

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

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019
(With Summarized Financial Information for the
Year Ended December 31, 2018)

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

BOARD OF DIRECTORS

December 31, 2019

Officers

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

Board Members

Bruce Witton	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, 2018)

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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, 2019, 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, 2019, 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, 2018, financial statements and my report dated August 23, 2019, 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, 2018, 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 September 4, 2020, 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
September 4, 2020

FINANCIAL STATEMENTS

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2019

(With Summarized Financial Information as of December 31, 2018)

Assets	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 244,980	\$ 260,558
Cash - donor restricted	36,190	11,926
Contributions receivable	3,268	-
Inventory	<u>31,468</u>	<u>39,179</u>
Total current assets	<u>315,906</u>	<u>311,663</u>
Noncurrent assets		
Cash - board designated	-	89,980
Certificates of deposit - board designated	<u>254,531</u>	<u>158,817</u>
Total cash and certificates of deposit - board designated	<u>254,531</u>	<u>248,797</u>
Fixed assets		
Improvements	899	899
Equipment	2,893	2,893
Accumulated depreciation	<u>(3,637)</u>	<u>(3,607)</u>
Total fixed assets	<u>155</u>	<u>185</u>
Total noncurrent assets	<u>254,686</u>	<u>248,982</u>
Total assets	<u>\$ 570,592</u>	<u>\$ 560,645</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	<u>\$ 3,144</u>	<u>\$ 17,614</u>
Net assets		
Without donor restrictions		
Designated	254,531	248,797
Undesignated	<u>276,680</u>	<u>282,308</u>
Total net asset without donor restrictions	<u>531,211</u>	<u>531,105</u>
With donor restrictions		
Purpose restriction (Carillon Tower)	<u>36,237</u>	<u>11,926</u>
Total net assets	<u>567,448</u>	<u>543,031</u>
Total liabilities and net assets	<u>\$ 570,592</u>	<u>\$ 560,645</u>

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	<u>Without Donor</u>	<u>With Donor</u>	<u>2019</u>	<u>2018</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Revenues and Other Support				
Revenues				
Craft Store				
Sales	\$ 136,264	\$ -	\$ 136,264	\$ 126,143
Rents	<u>2,024</u>	<u>-</u>	<u>2,024</u>	<u>2,461</u>
Net sales	138,288	-	138,288	128,604
Less cost of goods sold	<u>(75,658)</u>	<u>-</u>	<u>(75,658)</u>	<u>(52,028)</u>
Craft Store gross profit	<u>62,630</u>	<u>-</u>	<u>62,630</u>	<u>76,576</u>
Interest	5,751	-	5,751	2,533
Programs and events				
Admissions and registrations	143,155	-	143,155	127,741
Commission	18,069	-	18,069	12,594
Vendor fees	1,707	-	1,707	961
Miscellaneous				
Advertising	150	-	150	880
Other	6,447	-	6,447	1,702
Vending machine sales	2,682	-	2,682	2,293
Workshop income	<u>1,893</u>	<u>-</u>	<u>1,893</u>	<u>4,418</u>
Total revenues	<u>242,484</u>	<u>-</u>	<u>242,484</u>	<u>229,698</u>
Other support				
Contributions	53,994	24,311	78,305	61,016
Reimbursements - FL Dept of Environmental Protection	<u>46,075</u>	<u>-</u>	<u>46,075</u>	<u>31,821</u>
Total other support	<u>100,069</u>	<u>24,311</u>	<u>124,380</u>	<u>92,837</u>
Total revenues and other support	<u>342,553</u>	<u>24,311</u>	<u>366,864</u>	<u>322,535</u>
Expenses				
Program Services				
Craft Store	51,793	-	51,793	56,830
Park Support	8,308	-	8,308	51,252
Programs and events	<u>260,430</u>	<u>-</u>	<u>260,430</u>	<u>158,088</u>
Total program services	<u>320,531</u>	<u>-</u>	<u>320,531</u>	<u>266,170</u>
Supporting Services				
Management and general	21,916	-	21,916	20,135
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>21,916</u>	<u>-</u>	<u>21,916</u>	<u>20,135</u>
Total expenses	<u>342,447</u>	<u>-</u>	<u>342,447</u>	<u>286,305</u>
Change in net assets	106	24,311	24,417	36,230
Net assets at beginning of year	<u>531,105</u>	<u>11,926</u>	<u>543,031</u>	<u>506,801</u>
Net assets at end of year	<u>\$ 531,211</u>	<u>\$ 36,237</u>	<u>\$ 567,448</u>	<u>\$ 543,031</u>

See notes to financial statements.

