



FLORIDA SHERIFFS YOUTH RANCHES, INC.

REPORTING PACKAGE

FOR THE YEAR ENDED SEPTEMBER 30, 2020



FLORIDA SHERIFFS YOUTH RANCHES, INC.

Live Oak, Florida

**CONSOLIDATED FINANCIAL STATEMENTS AND
RELATED SUPPLEMENTAL INFORMATION AND REPORTS
For The Year Ended September 30, 2020**

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REPORT OF INDEPENDENT AUDITOR

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

We have audited the consolidated financial statements of Florida Sheriffs Youth Ranches, Inc. ("the Organization"), which consist of the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Florida Sheriffs Youth Ranches, Inc. as of September 30, 2020 and 2019, the consolidated changes in its net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statements of financial position as of September 30, 2020 and 2019, and the related supplemental consolidating statements of activities and cash flows for the years then ended, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Organization'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 Organization's internal control over financial reporting and compliance.



BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
February 18, 2021

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,122,505	\$ 5,987,386
Cash held for self-funded health insurance plan	757,830	641,814
Certificate of deposit	1,008,778	—
Investments	15,536,999	11,965,268
Investments and other assets restricted for long-term purposes	40,910,754	39,459,244
Beneficial interests in trusts and endowments held by others	4,074,520	4,571,596
Property and equipment, net	9,481,945	8,112,329
Other assets	1,510,999	1,704,980
Total assets	\$ 76,404,330	\$ 72,442,617

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 1,937,720	\$ 1,559,371
Deferred compensation payable	1,458,824	1,501,082
Liabilities for annuities and other	4,119,603	4,520,386
Notes payable	2,051,200	—
Total liabilities	9,567,347	7,580,839
NET ASSETS		
Without donor restrictions	14,047,864	13,879,955
With donor restrictions	52,789,119	50,981,823
Total net assets	66,836,983	64,861,778
Total liabilities and net assets	\$ 76,404,330	\$ 72,442,617

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Years Ended	
	September 30,	
	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support and revenue		
Contributions	\$ 5,523,434	\$ 5,703,644
Sales of donated goods	3,424,837	4,068,223
Medicaid and third party reimbursements	2,072,168	3,494,235
Other income	684,429	524,902
Investment income, net	411,311	379,321
Total public support and revenue	12,116,179	14,170,325
Net assets released from time and use restrictions	6,684,861	5,968,931
Total public support and revenue and net assets released from time and use restrictions	18,801,040	20,139,256
Expenses		
Program activities		
Home and subsistence	9,363,538	9,435,316
Operation of thrift stores	2,755,165	2,804,486
Medical and clinical	1,455,047	1,525,011
Total program activities	13,573,750	13,764,813
Supporting activities		
Management and general	2,824,494	2,630,141
Development and public relations	2,234,887	2,188,967
Total supporting activities	5,059,381	4,819,108
Total expenses	18,633,131	18,583,921
Change in net assets without donor restrictions	167,909	1,555,335
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	5,632,451	6,914,696
Investment income, net	3,459,228	1,442,446
Change in value of split-interest agreements	(599,522)	(620,072)
Net assets released from time and use restrictions	(6,684,861)	(5,968,931)
Change in net assets with donor restrictions	1,807,296	1,768,139
CHANGE IN NET ASSETS	1,975,205	3,323,474
NET ASSETS - Beginning of year	64,861,778	61,538,304
NET ASSETS - End of year	\$ 66,836,983	\$ 64,861,778

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2020	2019
OPERATING CASH FLOWS		
Cash received from contributors	\$ 10,079,486	\$ 11,686,346
Cash received from sales of donated goods	3,435,971	4,055,078
Cash received from Medicaid and third party reimbursements	2,072,168	3,494,235
Other revenue received	1,648,078	1,628,100
Cash paid for operating activities and costs	(18,186,955)	(18,180,852)
Net operating cash flows	(951,252)	2,682,907
INVESTING CASH FLOWS		
Purchase of certificate of deposit	(1,008,778)	—
Reinvestment of interest and dividends	(966,321)	(1,034,891)
Net sales of investments	428,443	1,188,753
Net (investment in) release of assets restricted for long-term purposes	(1,731,336)	180,612
Purchases of and improvements to property and equipment	(2,428,472)	(1,736,515)
Net investing cash flows	(5,706,464)	(1,402,041)
FINANCING CASH FLOWS		
Contributions restricted for endowments	91,997	48,726
Contributions restricted for future construction	1,485,828	443,472
Borrowings	2,051,200	—
Net financing cash flows	3,629,025	492,198
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(3,028,691)	1,773,064
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	7,328,410	5,555,346
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 4,299,719	\$ 7,328,410
REPORTED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 3,122,505	\$ 5,987,386
Cash held for self-funded health insurance plan	757,830	641,814
Cash restricted for long-term purposes included in "Investments and other assets restricted for long-term purposes"	419,384	699,210
Total cash, cash equivalents, and restricted cash	\$ 4,299,719	\$ 7,328,410
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 1,975,205	\$ 3,323,474
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	1,058,856	951,488
Contributions restricted for long-term purposes	(1,577,825)	(492,198)
Gain on investments, net	(3,033,853)	(872,149)
Change in beneficial interests in trusts and endowments held by others	497,076	(458,102)
Change in other assets	193,981	1,017,648
Change in accounts payable and accrued expenses	378,349	(222,986)
Change in deferred compensation payable	(42,258)	(42,217)
Change in liabilities for annuities and other	(400,783)	(522,051)
Net operating cash flows	\$ (951,252)	\$ 2,682,907

