350	3,315
Meals and food	192	1,764	7,916	69	-	9,941	11,423
Miscellaneous/other	36	-	-	-	-	36	680
Equipment/supplies contributions	-	-	-	90	-	90	139
Park fees	-	-	57,550	-	-	57,550	98,644
Payroll (reimbursement to State)	26,200	-	-	-	-	26,200	17,225
Postage	384	8	260	80	-	732	559
Printing	-	228	4,513	-	-	4,741	2,434
Professional fees	-	-	-	10,213	-	10,213	6,824
Provider fees	-	-	25,039	-	-	25,039	67,673
Recognition	-	67	4,142	-	-	4,209	3,561
Rental equipment	595	-	5,598	556	-	6,749	6,759
Repairs and maintenance	2,285	45,237	24	895	-	48,441	6,887
Supplies office	1,291	-	106	557	-	1,954	464
Supplies other	3,488	71	19,572	-	-	23,131	23,533
Taxes	107	-	435	29	-	571	2,041
Transportation	-	-	-	-	-	-	2,040
Utilities - electric	7,678	-	8,376	-	-	16,054	6,790
Utilities - phone	3,935	495	206	869	-	5,505	5,456
Workshop expense	<u>3,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,097</u>	<u>1,391</u>
Total expenses	<u>\$ 56,830</u>	<u>\$ 51,252</u>	<u>\$ 158,088</u>	<u>\$ 20,135</u>	<u>\$ -</u>	<u>\$ 286,305</u>	<u>\$ 300,843</u>

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

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

	<u>Dec-18</u>	<u>Dec-17</u>
Cash flows from operating activities		
Cash received from sales	\$ 128,604	\$ 141,346
Cash received from programs and events	141,296	190,806
Cash received from contributions	61,016	40,338
Cash received from reimbursements	31,821	30,192
Cash received from interest	2,533	2,386
Cash received from miscellaneous	9,293	5,661
Cash paid to/for personnel	(26,200)	(17,225)
Cash paid to suppliers, performers, and others	<u>(325,810)</u>	<u>(371,986)</u>
Net cash provided (used) by operating activities	<u>22,553</u>	<u>21,518</u>
Cash flows from investing activities		
Redemption (purchase) of certificates of deposit	<u>83,449</u>	<u>84,850</u>
Net increase (decrease) in cash	106,002	106,368
Cash - beginning	<u>256,462</u>	<u>150,094</u>
Cash - ending	<u>\$ 362,464</u>	<u>\$ 256,462</u>
Reconciliation of increase (decrease) in net assets to net cash used by operating activities		
Increase (decrease) in net assets	<u>\$ 36,230</u>	<u>\$ (11,584)</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
Credit cards receivable	-	445
Inventory	(30,456)	31,196
Increase (decrease) in operating liabilities		
Accounts payable	<u>16,749</u>	<u>232</u>
Total adjustments	<u>(13,677)</u>	<u>33,102</u>
Net cash provided (used) by operating activities	<u>\$ 22,553</u>	<u>\$ 21,518</u>
Noncash transactions		
Scrapped equipment/software	<u>\$ -</u>	<u>\$ (12,839)</u>
Reconciliation of cash per the statement of financial position to the statement of cash flows:		
Cash per statement of financial position		
Cash	\$ 260,558	\$ 256,462
Cash - donor restricted	11,926	-
Certificates of deposit	-	242,266
Cash - board designated	89,980	-
Certificates of deposit - board designated	<u>158,817</u>	<u>-</u>
Total cash	521,281	498,728
Less certificates of deposit	<u>(158,817)</u>	<u>(242,266)</u>
Cash per statement of cash flows	<u>\$ 362,464</u>	<u>\$ 256,462</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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. The relative importance of the Organization’s activities based on revenues (percent of total) is as follows: programs and events 43%, other support 29%, Craft Store 23%, miscellaneous 4%, interest 1%.

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. Costs are not allocated.

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 two classes of net assets: net assets without donor restriction, which represents the expendable resources that are available for operations at management's discretion and net assets with donor restrictions which are restricted by the donor as to purpose or time.

Also, in accordance with the above referenced Codification, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence of any restrictions.

