



SHERIFFS RANCHES ENTERPRISES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Sheriffs Ranches Enterprises, Inc.
Live Oak, Florida

We have audited the financial statements of Sheriffs Ranches Enterprises, Inc. ("the Organization"), which consist of the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sheriffs Ranches Enterprises, Inc. as of September 30, 2019 and 2018, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
February 11, 2020

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SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 285,909	\$ 185,359
Inventories	315,939	314,534
Other assets	104,314	89,584
Property and equipment, net	379,339	273,670
Total assets	\$ 1,085,501	\$ 863,147
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 200,468	\$ 192,806
NET ASSETS WITHOUT DONOR RESTRICTIONS	885,033	670,341
Total liabilities and net assets without donor restrictions	\$ 1,085,501	\$ 863,147

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,	
	2019	2018
PUBLIC SUPPORT AND REVENUE		
Sales of donated goods	\$ 4,068,223	\$ 3,700,278
Contributions	58,197	31,416
Other revenue	24,821	3,558
Total public support and revenue	4,151,241	3,735,252
EXPENSES		
Program activities	2,822,792	2,723,705
Grant to Florida Sheriffs Youth Ranches, Inc.	550,000	480,000
Total program activities	3,372,792	3,203,705
Supporting activities		
Management and general	463,414	439,299
Fundraising	100,343	102,792
Total supporting activities	563,757	542,091
Total expenses	3,936,549	3,745,796
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	214,692	(10,544)
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of year	670,341	680,885
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of year	\$ 885,033	\$ 670,341

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SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2019	2018
OPERATING CASH FLOWS		
Cash received from sales of donated goods	\$ 4,055,078	\$ 3,700,278
Cash received from donors and other income	83,018	34,974
Cash paid for operating activities and costs	(3,284,855)	(3,213,041)
Grant to Florida Sheriffs Youth Ranches, Inc.	(550,000)	(480,000)
Net operating cash flows	303,241	42,211
INVESTING CASH FLOWS		
Purchases of or improvements to property and equipment	(202,691)	(60,757)
Net investing cash flows	(202,691)	(60,757)
NET CHANGE IN CASH AND CASH EQUIVALENTS	100,550	(18,546)
CASH AND CASH EQUIVALENTS - Beginning of year	185,359	203,905
CASH AND CASH EQUIVALENTS - End of year	\$ 285,909	\$ 185,359
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET OPERATING CASH FLOWS		
Change in net assets without donor restrictions	\$ 214,692	\$ (10,544)
Adjustments to reconcile change in net assets without donor restrictions to net operating cash flows		
Depreciation	97,022	81,744
Change in inventories	(1,405)	(20,478)
Change in other assets	(14,730)	7,915
Change in accounts payable and accrued expenses	7,662	(16,426)
Net operating cash flows	\$ 303,241	\$ 42,211

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SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2019

	Supporting activities				Total expenses
	Program activities	Management and general	Fundraising	Total supporting activities	
Salaries	\$ 1,282,344	\$ 323,751	\$ 49,583	\$ 373,334	\$ 1,655,678
Payroll-related expenses	303,828	86,066	13,479	99,545	403,373
Total personnel-related expenses	1,586,172	409,817	63,062	472,879	2,059,051
Agency membership	10,234	1,189	5,230	6,419	16,653
Utilities	162,269	908	—	908	163,177
Building and grounds repair and maintenance	49,204	150	—	150	49,354
Furniture and equipment rental and maintenance	4,616	2,896	97	2,993	7,609
Printing and office supplies	10,449	1,307	724	2,031	12,480
Insurance	54,746	6,274	1,511	7,785	62,531
Communications	28,237	1,026	233	1,259	29,496
Postage and freight	1,444	—	—	—	1,444
Supplies	21,297	29	6,290	6,319	27,616
Professional services	704	24,650	50	24,700	25,404
Bank fees	70,942	1	—	1	70,943
Rent expense and real estate tax	583,647	—	—	—	583,647
Travel	5,138	4,913	4,713	9,626	14,764
Personnel services	2,618	129	24	153	2,771
Vehicle expense	110,606	3,803	2,107	5,910	116,516
Community affairs	427	—	13,874	13,874	14,301
Staff recruitment and development	7,774	1,390	2,428	3,818	11,592
Depreciation and disposals	93,962	4,932	—	4,932	98,894
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	18,306	—	—	—	18,306
Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.	2,822,792	463,414	100,343	563,757	3,386,549
Grant to Florida Sheriffs Youth Ranches, Inc.	550,000	—	—	—	550,000
Total expenses	\$ 3,372,792	\$ 463,414	\$ 100,343	\$ 563,757	\$ 3,936,549

The Accompanying Notes are an Integral
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SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2018

