

# 2020

Florida Agriculture Center and Horse Park Authority, Inc.

Financial Statements  
and Independent Auditor's Report

June 30, 2020

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

**FLORIDA AGRICULTURE CENTER AND  
HORSE PARK AUTHORITY, INC.  
OCALA, FLORIDA**

**JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Florida Agriculture Center and  
Horse Park Authority, Inc.  
Ocala, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and major fund of the Florida Agriculture Center and Horse Park Authority, Inc. (the Authority), as of and for the years ended June 30, 2020 and 2019, the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Florida Agriculture Center and  
Horse Park Authority, Inc.  
Ocala, Florida

## INDEPENDENT AUDITOR'S REPORT

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund of the Authority as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As more fully described in Note 7 to the financial statements as a subsequent event, the Authority may be operationally and financially impacted by the outbreak of the novel coronavirus (COVID-19) pandemic.

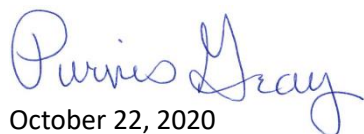
### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.



October 22, 2020  
Ocala, Florida

**Florida Agriculture Center and Horse Park Authority, Inc.**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

The Florida Agriculture Center and Horse Park Authority's (The Horse Park) Discussion and Analysis provides an overview of The Horse Park's financial activities for the fiscal year ended June 30, 2020. Since this information is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the 2020 Financial Statements.

### **Executive Overview and Outlook**

The Florida Agriculture Center and Horse Park Authority is a 500-acre, non-profit, multi-purpose, recreational and sporting organization dedicated to developing an international facility that encompasses all breeds and disciplines and other related and corresponding activities at all levels for the state of Florida and the community at large. Florida State Statute, Section 570.685, created the Florida Agriculture Center and Horse Park Authority (FACHPA). In summary, the statute establishes FACHPA as a support organization of the Department of Agriculture and Consumer Services and establishes the purpose of the organization is to develop, document, and implement strategies for the planning, construction and operation of the Florida Agriculture Center and Horse Park.

In the fiscal year ended June 30, 2020, 215 event days were held at The Horse Park including 3-day eventing, dressage, breed shows, cattle shows, canine events, corporate picnics, Civil War reenactment, barrel races, trail rides, rodeos, and several foot races. Due to Covid-19 The Horse Park cancelled all shows from 3/15/2020 – 6/30/2020 resulting in less show days. We have supported the operation of The Horse Park through individual and corporate donations and sponsorships, as well as rental of the facilities. We have continued working with Marion County to bring sewer to the property to service our new restroom and show office facilities. We have also added new infrastructure to our cross country course.

Due to the Covid-19 shutdown, The Horse Park was able to take out a Small Business Administration Paycheck Protection Program (SBA PPP) loan in the amount of \$75,000. These funds were used to cover payroll during the shutdown and start-up periods. The Horse Park will apply for loan forgiveness in the following year.

The Horse Park plans to continue hosting and putting on events of all kinds for the enjoyment of participants and spectators alike.

### **Net Position**

The Horse Park's assets are made up of Cash (and Cash Equivalents), Accounts Receivable, and Capital Assets. Capital Assets include buildings, machinery, infrastructure, and equipment. While Accounts Receivable is similar to last year, Cash is up \$114,256. Capital Assets are down \$362,573 mostly due to depreciation.

The Horse Park's liabilities are made up of Accounts Payable, Accrued Payroll, and Short-Term Note Payable (the SBA PPP loan). The AP and Accrued Payroll are down significantly from last year, but the added PPP loan has created an increase of \$41,413 in Total Liabilities.

**Florida Agriculture Center and Horse Park Authority, Inc.**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

The largest portion of The Horse Park's net position, \$7,971,719, reflects its investment in capital assets. The Horse Park uses these capital assets to provide a multi-purpose, recreational and sporting organization dedicated to developing an international facility that encompasses all breeds and disciplines and other related and corresponding activities at all levels for the state of Florida and the community at large.