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

Expenses are reported as decreases in net assets without donor restrictions. When applicable, expirations of donor restrictions on net assets are reported as net assets without donor 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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, 2018, 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 contributions without donor restrictions unless the donor has restricted the donated asset 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 contributions with donor restrictions. 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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization’s policy regarding donated property and equipment is the same as for contributions: donations of property and equipment are reported in the period received as increases in net assets without donor restrictions if the applicable requirements are met during the year.

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>(3,607)</u>	
Net property and equipment	<u>\$ 185</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.

Contributions without donor restrictions - The Organization reports contributions with donor restrictions as contributions without donor restrictions when any donor-imposed restrictions are met within the same reporting period in which the contribution is received.

Board Designated Net Assets - The Organization’s Board has designated funds as follows:

Florida Folk Festival – funds set aside to underwrite the Florida Folk Festival in the event that state funding is not available.

Park enhancement – funds set aside to promote the folk life mission but shall not be used for repairs and maintenance, temporary assets (life expectancy of less than twenty years), and minor programs or a one-time event.

The designated amounts are as follows:

Florida Folk Festival	\$ 171,979
Park enhancement	<u>76,818</u>
Total designated funds	<u>\$ 248,797</u>

Net assets with donor restrictions - At December 31, 2018, the Organization held net assets with donor restrictions in the amount of \$11,926. 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, \$11,926 of the cash reported is also restricted to the above purpose. The Organization expects to use the net assets/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, 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 was adopted to clarify and improve the information presented and disclosed in its financial statements. As a result, there was no change in the Organization's total net assets. The change occurred only in the classification of the balances.

The prior and current classifications of net assets at January 1, 2018, are as follows:

Net assets prior to adoption of ASU No. 2016-14

Net assets	
Unrestricted	\$ 504,392
Temporarily restricted (Carillon Tower)	<u>2,409</u>
Total net assets	<u>\$ 506,801</u>

Net assets after adoption of ASU No. 2016-14

Net assets	
Without donor restrictions	
Designated by Board	\$ 246,892
Undesignated	<u>257,500</u>
Total net asset without donor restrictions	<u>504,392</u>
With donor restrictions	
Purpose restriction (Carillon Tower)	<u>2,409</u>
Total net assets	<u>\$ 506,801</u>

NOTE 2. CASH AND CERTIFICATES OF DEPOSIT

Cash includes amounts in demand deposits as well as short-term money market investment accounts. Donor restrictions on the cash balances at December 31, 2018 totaled \$11,926. Board designated cash for noncurrent purposes totaled \$248,797.

The restricted cash is to be used for the restoration of the Stephen Foster State Park’s Carillon Tower and Museum.

The cash held by the Organization represents approximately 10 months of the expenses for the year ending December 31, 2018 and expects the balance and the subsequent year’s collections to be adequate to support the general expenses of the 2019 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>
TIAA Bank			
xxxxx2486	\$ 47,729	2.08%	12/6/2019
Edward Jones			
xxxxxxx9416	<u>111,088</u>	1.95%	8/31/2020
Total certificates of deposit	<u>\$ 158,817</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.

In accordance with Accounting Standards Update (ASU) 2015-11 "Simplifying the Measurement of Inventory," 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, 2018, the Organization's inventory was \$39,179, valued on the basis indicated above.

Detail of the inventory held at December 31, 2018, is as follows:

	<u>Items on hand</u>	\$	<u>Cost</u>
Artwork	71		1,509
Bath & body	86		172
Books	1,065		6,984
Camp store	1,007		1,967
Candy	1,514		100
Cards	302		748
CDs	134		499
Childrens' items/books	1,731		2,634
Civil War	24		159
Clothing	184		621
Crafts	20		86
Drinks	53		94
Florida Folk Festival	537		1,016
Food and kitchen	3,065		5,455
Home	47		799
Jewelry	196		382
Music	1,377		8,265
Novelty	52		52
Park Souvenirs	41,305		4,935
Seasonal	1,157		1,834
Stephen Foster Music	690		869
	<u>54,617</u>	<u>\$</u>	<u>39,179</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	\$	8,723
Purchases		<u>82,484</u>
Available for sale		91,207
Less ending inventory		<u>(39,179)</u>
Cost of goods sold	\$	<u>52,028</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, 2018.