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2020

	Program activities			
	Home and subsistence	Operation of thrift stores	Medical and clinical	Total program activities
Salaries	\$ 4,002,470	\$ 1,225,954	\$ 753,785	\$ 5,982,209
Payroll-related expenses	<u>1,099,611</u>	<u>300,671</u>	<u>226,797</u>	<u>1,627,079</u>
Total personnel-related expenses	5,102,081	1,526,625	980,582	7,609,288
Agency membership	22,214	5,357	3,571	31,142
Food	872,769	—	—	872,769
Utilities	478,972	147,324	32,648	658,944
Building and grounds repair and maintenance	427,598	42,083	69,055	538,736
Furniture and equipment rental and maintenance	72,040	7,777	11,289	91,106
Printing and office supplies	98,988	7,393	8,616	114,997
Clothing and personal care	66,877	—	—	66,877
Insurance	360,500	55,446	58,267	474,213
Communications	231,413	29,429	35,126	295,968
Postage and freight	4,837	2,601	782	8,220
Farm expense	117,396	—	—	117,396
Supplies	95,702	22,384	749	118,835
Professional services	—	2,073	—	2,073
Work program	86,843	—	—	86,843
Bank fees	2,635	67,653	434	70,722
Program write-offs	25,826	—	4,174	30,000
Rent expense and real estate tax	28,981	595,964	4,684	629,629
Travel	86,102	4,023	3,186	93,311
Personnel services	12,355	6,368	4,749	23,472
President's discretionary fund	39	—	6	45
Medical and dental services	18	—	77,035	77,053
Recreation	101,950	—	—	101,950
Vehicle expense	133,819	116,859	21,389	272,067
Alumni scholarships and expenses	73,275	—	11,843	85,118
Awards and special events	38,719	—	—	38,719
Community affairs	36,780	125	5,945	42,850
Education supplies	33,895	—	—	33,895
Religion/music supplies and activities	806	—	—	806
Staff recruitment and development	57,699	4,645	9,293	71,637
Depreciation and loss on disposals	<u>692,409</u>	<u>111,036</u>	<u>111,624</u>	<u>915,069</u>
Total	<u>\$ 9,363,538</u>	<u>\$ 2,755,165</u>	<u>\$ 1,455,047</u>	<u>\$ 13,573,750</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For The Year Ended September 30, 2020

	Supporting activities				Total expenses
	Total program activities	Management and general	Development and public relations	Total supporting activities	
Salaries	\$ 5,982,209	\$ 1,670,681	\$ 773,089	\$ 2,443,770	\$ 8,425,979
Payroll-related expenses	1,627,079	370,680	217,173	587,853	2,214,932
Total personnel-related expenses	7,609,288	2,041,361	990,262	3,031,623	10,640,911
Agency membership	31,142	1,356	16,122	17,478	48,620
Food	872,769	—	—	—	872,769
Utilities	658,944	29,471	—	29,471	688,415
Building and grounds repair and maintenance	538,736	15,683	—	15,683	554,419
Furniture and equipment rental and maintenance	91,106	64,880	81,084	145,964	237,070
Printing and office supplies	114,997	21,528	555,277	576,805	691,802
Clothing and personal care	66,877	—	—	—	66,877
Insurance	474,213	107,187	1,720	108,907	583,120
Communications	295,968	48,385	11,939	60,324	356,292
Postage and freight	8,220	1,737	329,244	330,981	339,201
Farm expense	117,396	—	—	—	117,396
Supplies	118,835	2,444	20,489	22,933	141,768
Expenses on investment property	—	18,297	—	18,297	18,297
Professional services	2,073	286,642	142,679	429,321	431,394
Work program	86,843	—	—	—	86,843
Bank fees	70,722	4,903	15,548	20,451	91,173
Program write-offs	30,000	—	—	—	30,000
Rent expense and real estate tax	629,629	—	—	—	629,629
Travel	93,311	12,023	19,021	31,044	124,355
Personnel services	23,472	4,509	325	4,834	28,306
President's discretionary fund	45	5,831	—	5,831	5,876
Medical and dental services	77,053	—	—	—	77,053
Recreation	101,950	—	—	—	101,950
Vehicle expense	272,067	9,141	15,417	24,558	296,625
Alumni scholarships and expenses	85,118	—	—	—	85,118
Awards and special events	38,719	—	—	—	38,719
Community affairs	42,850	573	29,336	29,909	72,759
Education supplies	33,895	—	—	—	33,895
Religion/music supplies and activities	806	—	—	—	806
Staff recruitment and development	71,637	1,579	6,424	8,003	79,640
Depreciation and loss on disposals	915,069	146,964	—	146,964	1,062,033
Total	\$ 13,573,750	\$ 2,824,494	\$ 2,234,887	\$ 5,059,381	\$ 18,633,131

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2019

	Program activities			
	Home and subsistence	Operation of thrift stores	Medical and clinical	Total program activities
Salaries	\$ 4,008,770	\$ 1,282,344	\$ 829,136	\$ 6,120,250
Payroll-related expenses	<u>1,115,387</u>	<u>303,828</u>	<u>257,495</u>	<u>1,676,710</u>
Total personnel-related expenses	5,124,157	1,586,172	1,086,631	7,796,960
Agency membership	20,875	10,234	3,374	34,483
Food	888,957	—	—	888,957
Utilities	469,427	162,269	31,997	663,693
Building and grounds repair and maintenance	391,475	49,204	63,027	503,706
Furniture and equipment rental and maintenance	70,244	4,616	10,956	85,816
Printing and office supplies	118,570	10,449	6,609	135,628
Clothing and personal care	108,136	—	—	108,136
Insurance	332,370	54,746	53,720	440,836
Communications	187,149	28,237	26,227	241,613
Postage and freight	4,640	1,444	750	6,834
Farm expense	65,966	—	79	66,045
Supplies	53,138	21,297	422	74,857
Professional services	—	704	—	704
Work program	110,017	—	—	110,017
Bank fees	1,279	70,942	207	72,428
Program write-offs	16,871	—	2,727	19,598
Rent expense and real estate tax	28,992	583,647	4,686	617,325
Travel	217,031	5,138	6,423	228,592
Personnel services	10,900	2,618	2,939	16,457
Medical and dental services	433	—	66,074	66,507
Recreation	107,337	—	—	107,337
Vehicle expense	183,287	110,606	27,843	321,736
Alumni scholarships and expenses	94,869	—	13,194	108,063
Awards and special events	58,703	—	—	58,703
Community affairs	43,339	427	7,005	50,771
Education supplies	41,616	—	—	41,616
Religion/music supplies and activities	2,216	—	—	2,216
Staff recruitment and development	53,103	7,774	8,549	69,426
Depreciation and loss on disposals	<u>630,219</u>	<u>93,962</u>	<u>101,572</u>	<u>825,753</u>
Total	<u>\$ 9,435,316</u>	<u>\$ 2,804,486</u>	<u>\$ 1,525,011</u>	<u>\$ 13,764,813</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
For The Year Ended September 30, 2019