The unrestricted net position of \$513,043, an increase of \$75,478, is the change in resources available to fund The Horse Park's ongoing operation, events, debt obligations, and capital investments.

**STATEMENT OF NET POSITION**

**ASSETS**

	<b>2020</b>	<b>2019</b>
Total Current Assets	\$ 604,449	\$ 487,558
Total Non-Current Assets	7,971,719	8,321,959
<b>Total Assets</b>	<b>8,576,168</b>	<b>8,809,517</b>

**LIABILITIES AND NET POSITION**

Total Current Liabilities	91,406	49,993
Total Liabilities	91,406	49,993
<b>Total Net Position</b>	<b>\$ 8,484,762</b>	<b>\$ 8,759,524</b>

**Results of Operations**

The Horse Park's revenue comes in 5 categories. Event Income (events put on by The Horse Park), Facility Rent (rental of the facility for other's to put on events), Contributions/Sponsorships, License Plate Revenue (from Discover Florida's Horses license plates), and Grant Revenue from the state. Event Income is down \$198,230 due in part to Covid-19 and the cancellation of Horse Park events (including the April FEI International Horse Trials). Facility Rent is up \$133,099 even with the Covid-19 shutdown. We acquired a few new shows (like the 2-week AIR Show Jumping and Florida Cutting Horse Association) that created this increase. Contributions/Sponsorships is up \$40,436 thanks to the generous support of 4 new sponsors and a fundraiser benefit to fund the building of an Advanced set of cross country jumps. License Plate Revenue is up \$10,345 which is a 6% increase. Grant Revenue is down \$453,175. Last year The Horse Park was completing the expenditures of the 2017 state grant that was used to build the 4 all-weather arenas. This year we took the first draw on the 2019 state grant that is being used to build permanent restrooms, show offices, and connecting them to the sewer lines that Marion County has brought on property.

The Horse Park's expenses are made up of those items required to run The Horse Park and the events held here. Advertising is down \$29,804 because there was no live streaming of the April FEI International Horse Trials that were cancelled due to Covid-19. Contract Labor is up \$7,119 as a reflection in stall cleaning more stalls used during new shows. Event Expenses (the expenses for Horse Park events) is down

**Florida Agriculture Center and Horse Park Authority, Inc.**  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2020

\$106,448 due to the Covid-19 cancellation of the April FEI International Horse Trials. Salary and Wages is up \$28,967 because The Horse Park added an employee in the Maintenance Department and was able to keep all employees on staff and working during the Covid-19 shutdown thanks to the SBA PPP loan. Insurance is up \$13,662 because the Horse Park added coverage to the South Barns and added a new Workers Comp Insurance. The Horse Park hired the services of a Lobbyist this year that resulted in an \$18,780 increase in Professional Fees. Repairs and Maintenance is down \$19,913 because of some large repairs that were incurred last year.

Total Operating Revenues are down \$467,575. The majority of this difference is in the Grant Revenue.

Total Operating Expenses are down \$61,331. The Total Change in Net Assets is (\$274,762). If you remove depreciation from the calculation (a non-cash item), The Horse Park operated 2020 in the black.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

	<b>2020</b>	<b>2019</b>
Total Operating Revenues	\$ 1,278,368	\$ 1,745,943
Total Operating Expenses	1,553,130	1,614,461
<b>Change in Net Assets</b>	<b>\$ (274,762)</b>	<b>\$ 131,482</b>

**Request for Information**

This financial report is designed to provide citizens, customers, and creditors with a general overview of The Horse Park's finances and show The Horse Park's financial accountability. If you have any questions about this report or need additional financial information, please feel free to contact:

Jason Reynolds  
 jreynolds@flhorsepark.com

or

Kristen Wilkinson  
 kwilkinson@flhorsepark.com

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**STATEMENT OF NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**  
**FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.**  
**OCALA, FLORIDA**