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

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

Expenses	Program Services			Supporting Services		2019 <u>Totals</u>	2018 <u>Totals</u>
	<u>Craft Store</u>	<u>Park Support</u>	<u>Programs & Events</u>	<u>Management and General</u>	<u>Fundraising</u>		
Advertising	\$ -	\$ 235	\$ 11,168	\$ -	\$ -	\$ 11,403	\$ 23,418
Capital item contributions	-	-	-	-	-	-	2,259
Credit Card Fees	5,790	-	2,023	698	-	8,511	6,720
Depreciation	-	-	-	30	-	30	30
Dues and subscription	1,859	-	350	150	-	2,359	4,487
Insurance	1,420	-	-	308	-	1,728	1,829
Licenses and permits	75	-	26	2,873	-	2,974	959
Lodging	-	-	1,525	-	-	1,525	2,350
Meals and food	152	2,024	7,588	759	-	10,523	9,941
FFF supplies	-	-	11,192	-	-	11,192	36
Office/park equipment	-	3,866	-	118	-	3,984	90
Park fees	-	-	95,576	-	-	95,576	57,550
Payroll (reimbursement to State)	23,000	-	-	-	-	23,000	26,200
Postage	607	275	180	376	-	1,438	732
Printing	-	57	2,827	93	-	2,977	4,741
Professional fees	-	-	-	11,096	-	11,096	10,213
Provider fees	-	600	90,940	-	-	91,540	25,039
Recognition	-	19	2,323	-	-	2,342	4,209
Rental equipment	480	-	5,289	518	-	6,287	6,749
Miscellaneous/other	-	-	329	-	-	329	-
Repairs and maintenance	2,750	156	1,926	786	-	5,618	48,441
Supplies office	2,046	160	19	31	-	2,256	1,954
Supplies other	3,386	667	12,771	204	-	17,028	23,131
Taxes	(36)	-	-	1,278	-	1,242	571
Transportation	-	-	260	-	-	260	-
Utilities - electric	5,304	-	13,839	-	-	19,143	16,054
Utilities - phone	3,879	249	279	2,598	-	7,005	5,505
Workshop expense	<u>1,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,081</u>	<u>3,097</u>
Total expenses	<u>\$ 51,793</u>	<u>\$ 8,308</u>	<u>\$ 260,430</u>	<u>\$ 21,916</u>	<u>\$ -</u>	<u>\$ 342,447</u>	<u>\$ 286,305</u>

STEPHEN FOSTER CITIZEN SUPPORT ORGANIZATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

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

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from sales	\$ 138,288	\$ 128,604
Cash received from programs and events	162,931	141,296
Cash received from contributions	75,037	61,016
Cash received from reimbursements	46,075	31,821
Cash received from interest	5,751	2,533
Cash received from miscellaneous	11,172	9,293
Cash paid for personnel	(23,000)	(26,200)
Cash paid to suppliers, performers, and others	<u>(401,834)</u>	<u>(325,810)</u>
Net cash provided (used) by operating activities	<u>14,420</u>	<u>22,553</u>
Cash flows from investing activities		
Redemption (purchase) of certificates of deposit	<u>(95,714)</u>	<u>83,449</u>
Net increase (decrease) in cash	(81,294)	106,002
Cash - beginning	<u>362,464</u>	<u>256,462</u>
Cash - ending	<u>\$ 281,170</u>	<u>\$ 362,464</u>
Reconciliation of increase (decrease) in net assets to net cash used by operating activities		
Increase (decrease) in net assets	<u>\$ 24,417</u>	<u>\$ 36,230</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	30	30
Decrease (increase) in operating assets		
Contributions receivable	(3,268)	-
Inventory	7,711	(30,456)
Increase (decrease) in operating liabilities		
Accounts payable	<u>(14,470)</u>	<u>16,749</u>
Total adjustments	<u>(9,997)</u>	<u>(13,677)</u>
Net cash provided (used) by operating activities	<u>\$ 14,420</u>	<u>\$ 22,553</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	\$ 244,980	\$ 260,558
Cash - donor restricted	36,190	11,926
Cash - board designated	-	89,980
Certificates of deposit - board designated	<u>254,531</u>	<u>158,817</u>
Total cash	535,701	521,281
Less certificates of deposit	<u>(254,531)</u>	<u>(158,817)</u>
Cash per statement of cash flows	<u>\$ 281,170</u>	<u>\$ 362,464</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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 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 44%, other support 34%, Craft Store 17%, miscellaneous 3%, interest 2%.

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 two classes of net assets: net assets without donor restrictions, 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, 2019, 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>(3,637)</u>	
Net property and equipment	<u>\$ 155</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	\$	175,943
Park enhancement		<u>78,588</u>
Total designated funds	\$	<u><u>254,531</u></u>

Net assets with donor restrictions

At December 31, 2019, the Organization held net assets with donor restrictions in the amount of \$36,237. 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, \$36,190 of the cash reported is also restricted to the above purpose. The Organization expects to use the net assets/restricted funds in a 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. Costs are not allocated between programs.

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.

Adoption of ASU No. 2018-08

As of January 1, 2019, the Organization adopted ASU No. 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the accounting guidance related to grants and contracts. The adoption did not result in significant changes in any financial statement line items in the current period.

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, 2019 totaled \$36,190. Board designated cash for noncurrent purposes totaled \$254,531.