	Supporting activities			Total supporting activities	Total expenses
	Total program activities	Management and general	Development and public relations		
Salaries	\$ 6,120,250	\$ 1,491,966	\$ 758,789	\$ 2,250,755	\$ 8,371,005
Payroll-related expenses	1,676,710	363,466	223,839	587,305	2,264,015
Total personnel-related expenses	7,796,960	1,855,432	982,628	2,838,060	10,635,020
Agency membership	34,483	1,963	18,647	20,610	55,093
Food	888,957	—	—	—	888,957
Utilities	663,693	31,757	—	31,757	695,450
Building and grounds repair and maintenance	503,706	17,695	—	17,695	521,401
Furniture and equipment rental and maintenance	85,816	55,512	80,533	136,045	221,861
Printing and office supplies	135,628	24,822	563,868	588,690	724,318
Clothing and personal care	108,136	—	—	—	108,136
Insurance	440,836	96,383	12,396	108,779	549,615
Communications	241,613	65,144	12,973	78,117	319,730
Postage and freight	6,834	1,527	281,655	283,182	290,016
Farm expense	66,045	—	—	—	66,045
Supplies	74,857	1,387	21,818	23,205	98,062
Expenses on investment property	—	19,022	—	19,022	19,022
Professional services	704	272,762	95,014	367,776	368,480
Work program	110,017	—	—	—	110,017
Bank fees	72,428	5	13,485	13,490	85,918
Program write-offs	19,598	—	—	—	19,598
Rent expense and real estate tax	617,325	—	—	—	617,325
Travel	228,592	29,469	28,352	57,821	286,413
Personnel services	16,457	1,974	129	2,103	18,560
President's discretionary fund	—	3,695	—	3,695	3,695
Medical and dental services	66,507	—	—	—	66,507
Recreation	107,337	—	—	—	107,337
Vehicle expense	321,736	13,907	20,651	34,558	356,294
Alumni scholarships and expenses	108,063	—	—	—	108,063
Awards and special events	58,703	—	—	—	58,703
Community affairs	50,771	4,956	52,574	57,530	108,301
Education supplies	41,616	—	—	—	41,616
Religion/music supplies and activities	2,216	—	—	—	2,216
Staff recruitment and development	69,426	3,659	4,244	7,903	77,329
Depreciation and loss on disposals	825,753	129,070	—	129,070	954,823
Total	\$ 13,764,813	\$ 2,630,141	\$ 2,188,967	\$ 4,819,108	\$ 18,583,921

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Florida Sheriffs Youth Ranches, Inc. (“FSYR”) is a Florida not-for-profit corporation formed in 1973 to prevent juvenile delinquency by providing services to children and youth who may be abandoned, homeless, destitute, neglected, dependent, or in need of supervision regardless of race, creed, color, or sex; to care for said children and youth by providing as-needed and feasible residential care, camping programs, education, and related services.

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

In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the consolidated financial statements of FSYR include the accounts of SRE. All significant inter-organization accounts and transactions have been eliminated in consolidation. FSYR and SRE are collectively referred to as “the Organization” in these notes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as “net assets released from time and use restrictions.”

Cash and cash equivalents

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

Cash held for self-funded health insurance plan

Cash held for self-funded health insurance plan includes cash set aside for future claims related to FSYR’s self-funded health insurance plan.

Certificate of deposit

FSYR’s certificate of deposit bears interest at .40% per annum and matures in March 2021.

Investments and other assets restricted for long-term purposes

Investments and other assets restricted for long-term purposes include mutual funds, corporate stock, corporate bonds, and government securities carried at estimated fair value, and beneficial interests in perpetual trusts and endowments held by others. These assets are primarily restricted pursuant to the endowment agreements to which they relate and for future construction.

Split-interest gifts

For irrevocable split-interest arrangements such as charitable gift annuities and similar arrangements in which FSYR is a trustee or custodian, the assets of such arrangements are reflected in the consolidated financial statements as further described in Note E. The carrying values of such investments conform to U.S. GAAP, which generally require that investment securities be carried at estimated fair value at all times and that other assets be carried at the estimated fair value of the assets on the date the assets are contributed, unadjusted for subsequent changes in value. Also, for arrangements in which FSYR is a trustee or custodian, a liability is recognized for the estimated present value of benefits payable to other beneficiaries. For split-interest arrangements in which FSYR is not the trustee or custodian, FSYR recognizes an asset for the estimated present value of FSYR’s benefits under the arrangements.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-interest gifts (Continued)

For all irrevocable split-interest arrangements, regardless of whether or not FSYR acts as trustee or custodian, contribution revenue without or with donor restrictions is recognized for the estimated present value of FSYR's benefits under each such arrangement in the year the arrangement is established or in the year in which FSYR is provided sufficient information about the existence and nature of the arrangement. Periodic adjustments are made for changes in estimated present values using applicable mortality tables and appropriate discount rates. State law imposes certain restrictions on the manner in which charitable gift annuity assets may be invested.

FSYR is also the beneficiary of certain perpetual irrevocable trusts and endowments held and administered by other parties. FSYR generally has the irrevocable right to receive the income earned on the underlying assets in perpetuity. The estimated fair value of such amounts is recognized as an asset and as contribution revenue with restrictions at the date FSYR becomes aware of the agreement. FSYR's estimate of fair value is based on fair value information received from the other parties. The underlying assets are not subject to FSYR's discretion or control. Gains and losses, which are not distributed, are reflected within "change in value of split-interest agreements" in the consolidated statements of activities.