**ASSETS**

	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash on Deposit	\$ 492,704	\$ 378,448
Accounts Receivable	111,745	109,110
<b>Total Current Assets</b>	604,449	487,558
<b>Non-Current Assets:</b>		
Capital Assets Not Being Depreciated	60,595	48,262
Capital Assets, Net of Accumulated Depreciation	7,911,124	8,273,697
<b>Total Non-Current Assets</b>	7,971,719	8,321,959
<b>Total Assets</b>	8,576,168	8,809,517

**LIABILITIES AND NET POSITION**

<b>Current Liabilities</b>		
Accounts Payable	12,071	21,707
Accrued Payroll and Related Liabilities	4,335	28,286
Short-Term Note Payable (PPP Loan)	75,000	-
<b>Total Current Liabilities</b>	91,406	49,993
<b>Total Liabilities</b>	91,406	49,993
<b>Net Position</b>		
Net Investment in Capital Assets	7,971,719	8,321,959
Unrestricted	513,043	437,565
<b>Total Net Position</b>	\$ 8,484,762	\$ 8,759,524

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**  
**FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.**  
**OCALA, FLORIDA**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Event Income	\$ 602,172	\$ 800,402
Facility Rent	393,576	260,477
Contributions and Sponsorships	83,842	43,456
License Plate Revenue	189,918	179,573
Grant Revenue - State	8,860	462,035
<b>Total Operating Revenues</b>	<u>1,278,368</u>	<u>1,745,943</u>
<b>Operating Expenses</b>		
Advertising	234	30,038
Office Expenses	8,692	8,804
Dues/Fees	3,484	7,256
Ground Supplies	66,719	66,321
Utilities	79,187	74,148
Facility Rent	40,970	42,335
Contract Labor	12,658	5,539
Travel and Meals	12,358	19,865
Events	297,225	403,673
Contributions and Sponsorships	3,060	-
Salaries and Wages	433,459	404,492
Insurance	57,802	44,140
Professional Fees	45,554	26,774
Repairs and Maintenance	32,460	52,373
Depreciation	451,223	417,723
Bad Debt	7,691	10,161
General Operating	354	819
<b>Total Operating Expenses</b>	<u>1,553,130</u>	<u>1,614,461</u>
<b>Change in Net Assets</b>	(274,762)	131,482
<b>Total Net Position - Beginning of Year</b>	<u>8,759,524</u>	<u>8,628,042</u>
<b>Total Net Position - End of Year</b>	<u>\$ 8,484,762</u>	<u>\$ 8,759,524</u>

See accompanying notes.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**  
**FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.**  
**OCALA, FLORIDA**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Cash Receipts from Grant Contract	\$ 8,860	\$ 327,839
Cash Receipts from Event Income and Rent	1,000,648	1,025,510
Cash Receipts from Licenses Plate Revenue	174,692	171,673
Cash Receipts from Contributions and Other Revenue	83,842	43,456
Cash Payments for Salary and Expenses	(457,410)	(424,988)
Cash Payments to Vendors	(670,390)	(774,170)
<b>Net Cash Provided by Operating Activities</b>	<u>140,242</u>	<u>369,320</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Short-Term Note Payable	75,000	-
Purchase of Property and Equipment	(100,986)	(477,348)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<u>(25,986)</u>	<u>(477,348)</u>
<b>Net (Decrease) Increase in Cash on Deposit</b>	114,256	(108,028)
<b>Cash on Deposit, Beginning of Year</b>	<u>378,448</u>	<u>486,476</u>
<b>Cash on Deposit, End of Year</b>	<u>\$ 492,704</u>	<u>\$ 378,448</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ (274,761)	\$ 131,482
Depreciation Expense	451,225	417,723
Adjustment to Reconcile Operating to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	(2,635)	(33,109)
(Increase) Decrease in Grant Receivables	-	47,276
Increase (Decrease) in Accounts Payable and Accrued Expenses	(9,636)	7,916
Increase (Decrease) in Unearned Revenue	-	(181,472)
Increase (Decrease) in Accrued Payroll	(23,951)	(20,496)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 140,242</u>	<u>\$ 369,320</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS  
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.  
OCALA, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