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, 2018, 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.

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.

<u>Vendor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through December 31, 2018</u>	<u>Remaining Balance</u>
Verdin Company	Carillon Bells	<u>\$ 86,460</u>	<u>\$ 43,230</u>	<u>\$ 43,230</u>

Merchant Account/Website Ticket Sales

The Organization has an agreement with Vendini, Inc., for the online sales of tickets. Charges are based upon tickets prices and range from \$1-\$2 per ticket sold. Processing fees and per ticket fees by payment type are also charged. The agreement is for three years beginning on September 2017 and will automatically renew for additional three-year periods unless cancelled in writing by either party not less than thirty days prior to the applicable term expiration.

NOTE 9. CONCENTRATION OF CREDIT RISK

The Organization has no policy requiring collateral or other security to support its deposits. At December 31, 2018, the Organization's bank balances were \$521,281. Of this balance, \$498,902 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 80% of the Organization's 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

At times, 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. QUALITATIVE AND QUANTITATIVE INFORMATION

Qualitative Information

The Organization is primarily supported by fees associated with programs and events held within the Stephen Foster State Park and contributions. The Board of Directors reviews its liquidity at its monthly meetings and maintains operating funds of approximately \$260,000. The operating funds have historically been sufficient to satisfy any liquidity needs during months of lower revenues.

Quantitative Information

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available within one year for general expenditures because of internal or donor-imposed restrictions. Amounts not available include board designated amounts for funding the Florida Folk Festival when state funding is not available and park enhancement in keeping with the folk life mission and donor restricted amounts for the Carillon Tower Rehab Project.

Financial assets at year-end	\$ 560,460
Less those amounts unavailable for general expenditures within one year due to the following:	
Donor imposed restrictions:	
Tower rehab	(11,926)
Board designations:	
Florida Folk Festival Funding	(171,979)
Park enhancement - folk life	<u>(76,818)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 299,737</u>

NOTE 13. SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through August 23, 2019, the date which the financial statements were available for issuance and reports the following:

Asbestos abatement

During the renovation of the Park's Carillon Tower asbestos was discovered. The cost to remove the asbestos is estimated at approximately \$24,250. The State of Florida has agreed to assist with the asbestos abatement as indicated below.

Partnership in Parks

Currently, the Organization is working with the Florida Department of Environmental Protection via the Partnership in Parks (PIP) Program regarding the repair and restoration of the Park's Historic Tower and Museum including the method of asbestos abatement, cost of the abatement, funding of the abatement and other repair and restoration costs.

The PIP Program indicates the following phases of the project, estimate costs, and segregation of the costs between the State of Florida and Organization:

<u>Description</u>	<u>Phase</u>	<u>Estimate of Costs</u>		<u>Total</u>
		<u>State of Florida 40%</u>	<u>CSO 60%</u>	
Carillon tower bell repair	I	\$ -	\$ 86,467	\$ 86,467
Tower asbestos removal	II	24,250	-	24,250
Repairs - bell striker covers	III	115,750	-	115,750
Additional repairs - relay, clock, player	IV		123,533	123,533
Other repair/upkeep - historic items *	V	-	-	-
Totals		<u>\$ 140,000</u>	<u>\$ 210,000</u>	<u>\$ 350,000</u>

* Phase V will be completed if funds allow

The Organization will fund the above project with a combination of cash on hand and proceeds from future fundraising.

Florida Folk Festival Coordination Agreement

The Organization (CSO) entered into the above referenced agreement with the Florida Department of Environmental Protection regarding the Florida Folk Festival.

A summary of the agreement's general terms is as follows:

Term: five years from the date of execution

Commissions: established by the Florida Folk Festival Participant Guidelines and retained by the CSO

Performer and Provider Payments: performer fees to be paid by CSO and reimbursed by Florida Department of State

Ticket Revenue: establishes ticket expense to be remitted to the Park and excess profits, after costs, to be split between the Park and CSO.

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
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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, 2018, 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 August 23, 2019.

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
August 23, 2019

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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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, 2018, and have issued my report thereon dated August 23, 2019.