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. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

Functional allocation of expenses

The consolidated 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

FSYR and SRE are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. FSYR and SRE are further classified as public charities and not private foundations for federal tax purposes. FSYR engages in a certain unrelated business income activity. Income taxes (if any) are recognized as expenses when the related income is generated.

Use of estimates

Management uses estimates and assumptions in preparing the consolidated 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 consolidated financial statements include those related to the estimated fair value of investments, those used in determining the useful lives of property and equipment, and those used to estimate the liabilities for annuities. Actual results could differ from the estimates.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash is effective for the Organization’s consolidated financial statements for the year ended September 30, 2020. The ASU requires that restricted and designated cash amounts be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total cash amounts shown on the statements of cash flows. The adoption of the ASU had no effect on the Organization’s consolidated net assets as of October 1, 2018 or the consolidated change in net assets presented for the year ended September 30, 2019. As required by applicable guidance, the Organization has retrospectively applied the ASU’s provisions to the consolidated statement of cash flows for the year ended September 30, 2019.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending September 30, 2021.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	<u>September 30,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets available:		
Cash and cash equivalents	\$ 3,122,505	\$ 5,987,386
Cash held for self-funded health insurance plan	757,830	641,814
Certificate of deposit	1,008,778	—
Investments	15,536,999	11,965,268
Cash and investments restricted for long-term purposes	<u>33,631,002</u>	<u>32,115,273</u>
Total financial assets available within one year	54,057,114	50,709,741
Less amounts unavailable for general expenditure within one year due to:		
Amounts unavailable due to donor restrictions	(40,009,077)	(37,815,160)
Amounts held to satisfy charitable gift annuity obligations	(5,308,060)	(5,608,477)
Amounts held for self-funded health insurance plan	<u>(757,830)</u>	<u>(641,814)</u>
Net financial assets available within one year	<u>\$ 7,982,147</u>	<u>\$ 6,644,290</u>

The Organization is primarily supported by contributions, sales of donated goods, and Medicaid and third party reimbursements. 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. The Organization has certain assets limited to use for donor-restricted purposes. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditures within one year of the date of the consolidated statements of financial position, and are excluded from net financial assets available to meet general expenditures within one year. Management believes the Organization has sufficient investments available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need. The Organization also has a \$1,000,000 line of credit as an available source of liquidity (see Note Q).

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D – CONCENTRATIONS 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.

NOTE E – INVESTMENTS

FSYR holds investments of various types both in its capacity as trustee or custodian and in its capacity as owner. Investments are carried at estimated fair value. Investments were held for the following purposes or activities:

	September 30,	
	2020	2019
<u>Investments held as trustee or in a similar capacity</u>		
• Investments held to satisfy charitable gift annuity obligations	\$ 5,308,060	\$ 5,608,477
<u>Investments subject to donor restrictions</u>		
• Investments held for endowment corpus	16,536,302	16,417,512
• Net appreciation	16,187,300	14,719,757
• Investments held for other donor restricted purposes	7,475,627	6,314,965
<u>Investments held for other purposes</u>		
• Investments held for other purposes	3,241,278	320,620
Total investments	\$ 48,748,567	\$ 43,381,331

Investments consisted of the following:

	September 30,	
	2020	2019
Money market and similar funds	\$ 1,919,491	\$ 1,432,661
Mutual funds	19,855,872	15,989,150
Corporate stocks	18,898,898	17,618,337
Corporate bonds	4,306,749	4,105,720
Government securities	3,767,557	4,235,463
Total investments	\$ 48,748,567	\$ 43,381,331

NOTE F – INVESTMENTS AND OTHER ASSETS RESTRICTED FOR LONG-TERM PURPOSES

Investments and other assets restricted for long-term purposes were held for the following purposes or activities:

	September 30,	
	2020	2019
Investments held for endowment corpus	\$ 16,536,302	\$ 16,417,512
Net appreciation on investments held for endowment corpus	16,187,300	14,719,757
Beneficial interests in perpetual trusts and endowments held by others	7,279,752	7,343,971
Cash and investments held for future construction	907,400	978,004
Total investments and other assets restricted for long-term purposes	\$ 40,910,754	\$ 39,459,244

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value for an investment as the price an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Accordingly, U.S. GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of items measured on a recurring basis at September 30, 2020, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 19,855,872	\$ 19,855,872	\$ —	\$ —
Corporate stocks	18,898,898	18,898,898	—	—
Corporate bonds	4,306,749	4,306,749	—	—
Government securities	3,767,557	3,767,557	—	—
Beneficial interests in trusts and endowments held by others	<u>11,354,272</u>	<u>—</u>	<u>—</u>	<u>11,354,272</u>
Total	<u>\$ 58,183,348</u>	<u>\$ 46,829,076</u>	<u>\$ —</u>	<u>\$ 11,354,272</u>
Liabilities for annuities and other	<u>\$ (4,119,603)</u>	<u>\$ —</u>	<u>\$ (4,119,603)</u>	<u>\$ —</u>

The estimated fair value of items measured on a recurring basis at September 30, 2019, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 15,989,150	\$ 15,989,150	\$ —	\$ —
Corporate stocks	17,618,337	17,618,337	—	—
Government securities	4,235,463	4,235,463	—	—
Corporate bonds	4,105,720	4,105,720	—	—
Beneficial interests in trusts and endowments held by others	<u>11,915,567</u>	<u>—</u>	<u>—</u>	<u>11,915,567</u>
Total	<u>\$ 53,864,237</u>	<u>\$ 41,948,670</u>	<u>\$ —</u>	<u>\$ 11,915,567</u>
Liabilities for annuities and other	<u>\$ (4,520,386)</u>	<u>\$ —</u>	<u>\$ (4,520,386)</u>	<u>\$ —</u>

Beneficial interests in trusts and endowments are primarily administered by banks and other financial institutions. The estimated fair value of FSyr’s beneficial interests in trusts and endowments held by others using Level 3 inputs is based on amounts provided by the banks and other financial institutions. During the years ended September 30, 2020 and 2019, the change in the components of the beneficial interests in trusts and endowments held by others was immaterial.