Florida Agriculture Center and Horse Park Authority, Inc. (the Authority) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**Reporting Entity**

The Authority was organized on March 14, 1996, as a Florida not-for-profit organization associated with the Florida Department of Agriculture and Consumer Services in accordance with Florida Statute Sections 570.681, 570.685, 570.686, 570.691 and 253.7825. The Authority is a direct service organization to the Florida Department of Agriculture and Consumer Services, representing a public-private partnership between the State of Florida and its agricultural and equine industries. The mission of the Authority is to educate while entertaining the public about Florida agriculture and the equine world through the construction and operation of a multipurpose agriculture and equine park. The Authority first acquired assets in 1997 and began capital fundraising during 1998; however, no significant fundraising occurred until August 2005.

**Reporting Framework**

Previously, the Authority followed the reporting framework as prescribed for non-profit organizations in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* 958. However, per the American Institute of Certified Public Accountants Audit and Accounting Guide for *State and Local Governments*, whenever a situation exists wherein “a controlling majority of the organization’s officers are appointed by officials of one or more state governments”, the organization is considered a governmental unit and must follow the financial reporting model pursuant to GASB.

Per the By-Laws of the Authority, Article IV Governance, “The business, property, and affairs of this Corporation shall be managed by its members composed of no more than 21 persons who shall be appointed by the Commissioner of Agricultural and Consumer Services”.

As Board members are appointed by the Commissioner of Agriculture and Consumer Services, the Authority will report in accordance with GASB.

Net Position for the prior period ending June 30, 2019, was changed in title only to make the prior year information in compliance with GASB reporting as follows:

	<u>As Previously Reported</u>	<u>Reported Under GASB</u>
<b>Net Position/Net Assets:</b>		
Investment in Property and Equipment	\$ 8,321,959	
Net Assets Without Donor Restrictions	437,565	
Net Investment in Capital Assets		\$ 8,321,959
Unrestricted		437,565

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.**  
**OCALA, FLORIDA**

**Basis of Accounting**

*Statement of Net Position*

The statement of net position includes the single-purpose business-type activities of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties for events. The Authority also receives contributions and sponsors to promote their activities.

**Proprietary Funds**

Proprietary funds are used to account for business-type activities provided to the general public. These activities are financed primarily by event activity fees and the measurement of financial activity focuses on net income measurement similar to the private sector. The Authority has one major fund, which is the only business-type activity of the Authority. Proprietary Funds include Enterprise Funds.

**Measurement Focus**

The business-type activities are presented using the economic resources measurement focus as noted for proprietary funds and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise fund are event and event-related fees. Operating expenses for the enterprise fund include the costs of providing the events and facilities, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as non-operating revenues and expenses.

**Cash on Deposit**

For the purposes of the statement of cash flows, the Authority considers all currently held deposits to be cash on deposit. The carrying amount of deposits at June 30, 2020, was \$492,704 and the bank balance was \$465,738. Deposits are held in one financial institution and are insured by the Federal Deposit Insurance Corporation up to \$250,000.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances and primarily consist of events that have occurred but payment has not been received. The Authority's management determines if a receivable will not be collected and writes off the receivable amount if deemed uncollectible.

**Grants Receivable**

Grants receivable consist mainly of grant funds due from the Florida Department of Agriculture and Consumer Services. The Authority believes that all funds will be fully collected and, accordingly, no allowance for doubtful accounts is required.

**Grant Revenues and Unearned Grant Revenues**

The Authority receives direct grants from the Florida Department of Agriculture and Consumer Services. Revenue is recognized when the related grant expenses have been incurred. In some instances, grant funds have been received in anticipation of future projects that require funds in advance and are recorded as unearned Grant Revenues.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.**  
**OCALA, FLORIDA**

**Capital Assets**

Capital assets are recorded at cost, or in the case of donated items, at fair value on the date received. Contributed property and equipment is recorded at fair value at the date of donation. Acquisitions in excess of \$1,000 are capitalized. Depreciation expense is calculated on a straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 40 years.