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

The unrestricted/undesignated cash held by the Organization represents approximately nine months of the expenses for the year ending December 31, 2019, and expects the balance and the subsequent year’s collections to be adequate to support the general expenses of the 2020 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.

<u>Certificates of deposit</u>	<u>Amount</u>
TIAA Bank xxxxxxxx86	\$ 48,731
Edward Jones xxxxxxxx16	<u>205,800</u>
Total certificates of deposit	<u>\$ 254,531</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 approximately twenty-five 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, 2019, the Organization’s inventory was \$31,468, valued on the basis indicated above.

Detail of the inventory held at December 31, 2019, is as follows:

	<u>Items</u> <u>on hand</u>	\$	<u>Cost</u>
Artwork	66		947
Bath & body	29		58
Books	873		6,848
Camp store	764		1,555
Candy	913		84
Cards	199		516
CDs	137		710
Children’s items	1,274		1,651
Children’s books	21		138
Civil War	21		139
Clearance	10		6
Clothing	99		440
Crafts	14		70
Drinks	178		106
Florida Folk Festival	744		648
Food and kitchen	2,535		3,474
Games	1		3
Home	33		906
Jewelry	16		135
Music	1,131		7,904
Music books	12		150
Park Souvenirs	39,176		3,389
Seasonal	941		897
Stephen Foster Music	652		697
		<u>\$</u>	<u>31,468</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	\$	39,179
Purchases		<u>67,947</u>
Available for sale		107,126
Less ending inventory		<u>(31,468)</u>
Cost of goods sold	\$	<u>75,658</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, 2019.

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, 2019, 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, 2019</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.

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.

At the date of field work, work was progressing through the Phase II stage with the asbestos removal completed.

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 (February 21, 2019)

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.

NOTE 9. CONCENTRATION OF CREDIT RISK

The Organization has no policy requiring collateral or other security to support its deposits. At December 31, 2019, the Organization's bank balances were \$549,841. Of this balance, \$504,636 was covered by federal depository insurance.

The Organization has no policy requiring collateral or other security to support its receivables

NOTE 10. CONCENTRATION OF REVENUE SOURCES

Approximately seventy-four percent 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 \$245,000. 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	\$	567,448
Less those amounts unavailable for general expenditures within one year due to the following:		
Donor imposed restrictions:		
Tower rehab		(36,237)
Board designations:		
Florida Folk Festival Funding		(175,943)
Park enhancement - folk life		<u>(78,588)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>276,680</u>

NOTE 13. SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through September 4, 2020, the date which the financial statements were available for issuance and reports the following:

Coronavirus Disease 2019 (COVID-19) – The infectious disease caused by severe acute respiratory syndrome Coronavirus 2 has resulted in the significant closure of businesses nationwide as well as the Stephen Foster State Park.

The Park closed access to its buildings (Gift Shop, Museum, and Tower) on March 14, 2020. The buildings have not been reopened as of the date of the audit report. The entire Park was closed on March 22, 2020, and opened to limited activities on May 9, 2020 (no buildings).

A number of events were cancelled post year end: Antique Arts & Collectibles (March 2020), Antique Tractor & Engine Show (April 2020), Florida Folk Festival (May 2020).

Management is unable to quantify the negative effect that the closings and cancellations will have on the Organization's revenues.

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
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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, 2019, 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 September 4, 2020.

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
September 4, 2020

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, 2019, and have issued my report thereon dated September 4, 2020.

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 September 4, 2020, 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. All prior year findings were cleared with the exception of those indicated below.

Prior Year Immaterial Audit Findings and Recommendations

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 \$11,381 for the period May 28-29, 2019. 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 approximately \$11,500 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.

Current Year Immaterial Audit Findings and Recommendations

2019-001 Review of Bank Reconciliation

Criteria: To ensure the accuracy of the bank reconciliation and accompanying outstanding transactions, the Organization's Treasurer should review, in detail, the document on a monthly basis.

Condition: From my audit of General Fund cash, I noted transactions in the amount of \$32,821, which required audit adjustment to correct the cash account via the outstanding transactions.

Cause: Failure to review and identify the corrections in a timely manner.

Effect: Misstatement of cash balance.

Context: Reconciliations are performed monthly by the Organization's bookkeeper.

Recommendation: The Treasurer should review and identify any unusual outstanding transactions for possible correction.

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.



Kenneth M. Daniels, CPA
September 4, 2020



Citizen Support Organization

P.O. BOX 666 WHITE SPRINGS, FL 32096

September 4, 2020

RE: Response to Audit Findings

Mr. Kenneth M Daniels, CPA:

Please find below the Organization's responses to the audit findings indicated in the Management Letter above:

2016-001 Beer Garden Sales – Auditable Support

The Organization is investigating the use of a cash register as a means to support the sales and associated collections. Daily a z-total would be generated and reconciled to the Beer Garden Sales.

2019-001 Review of Bank Reconciliation

Monthly, the Treasurer or other Board Representative, will review the bank reconciliation in detail noting the outstanding transactions and will notify the bookkeeper with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to be "S. Gay", written over a horizontal line.

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