Liabilities for annuities and other are based on estimated present value, applying certain assumptions regarding interest rates and life expectancies.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE H – BENEFICIAL INTERESTS IN TRUSTS AND ENDOWMENTS HELD BY OTHERS

Beneficial interests in trusts and endowments held by others consisted of the following:

	September 30,	
	2020	2019
Beneficial interests in remainder trusts held by others	\$ 3,116,302	\$ 3,277,302
Estates receivable	958,218	1,294,294
Total beneficial interests in trusts and endowments held by others	\$ 4,074,520	\$ 4,571,596

NOTE I – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	September 30,	
	2020	2019
Land and land improvements	\$ 3,011,133	\$ 2,598,513
Buildings and building improvements (including leasehold improvements)	25,217,457	23,722,616
Furniture, fixtures, and equipment	3,390,103	3,475,811
Vehicles	2,754,208	2,694,135
Construction in progress	724,731	562,769
Total property and equipment	35,097,632	33,053,844
Less: Accumulated depreciation	(25,615,687)	(24,941,515)
Net property and equipment	\$ 9,481,945	\$ 8,112,329

Depreciation expense amounted to \$1,058,856 and \$951,488 during the years ended September 30, 2020 and 2019, respectively.

NOTE J – NOTES PAYABLE

During the year ended September 30, 2020, FSyr and SRE obtained Paycheck Protection Program notes payable (“PPP loans”) of \$1,708,200 and \$343,000, respectively. The PPP loans are unsecured and are payable to a financial institution at a fixed rate of 1.00% per annum with a deferral of interest and principal payments ending on the earlier of the date the Small Business Administration issues a decision on the forgiveness amount of the loan or August 2021. The loans mature in April 2022. Pursuant to federal law, the PPP loans may be forgiven in whole or in part based on the nature of the Organization’s expenditures during an applicable period. Management expects that the full balance of the PPP loans will be forgiven. Subsequent to September 30, 2020, the PPP loans were forgiven and grant revenue of \$1,708,200 and \$343,000 will be recognized in the financial statements of FSyr and SRE, respectively, for the year ending September 30, 2021.

NOTE K – DEFERRED COMPENSATION PAYABLE

FSyr has entered into unfunded deferred compensation agreements with two of its former presidents. The agreements provide for certain percentages of the former presidents’ salaries to be paid to the former presidents or their surviving spouses for the remainder of their lives. The present value of the estimated remaining payments due under the deferred compensation agreements is \$1,458,824 and \$1,501,082 as of September 30, 2020 and 2019, respectively.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	September 30,	
	2020	2019
Endowment corpus	\$ 16,536,302	\$ 16,417,512
Appreciation of endowments	16,187,300	14,719,757
Beneficial interests in perpetual trusts and endowments held by others	7,279,752	7,343,971
Scholarships	4,749,959	4,336,050
Beneficial interests in remainder trusts held by others and estates receivable	4,074,520	4,571,596
Other	1,628,116	1,363,837
Amounts held to satisfy charitable gift annuity obligations	1,425,770	1,251,096
Future construction	907,400	978,004
Total net assets with donor restrictions	\$ 52,789,119	\$ 50,981,823

Earnings from endowments are primarily available to support the general purposes of FSyr. FSyr preserves the estimated fair value of all original endowment gifts as of the gift date, which management deems is in compliance with state law. Accordingly, FSyr classifies as “endowment corpus” (a) the original value of gifts donated to the endowments and (b) the original value of subsequent gifts to the endowments. FSyr has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. FSyr seeks the advice of investment counsel, as well as management and certain committees of the Board, when determining amounts to be spent on supported programs. FSyr’s spending policy stipulates that 5% of the estimated fair value of each fund (valued as of September 30th of the prior three year average) is available for program-related distributions.

NOTE M – SELF-FUNDED HEALTH INSURANCE PLAN

FSyr maintains a self-funded health insurance plan for eligible employees and their eligible dependents. FSyr has contracted with a third party administrator to process claims. FSyr has stop-loss insurance coverage for claims incurred which exceed \$110,000 per individual per year, with an unlimited annual maximum. The Organization’s consolidated statements of financial position as of September 30, 2020 and 2019 includes \$757,830 and \$641,814 of cash related to the plan, respectively.

In addition, management estimated the liability associated with claims incurred but not reported to the plan as of September 30, 2020 and 2019 to be approximately \$121,000 and \$96,000, respectively. Such amounts are included in “accounts payable and accrued expenses” in the accompanying consolidated statements of financial position.

NOTE N – RETIREMENT PLAN

The Organization contributes to a 401(k) profit-sharing plan (“the Plan”). 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 \$167,000 and \$153,000 to the Plan during the years ended September 30, 2020 and 2019, 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, 2020 and 2019.

FLORIDA SHERIFFS YOUTH RANCHES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE O – FLORIDA SHERIFFS ASSOCIATION

The Florida Sheriffs Association (“the Association”) is a not-for-profit corporation which is responsible for ratifying FSYR Board member appointments. Occasionally, the Association and FSYR may also have common board members. In addition, the Association provides the following support activities which benefit FSYR:

- Providing an organized awards program of lifetime honorary memberships in the Association to those individuals who make a donation of a certain amount to FSYR, including publication of such memberships in *The Sheriff’s Star* which is issued four times per year; and
- Publishing articles, news items, and solicitations of support through *The Sheriff’s Star* and online via Facebook and the Association’s website.

Since the dollar value of these activities cannot be reasonably estimated, and since the activities are not directed by FSYR, no amounts are included in the accompanying consolidated financial statements related to such activities.

NOTE P – OPERATING LEASES

SRE leases building space under operating lease agreements. Rent expense (including common area maintenance and other charges) related to such leases was approximately \$592,000 and \$580,000 during the years ended September 30, 2020 and 2019, respectively.

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

<u>Year Ending</u> <u>September 30,</u>	
2021	\$ 598,000
2022	344,000
2023	317,000
2024	231,000
2025	133,000
Thereafter	<u>17,000</u>
Total	<u>\$ 1,640,000</u>

NOTE Q – COMMITMENT

FSYR has a \$1,000,000 unsecured revolving line of credit with a certain financial institution. As of September 30, 2020 and 2019, there were no amounts outstanding under this line of credit.