**Contributions and Sponsorships**

Contributions and sponsorships are recognized upon receipt from the individuals and corporations. Contributions and sponsorships are used to support the operations and give name recognition to donors.

**Contributed Goods and Services**

The Authority records the fair value of donated goods when there is an objective basis available to measure their value, and these are reflected as donations in-kind.

**Net Position**

In the Proprietary Fund financial statements net position is classified in the following categories:

- Net Investment in Capital Assets—Consists of capital assets less any outstanding direct borrowings. The Authority has no outstanding direct borrowings.
- Unrestricted Net Position—All remaining net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Recently Issued Accounting Standards**

The Authority is considering the effects of the following upcoming Accounting Standard changes:

- GASB Statement No. 87, *Leases*, effective for the fiscal year ending June 30, 2022.

**Income Taxes**

No provision for income tax expense has been made in the accompanying financial statements since the Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, the IRC provides for taxation of unrelated business income under certain circumstances. At the present time, the Authority has no taxable unrelated business income. The Authority has been classified as an organization that is not a private foundation under 509(a)(1) of the IRC. Further, the Authority has been recognized by the Internal Revenue Service as an affiliate of a governmental unit and is not required to file Form 990 annually.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The primary area of management estimates is determining the collectability of pledged receivables and useful lives of the Authority’s capitalized assets.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.**  
**OCALA, FLORIDA**

**Note 2 - Capital Assets**

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Assets Not Being Depreciated:				
Construction in Progress	\$ 48,262	\$ 12,333	\$ -	\$ 60,595
Total Assets Not Being Depreciated	<u>48,262</u>	<u>12,333</u>	<u>-</u>	<u>60,595</u>
Assets Being Depreciated:				
Buildings	5,770,686	-	-	5,770,686
Furniture and Equipment	3,371,874	31,457	(22,152)	3,381,179
Improvements Other Than Buildings	1,058,631	57,197	-	1,115,828
Total Assets Not Being Depreciated	<u>10,201,191</u>	<u>88,654</u>	<u>(22,152)</u>	<u>10,267,693</u>
Less Accumulated Depreciation for:				
Buildings	(807,021)	(197,231)	-	(1,004,252)
Furniture and Equipment	(943,220)	(193,135)	-	(1,136,355)
Improvements Other Than Buildings	(155,103)	(60,859)	-	(215,962)
Total Depreciation	<u>(1,905,344)</u>	<u>(451,225)</u>	<u>-</u>	<u>(2,356,569)</u>
Total Assets Being Depreciated, Net	<u>8,295,847</u>	<u>(362,571)</u>	<u>(22,152)</u>	<u>7,911,124</u>
<b>Business-Type Activities, Capital Assets</b>	<u>\$ 8,344,109</u>	<u>\$ (350,238)</u>	<u>\$ (22,152)</u>	<u>\$ 7,971,719</u>

Depreciation expense of \$451,225 and \$417,723 was recognized during the years ended 2020 and 2019, respectively.

**Note 3 - Land Lease**

On January 22, 1998, the Authority entered in to a sublease agreement with the Florida Department of Agriculture and Consumer Services to lease 250 acres of former greenway land for fifty years beginning April 1, 1997, for the purpose of constructing and operating an agriculture center and horse park. During 2000, the Florida Legislature designated an additional 250 acres to be added to the existing lease for a total of 500 acres. Terms of the lease call for rental payments equal to a percentage of profits of the park in excess of \$250,000, excluding certain revenues designated for park construction. There have been no rental payments made since inception of the Authority and there were no rental payments made in fiscal year 2020.

**Note 4 - Specialty License Plate Revenue**

For the fiscal years ended June 30, 2020 and 2019, the Authority earned \$189,918 and \$179,573, respectively, of specialty license plate revenue from the State of Florida Department of Highway Safety and Motor Vehicles.