	Supporting activities			Total supporting activities	Total expenses
	Program activities	Management and general	Fundraising		
Salaries	\$ 1,251,807	\$ 329,829	\$ 49,823	\$ 379,652	\$ 1,631,459
Payroll-related expenses	334,428	55,088	12,148	67,236	401,664
Total personnel-related expenses	1,586,235	384,917	61,971	446,888	2,033,123
Agency membership	2,877	576	4,047	4,623	7,500
Utilities	154,735	1,295	—	1,295	156,030
Building and grounds repair and maintenance	25,553	55	—	55	25,608
Furniture and equipment rental and maintenance	6,280	3,458	—	3,458	9,738
Printing and office supplies	7,521	2,072	285	2,357	9,878
Insurance	51,671	5,226	1,949	7,175	58,846
Communications	32,540	1,957	—	1,957	34,497
Postage and freight	2,547	—	49	49	2,596
Supplies	20,468	102	3,113	3,215	23,683
Professional services	450	22,726	—	22,726	23,176
Bank fees	61,786	21	—	21	61,807
Rent expense and real estate tax	544,322	—	—	—	544,322
Travel	6,503	6,129	5,662	11,791	18,294
Personnel services	5,614	578	45	623	6,237
Vehicle expense	106,963	3,100	1,962	5,062	112,025
Community affairs	—	—	21,771	21,771	21,771
Staff recruitment and development	8,554	1,309	1,938	3,247	11,801
Depreciation and disposals	76,129	5,778	—	5,778	81,907
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	22,957	—	—	—	22,957
Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.	2,723,705	439,299	102,792	542,091	3,265,796
Grant to Florida Sheriffs Youth Ranches, Inc.	480,000	—	—	—	480,000
Total expenses	\$ 3,203,705	\$ 439,299	\$ 102,792	\$ 542,091	\$ 3,745,796

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Sheriffs Ranches Enterprises, Inc. (“the Organization”) is a Florida not-for-profit corporation formed in 2005. The Organization is a supporting organization of Florida Sheriffs Youth Ranches, Inc. (“FSYR”). The primary purpose of the Organization is to operate the productive enterprises of FSYR. The Organization fulfills its purpose through the help of community donors who provide goods for sale in the Organization’s thrift stores. The Organization operates a vehicle sales lot and six thrift stores in Citrus, Pinellas, Suwannee, Hernando, Lake, and Marion Counties (all in Florida).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization.

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Inventories

Inventories consist primarily of donated goods which have been processed and are ready for sale. Inventories are recorded at their estimated net realizable value.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. The Organization uses the straight-line method of depreciating property and equipment over the estimated useful lives of the related assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Income taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to the estimated useful lives of property and equipment. Actual results could differ from the estimates.

SHERIFFS RANCHES ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently adopted accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of financial statements of Not-for-Profit Entities is effective for the Organization’s financial statements for the year ended September 30, 2019. The ASU requires various changes to the presentation of financial statements for not-for-profit entities, the most significant of which relate to the classifications of net assets, a requirement to report expenses by natural classification as well as by functional classification, and new required disclosures related to an entity’s liquidity and availability of resources. The adoption of the ASU had no effect on the Organization’s net assets as of October 1, 2017, or the change in net assets presented for the year ended September 30, 2018. As allowed by applicable guidance, the Organization has chosen not to retrospectively apply provisions not required to be applied to the September 30, 2018 financial statements.

Reclassifications

Certain amounts included in the September 30, 2018 financial statements have been reclassified to conform to classifications adopted during the year ended September 30, 2019. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Organization has evaluated for possible financial statement reporting and disclosure subsequent events through February 11, 2020, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the statement of financial position as of September 30, 2019 for general expenditure are as follows:

Cash and cash equivalents	\$ <u>285,909</u>
Total financial assets available within one year	\$ <u>285,909</u>

The Organization is primarily supported by sales of donated goods. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management believes the Organization has sufficient cash available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need.

NOTE D – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

SHERIFFS RANCHES ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	September 30,	
	2019	2018
Land and land improvements	\$ 80,148	\$ 80,148
Buildings and building improvements (including leasehold improvements)	478,057	395,487
Furniture, fixtures, and equipment	203,597	197,563
Vehicles	479,862	485,456
Construction in progress	—	38,189
Total property and equipment	1,241,664	1,196,843
Less: Accumulated depreciation	(862,325)	(923,173)
Net property and equipment	\$ 379,339	\$ 273,670

Depreciation expense amounted to \$97,022 and \$81,744 during the years ended September 30, 2019 and 2018, respectively.

NOTE F – GRANT TO FLORIDA SHERIFFS YOUTH RANCHES, INC.

The Organization transfers excess funds accumulated from operations to FSyr. Excess funds are determined by estimating net income and working capital requirements during the budgetary process. Excess funds granted to FSyr were \$550,000 and \$480,000 during the years ended September 30, 2019 and 2018, respectively.

NOTE G – RETIREMENT PLAN

The Organization contributes to a 401(k) profit-sharing plan (“the Plan”) sponsored by FSyr. All employees age 20.5 and older are eligible to participate in the Plan. Participating employees may elect to make salary deferral contributions to the Plan. The Plan requires the Organization to make matching contributions of up to 3% of an employee’s annual compensation up to a maximum of 5% (increasing by 50% of salary deferrals between 3% and 5% of an employee’s annual compensation). The Organization contributed approximately \$16,000 and \$13,000 to the Plan during the years ended September 30, 2019 and 2018, respectively. The Organization may also provide an additional discretionary matching contribution to the Plan. No additional discretionary matching contributions were made to the Plan during the years ended September 30, 2019 and 2018.

NOTE H – OPERATING LEASES

The Organization leases building space under operating lease agreements. Rent expense (including common area maintenance and other charges) related to such leases was approximately \$580,000 and \$541,000 during the years ended September 30, 2019 and 2018, respectively.

SHERIFFS RANCHES ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE H – OPERATING LEASES (Continued)

Future minimum rental payments under noncancelable operating leases are approximately as follows:

Year Ending <u>September 30.</u>	
2020	\$ 585,000
2021	498,000
2022	244,000
2023	217,000
2024	131,000
Thereafter	<u>33,000</u>
Total	<u>\$ 1,708,000</u>