NOTE R – SUBSEQUENT EVENTS

Subsequent to September 30, 2020, FSYR and SRE each obtained a Second Draw Paycheck Protection Program note payable (“Second Draw PPP loans”) of approximately \$1,568,000 and \$328,000, respectively. The Second Draw PPP loans are unsecured and are payable to a financial institution at a fixed rate of 1.00% per annum with a deferral of interest and principal payments until August 2021. The loans mature in February 2026. Pursuant to federal law, the Second Draw PPP loans may be forgiven in whole or in part based on the nature of FSYR and SRE’s expenditures during an applicable period.

The Organization has evaluated for possible financial statement reporting and disclosure subsequent events through February 18, 2021, the date as of which the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2020

ASSETS

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 2,603,385	\$ 519,120	\$ —	\$ 3,122,505
Cash held for self-funded health insurance plan	757,830	—	—	757,830
Certificate of deposit	1,008,778	—	—	1,008,778
Investments	15,536,999	—	—	15,536,999
Investments and other assets restricted for long-term purposes	40,910,754	—	—	40,910,754
Beneficial interests in trusts and endowments held by others	4,074,520	—	—	4,074,520
Investment in Sheriffs Ranches Enterprises, Inc.	972,273	—	(972,273)	—
Property and equipment, net	9,164,546	317,399	—	9,481,945
Other assets	1,104,917	406,082	—	1,510,999
Total assets	\$ 76,134,002	\$ 1,242,601	\$ (972,273)	\$ 76,404,330

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accrued expenses	\$ 1,719,069	\$ 218,651	\$ —	\$ 1,937,720
Deferred compensation payable	1,458,824	—	—	1,458,824
Liabilities for annuities and other	4,119,603	—	—	4,119,603
Notes payable	1,708,200	343,000	—	2,051,200
Total liabilities	9,005,696	561,651	—	9,567,347
NET ASSETS				
Without donor restrictions	14,339,187	680,950	(972,273)	14,047,864
With donor restrictions	52,789,119	—	—	52,789,119
Total net assets	67,128,306	680,950	(972,273)	66,836,983
Total liabilities and net assets	\$ 76,134,002	\$ 1,242,601	\$ (972,273)	\$ 76,404,330

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2019

ASSETS

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 5,701,477	\$ 285,909	\$ —	\$ 5,987,386
Cash held for self-funded health insurance plan	641,814	—	—	641,814
Investments	11,965,268	—	—	11,965,268
Investments and other assets restricted for long-term purposes	39,459,244	—	—	39,459,244
Beneficial interests in trusts and endowments held by others	4,571,596	—	—	4,571,596
Investment in Sheriffs Ranches Enterprises, Inc.	972,273	—	(972,273)	—
Property and equipment, net	7,732,990	379,339	—	8,112,329
Other assets	<u>1,284,727</u>	<u>420,253</u>	<u>—</u>	<u>1,704,980</u>
Total assets	<u>\$ 72,329,389</u>	<u>\$ 1,085,501</u>	<u>\$ (972,273)</u>	<u>\$ 72,442,617</u>

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accrued expenses	\$ 1,358,903	\$ 200,468	\$ —	\$ 1,559,371
Deferred compensation payable	1,501,082	—	—	1,501,082
Liabilities for annuities and other	<u>4,520,386</u>	<u>—</u>	<u>—</u>	<u>4,520,386</u>
Total liabilities	<u>7,380,371</u>	<u>200,468</u>	<u>—</u>	<u>7,580,839</u>
NET ASSETS				
Without donor restrictions	13,967,195	885,033	(972,273)	13,879,955
With donor restrictions	<u>50,981,823</u>	<u>—</u>	<u>—</u>	<u>50,981,823</u>
Total net assets	<u>64,949,018</u>	<u>885,033</u>	<u>(972,273)</u>	<u>64,861,778</u>
Total liabilities and net assets	<u>\$ 72,329,389</u>	<u>\$ 1,085,501</u>	<u>\$ (972,273)</u>	<u>\$ 72,442,617</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2020

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Public support and revenue				
Contributions	\$ 5,490,757	\$ 37,027	\$ (4,350)	\$ 5,523,434
Sales of donated goods	—	3,424,837	—	3,424,837
Medicaid and third party reimbursements	2,072,168	—	—	2,072,168
Grant from Sheriffs Ranches Enterprises, Inc.	276,794	—	(276,794)	—
Other income	676,699	7,730	—	684,429
Investment income, net	411,311	—	—	411,311
Total public support and revenue	8,927,729	3,469,594	(281,144)	12,116,179
Net assets released from time and use restrictions	6,684,861	—	—	6,684,861
Total public support and revenue and net assets released from time and use restrictions	15,612,590	3,469,594	(281,144)	18,801,040
Expenses				
Program activities				
Home and subsistence	9,363,538	—	—	9,363,538
Operation of thrift stores	—	2,759,515	(4,350)	2,755,165
Medical and clinical	1,455,047	—	—	1,455,047
Grant to Florida Sheriffs Youth Ranches, Inc.	—	276,794	(276,794)	—
Total program activities	10,818,585	3,036,309	(281,144)	13,573,750
Supporting activities				
Management and general	2,278,623	545,871	—	2,824,494
Development and public relations	2,143,390	91,497	—	2,234,887
Total supporting activities	4,422,013	637,368	—	5,059,381
Total expenses	15,240,598	3,673,677	(281,144)	18,633,131
Change in net assets without donor restrictions	371,992	(204,083)	—	167,909
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	5,632,451	—	—	5,632,451
Investment income, net	3,459,228	—	—	3,459,228
Change in value of split-interest agreements	(599,522)	—	—	(599,522)
Net assets released from time and use restrictions	(6,684,861)	—	—	(6,684,861)
Change in net assets with donor restrictions	1,807,296	—	—	1,807,296
CHANGE IN NET ASSETS	2,179,288	(204,083)	—	1,975,205
NET ASSETS - Beginning of year	64,949,018	885,033	(972,273)	64,861,778
NET ASSETS - End of year	\$ 67,128,306	\$ 680,950	\$ (972,273)	\$ 66,836,983