Pursuant to Section 320.08056 of the Florida Statutes, the Authority may not use specialty license plate revenue or any interest earned from those fees for commercial, or for-profit activities, or for general or administrative expenses, except as authorized by the Florida Statutes.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.**  
**OCALA, FLORIDA**

**Note 5 - Short-Term Debt**

Due to the COVID-19 Pandemic, the President signed into law the *Paycheck Protection Program Flexibility Act of 2020* (the PPP Act) to amend the Small Business Administration's (SBA) Paycheck Protection Program (PPP) Loan program enacted under the *Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020* (the CARES Act). The Authority received \$75,000 through the PPP Loan program. The loan will be fully forgiven if the funds received are used for payroll costs, interest on mortgages, rent, and utilities. At least 60% of the loan must have been used for payroll expenses. As of June 30, 2020, the loan has not been forgiven. However, the Authority is confident most, if not all, loan expenses are related to payroll across the 24-week forgiveness period.

The following is a summary of changes in debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
PPP Short-Term Loan	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ 75,000

**Note 6 - Contingent Liabilities and Commitments**

In the prior year, the Authority received a \$500,000 grant from the Florida Department of Agriculture and Consumer Services for construction of show offices and restroom facilities, including the required infrastructure. As of June 30, 2020, \$8,860 has been incurred to-date for site planning and ground testing and reimbursed from the Grant Contract.

**Note 7 - Management's Review and Current Events**

**COVID-19**

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of our report, causing significant declines in the financial markets and economic activity overall. The Authority closed all activities from March 16, 2020 through June 4, 2020. Activities have resumed, however, they continue to be closed to the general public.

As further described in Note 5, the Authority received \$75,000 on April 16, 2020, from the SBA Payroll Protection Program.

The Authority has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 22, 2020, the date the financial statements were available to be issued.

**Note 8 - Federal and State Single Audit Requirements**

During the year, the Authority expended less than \$750,000 in federal or state grant funded revenue; therefore, no Federal or State Single Audit was required.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUES BY THE COMPTROLLER GENERAL OF  
THE UNITED STATES**

**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**

Board of Directors  
Florida Agriculture Center and  
Horse Park Authority, Inc.  
Ocala, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and major fund of the Florida Agriculture Center and Horse Park Authority, Inc. (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

Our 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiency described below as item 2013-1 to be a material weakness:

**CERTIFIED PUBLIC ACCOUNTANTS**

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Lakeland*  
purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA

Board of Directors  
Florida Agriculture Center and  
Horse Park Authority, Inc.  
Ocala, Florida

**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***

■ **2013-1—Segregation of Duties**

The primary weakness in the Authority's internal control is the lack of segregation of incompatible duties in the accounting function due to the limited number of personnel. This condition is typical of many non-profit organizations with limited budgetary resources. To the extent possible, the Authority has instituted procedures to overcome this condition, including instituting disbursement controls, such as prepayment approvals, dual signature requirements, and periodic financial reporting to the Board of Directors. We recognize the effort that has been made to overcome weaknesses that are inherent to limited personnel and encourage the Authority to continue with this ongoing effort.

**Compliance and Other Matters**

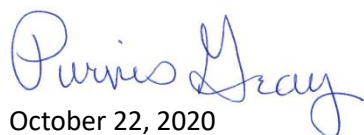
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying management response letter. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 22, 2020  
Ocala, Florida



Auditor General's Office  
Local Government Section  
Claude Denson Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

October 22, 2020

Re: Response to Auditor's Report on Internal Controls

Dear Ladies and Gentlemen:

The following is the response to the independent auditor's comments in the Report on Internal Controls:

**2013-1 Segregation of Duties**

**Florida Horse Park's Response:**

Due to the Authority's limited number of personnel, the segregation of duties is not always possible. However, we have implemented the following checks and balances: Assistant will receive and disburse mail/checks, Executive Director will approve all invoices and review and sign all reconciliations.

Respectfully Submitted,  
Florida Horse Park

Jason Reynolds  
Executive Director, Florida Horse Park