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 August 23, 2019, 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, 2018, a variance of \$15,884 existed between the general ledger total and Craft Store deposited amounts. A variance of \$47,682 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, as an audit procedure, an attempt is made agree the above referenced reports. A schedule of the daily sales for April and November (month's with largest variances between compared amounts) was reviewed. It was noted that sales outside the Craft Store were included with the Craft Store sales tax totals reported in the amounts of \$6,783 and \$15,764 respectively reducing the variances to immaterial amounts.

Recommendation: From all sources, 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 again noted that checks remained outstanding from the following years: 2012 \$50; 2013 \$1,130; 2014 \$394; 2015 \$758; 2016 \$249; 2017 \$400.

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 totaling \$7,441 for the three-day period May 25-27, 2018. The deposits were not supported by auditable support: z-tape totals, ticket reconciliations, or other auditable support.

Cause: Tickets have been used in the past to document sales. There was no indication of tickets used on the dates above.

Effect: Potential for loss of funds due to failure to agree collections to auditable support.

Context: The event is held annually and collects between \$7,000 and \$12,000 depending upon attendance.

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.

2017-001 Review and Approval of Inventory Adjustments

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

Condition: From my audit of inventory, I noted monthly and year-end adjustments. The net amount of the year end adjustment on the purchased inventory in dollars was \$641 (perpetual to actual).

Context: Inventory on consigned items is taken monthly. An annual inventory is taken on purchased inventory.

Effect: Potential for loss when inventory is adjusted without oversight.

Cause: Consigned inventory is counted and payments made based on the items removed from the inventory. A perpetual inventory is used throughout the year with an actual count at year end. Variances are adjusted monthly/annually for those items that are not in agreement with the actual count.

Recommendation: Annual and monthly inventory adjustments should be reviewed by Park Management or the CSO Board noting the loss of any items not sold. Adjustments to the perpetual inventories should be made 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 prohibited the computation in the past.

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

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: Donations at the gate totaled \$2,870 during the Festival of Lights.

Effect: Possible loss of undocumented funds.

Cause: Failure to secure funds between collections and remittances for deposit. The finding is isolated to the Festival of Lights event.

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

Current Year Immaterial Audit Findings and Recommendations

2018-001 Reconciliation of PayPal Account

Criteria: The Organization's PayPal account transactions should be reconciled to the recorded transactions on a monthly basis.

Condition: From the audit of cash, I noted that the PayPal account was not being reconciled on a timely basis.

Context: Transactions totaling \$2301 occurred within the account during the year ending December 31, 2018.

Effect: Possible loss of funds or accounting errors could exist without timely account verses transaction reconciliation.

Cause: Failure to provide the PayPal monthly statements to the Organization's bookkeeper so that a timely reconciliation could occur.

Recommendation: Like all cash accounts, reconcile the monthly statement (PayPal) to the recorded transactions.

Purpose of this Letter

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.

A handwritten signature in black ink, appearing to read "Ken M Daniels". The signature is written in a cursive, flowing style.

Kenneth M. Daniels, CPA
August 23, 2019



Citizen Support Organization

P.O. BOX 666 WHITE SPRINGS, FL 32096

August 23, 2019

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

RE: Management Letter dated August 23, 2019

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

Craft Store and General taxable sales will be identified and the resulting amounts reconciled to the Form DR-15. Craft Store sales will be isolated and agreed to the sales reported on the general ledger and daily deposits. Variances, if any, will be identified and classification corrections made as necessary.

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

Action has been taken regarding the reissuance of a number of previously outstanding checks. The process will continue. For any amounts that cannot be processed/reissued, the *Florida Unclaimed Property Reporting Instructions Manual* will be followed.

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 which are 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 monthly and annual inventory adjustments. 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.

2017-005 Festival of Lights Donations

The CSO and Park Staff will continue to work toward resolving this finding. However, the difficulty in clearing the finding has been that individuals want to contribute and many times require change. Again, Park Staff will seek ways to promote contributions and also protect the funds.

2018-001 Reconciliation of PayPal Account

Monthly the PayPal account’s transactions will be forwarded to the CSO’s bookkeeper for the reconciliation process like all other cash accounts.

The Organization continues to diligently work towards the satisfactory resolution of the above findings and with assistance from Park Personnel, fully expects all findings to be resolved.

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

Sincerely,



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