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2019

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Public support and revenue				
Contributions	\$ 5,663,753	\$ 58,197	\$ (18,306)	\$ 5,703,644
Sales of donated goods	—	4,068,223	—	4,068,223
Medicaid and third party reimbursements	3,494,235	—	—	3,494,235
Grant from Sheriffs Ranches Enterprises, Inc.	550,000	—	(550,000)	—
Other income	500,081	24,821	—	524,902
Investment income, net	379,321	—	—	379,321
Total public support and revenue	10,587,390	4,151,241	(568,306)	14,170,325
Net assets released from time and use restrictions	5,968,931	—	—	5,968,931
Total public support and revenue and net assets released from time and use restrictions	16,556,321	4,151,241	(568,306)	20,139,256
Expenses				
Program activities				
Home and subsistence	9,435,316	—	—	9,435,316
Operation of thrift stores	—	2,822,792	(18,306)	2,804,486
Medical and clinical	1,525,011	—	—	1,525,011
Grant to Florida Sheriffs Youth Ranches, Inc.	—	550,000	(550,000)	—
Total program activities	10,960,327	3,372,792	(568,306)	13,764,813
Supporting activities				
Management and general	2,166,727	463,414	—	2,630,141
Development and public relations	2,088,624	100,343	—	2,188,967
Total supporting activities	4,255,351	563,757	—	4,819,108
Total expenses	15,215,678	3,936,549	(568,306)	18,583,921
Change in net assets without donor restrictions	1,340,643	214,692	—	1,555,335
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	6,914,696	—	—	6,914,696
Investment income, net	1,442,446	—	—	1,442,446
Change in value of split-interest agreements	(620,072)	—	—	(620,072)
Net assets released from time and use restrictions	(5,968,931)	—	—	(5,968,931)
Change in net assets with donor restrictions	1,768,139	—	—	1,768,139
CHANGE IN NET ASSETS	3,108,782	214,692	—	3,323,474
NET ASSETS - Beginning of year	61,840,236	670,341	(972,273)	61,538,304
NET ASSETS - End of year	\$ 64,949,018	\$ 885,033	\$ (972,273)	\$ 64,861,778

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2020

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
OPERATING CASH FLOWS				
Cash received from contributors	\$ 10,042,459	\$ 37,027	\$ —	\$ 10,079,486
Cash received from sales of donated goods	—	3,435,971	—	3,435,971
Cash received from Medicaid and third party reimbursements	2,072,168	—	—	2,072,168
Other revenue received	1,640,348	7,730	—	1,648,078
Grant from Sheriffs Ranches Enterprises, Inc.	276,794	—	(276,794)	—
Cash paid for operating activities and costs	(14,930,666)	(3,256,289)	—	(18,186,955)
Grant to Florida Sheriffs Youth Ranches, Inc.	—	(276,794)	276,794	—
Net operating cash flows	(898,897)	(52,355)	—	(951,252)
INVESTING CASH FLOWS				
Purchase of certificate of deposit	(1,008,778)	—	—	(1,008,778)
Reinvestment of interest and dividends	(966,321)	—	—	(966,321)
Net sales of investments	428,443	—	—	428,443
Net investment in assets restricted for long-term purposes	(1,731,336)	—	—	(1,731,336)
Purchases of and improvements to property and equipment	(2,371,038)	(57,434)	—	(2,428,472)
Net investing cash flows	(5,649,030)	(57,434)	—	(5,706,464)
FINANCING CASH FLOWS				
Contributions restricted for endowments	91,997	—	—	91,997
Contributions restricted for future construction	1,485,828	—	—	1,485,828
Borrowings	1,708,200	343,000	—	2,051,200
Net financing cash flows	3,286,025	343,000	—	3,629,025
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(3,261,902)	233,211	—	(3,028,691)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	7,042,501	285,909	—	7,328,410
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 3,780,599	\$ 519,120	\$ —	\$ 4,299,719
REPORTED IN THE CONSOLIDATING STATEMENTS OF FINANCIAL POSITION AS FOLLOWS				
Cash and cash equivalents	\$ 2,603,385	\$ 519,120	\$ —	\$ 3,122,505
Cash held for self-funded health insurance plan	757,830	—	—	757,830
Cash restricted for long-term purposes included in "Investments and other assets restricted for long-term purposes"	419,384	—	—	419,384
Total cash, cash equivalents, and restricted cash	\$ 3,780,599	\$ 519,120	\$ —	\$ 4,299,719
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS				
Change in net assets	\$ 2,179,288	\$ (204,083)	\$ —	\$ 1,975,205
Adjustments to reconcile change in net assets to net operating cash flows				
Depreciation	939,482	119,374	—	1,058,856
Contributions restricted for long-term purposes	(1,577,825)	—	—	(1,577,825)
Gain on investments, net	(3,033,853)	—	—	(3,033,853)
Change in beneficial interests in trusts and endowments held by others	497,076	—	—	497,076
Change in other assets	179,810	14,171	—	193,981
Change in accounts payable and accrued expenses	360,166	18,183	—	378,349
Change in deferred compensation payable	(42,258)	—	—	(42,258)
Change in liabilities for annuities and other	(400,783)	—	—	(400,783)
Net operating cash flows	\$ (898,897)	\$ (52,355)	\$ —	\$ (951,252)

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SHERIFFS RANCHES ENTERPRISES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2019

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
OPERATING CASH FLOWS				
Cash received from contributors	\$ 11,628,149	\$ 58,197	\$ —	\$ 11,686,346
Cash received from sales of donated goods	—	4,055,078	—	4,055,078
Cash received from Medicaid and third party reimbursements	3,494,235	—	—	3,494,235
Other revenue received	1,603,279	24,821	—	1,628,100
Grant from Sheriffs Ranches Enterprises, Inc.	550,000	—	(550,000)	—
Cash paid for operating activities and costs	(14,895,997)	(3,284,855)	—	(18,180,852)
Grant to Florida Sheriffs Youth Ranches, Inc.	—	(550,000)	550,000	—
Net operating cash flows	<u>2,379,666</u>	<u>303,241</u>	<u>—</u>	<u>2,682,907</u>
INVESTING CASH FLOWS				
Reinvestment of interest and dividends	(1,034,891)	—	—	(1,034,891)
Net sales of investments	1,188,753	—	—	1,188,753
Net release of assets restricted for long-term purposes	180,612	—	—	180,612
Purchases of and improvements to property and equipment	(1,533,824)	(202,691)	—	(1,736,515)
Net investing cash flows	<u>(1,199,350)</u>	<u>(202,691)</u>	<u>—</u>	<u>(1,402,041)</u>
FINANCING CASH FLOWS				
Contributions restricted for endowments	48,726	—	—	48,726
Contributions restricted for future construction	443,472	—	—	443,472
Net financing cash flows	<u>492,198</u>	<u>—</u>	<u>—</u>	<u>492,198</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>1,672,514</u>	<u>100,550</u>	<u>—</u>	<u>1,773,064</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	<u>5,369,987</u>	<u>185,359</u>	<u>—</u>	<u>5,555,346</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	<u>\$ 7,042,501</u>	<u>\$ 285,909</u>	<u>\$ —</u>	<u>\$ 7,328,410</u>
REPORTED IN THE CONSOLIDATING STATEMENTS OF FINANCIAL POSITION AS FOLLOWS				
Cash and cash equivalents	\$ 5,701,477	\$ 285,909	\$ —	\$ 5,987,386
Cash held for self-funded health insurance plan	641,814	—	—	641,814
Cash restricted for long-term purposes included in "Investments and other assets restricted for long-term purposes"	699,210	—	—	699,210
Total cash, cash equivalents, and restricted cash	<u>\$ 7,042,501</u>	<u>\$ 285,909</u>	<u>\$ —</u>	<u>\$ 7,328,410</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS				
Change in net assets	\$ 3,108,782	\$ 214,692	\$ —	\$ 3,323,474
Adjustments to reconcile change in net assets to net operating cash flows				
Depreciation	854,466	97,022	—	951,488
Contributions restricted for long-term purposes	(492,198)	—	—	(492,198)
Gain on investments, net	(872,149)	—	—	(872,149)
Change in beneficial interests in trusts and endowments held by others	(458,102)	—	—	(458,102)
Change in other assets	1,033,783	(16,135)	—	1,017,648
Change in accounts payable and accrued expenses	(230,648)	7,662	—	(222,986)
Change in deferred compensation payable	(42,217)	—	—	(42,217)
Change in liabilities for annuities and other	(522,051)	—	—	(522,051)
Net operating cash flows	<u>\$ 2,379,666</u>	<u>\$ 303,241</u>	<u>\$ —</u>	<u>\$ 2,682,907</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended September 30, 2020

Federal Agency	Federal CFDA Number	Contract/Grant Number	Expenditures
U.S. Department of Health and Human Services			
Passed through State of Florida Department of Children and Families			
Heartland for Children, Inc.			
Foster Care Title IV-E	93.658	NFS01	\$ 428,525
Social Services Block Grant	93.667	NFS01	53,923
Eckerd Community Alternatives			
Foster Care Title IV-E	93.658	ECA-C6-RGC-FSY-FY21	437,808
Social Services Block Grant	93.667	ECA-C6-RGC-FSY-FY21	29,292
Family First Network of Lakeview			
Foster Care Title IV-E	93.658	AJ495	299,130
Social Services Block Grant	93.667	AJ495	12,660
Sarasota Family YMCA, Inc.			
Foster Care Title IV-E	93.658	FSYOHCS20	177,955
Social Services Block Grant	93.667	FSYOHCS20	5,504
Partnership for Strong Families			
Foster Care Title IV-E	93.658	PCM735	49,935
Social Services Block Grant	93.667	PCM735	945
Community Partnership for Children			
Foster Care Title IV-E	93.658	Other Assistance	22,640
Social Services Block Grant	93.667	Other Assistance	3,360
Citrus Family Care Network			
Foster Care Title IV-E	93.658	Other Assistance	16,056
Social Services Block Grant	93.667	Other Assistance	<u>4,321</u>
Total Expenditures of Federal Awards			<u>\$ 1,542,054</u>
Reconciliation of Above Amounts as Reported by Federal CFDA Number			
Federal Program Title	Federal CFDA Number		Expenditures
Foster Care Title IV-E	93.658		\$ 1,432,049
Social Services Block Grant	93.667		<u>110,005</u>
Total Expenditures of Federal Awards by CFDA Number			<u>\$ 1,542,054</u>

FLORIDA SHERIFFS YOUTH RANCHES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended September 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) includes the federal award activity of Florida Sheriffs Youth Ranches, Inc. (“the Organization”) under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, consolidated changes in net assets, or consolidated cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Florida Sheriffs Youth Ranches, Inc.
Live Oak, 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 consolidated financial statements of Florida Sheriffs Youth Ranches, Inc. ("the Organization"), which consist of the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we 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 Organization's consolidated 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 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 our 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.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
February 18, 2021

BATTIS MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Florida Sheriffs Youth Ranches, Inc.'s ("the Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs – Federal Programs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
February 18, 2021

FLORIDA SHERIFFS YOUTH RANCHES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS
For The Year Ended September 30, 2020

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the consolidated financial statements of Florida Sheriffs Youth Ranches, Inc. were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Florida Sheriffs Youth Ranches, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal programs for Florida Sheriffs Youth Ranches, Inc. expresses an unmodified opinion on all major federal programs.
6. Our audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was as follows:

<u>Federal Program</u>	<u>Federal CFDA Number</u>
U.S. Department of Health and Human Services: Foster Care Title IV-E	93.658
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Florida Sheriffs Youth Ranches, Inc. was determined to be a low-risk auditee.

B. FINDINGS

None.