



SHERIFFS RANCHES ENTERPRISES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014





REPORT OF INDEPENDENT AUDITORS

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 comprise the statements of financial position as of September 30, 2015 and 2014, 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, 2015 and 2014, 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.

Batts Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
February 10, 2016

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 340,474	\$ 239,556
Inventories	266,607	242,554
Property and equipment, net	250,316	233,079
Other assets	85,733	143,375
Total assets	\$ 943,130	\$ 858,564

LIABILITIES AND UNRESTRICTED NET ASSETS

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 211,619	\$ 202,110
UNRESTRICTED NET ASSETS	731,511	656,454
Total liabilities and unrestricted net assets	\$ 943,130	\$ 858,564

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,	
	2015	2014
PUBLIC SUPPORT AND REVENUE		
Sales of donated goods	\$ 3,329,589	\$ 3,091,056
Contributions	32,493	13,739
Other revenue	3,251	588
Total public support and revenue	3,365,333	3,105,383
 Expenses		
Program activities	2,235,746	2,184,932
Grant to Florida Sheriffs Youth Ranches, Inc.	475,000	413,618
Total program activities	2,710,746	2,598,550
 Supporting activities		
Management and general	490,367	446,642
Fundraising	89,163	94,390
Total supporting activities	579,530	541,032
Total expenses	3,290,276	3,139,582
 CHANGE IN UNRESTRICTED NET ASSETS	75,057	(34,199)
 UNRESTRICTED NET ASSETS - Beginning of year	656,454	690,653
 UNRESTRICTED NET ASSETS - End of year	\$ 731,511	\$ 656,454

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SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2015	2014
OPERATING CASH FLOWS		
Cash received from sales of donated goods	\$ 3,329,589	\$ 3,091,056
Cash received from donors and other income	35,744	14,327
Cash paid for operating activities and costs	(2,710,725)	(2,656,036)
Grant to Florida Sheriffs Youth Ranches, Inc.	(475,000)	(413,618)
Net operating cash flows	179,608	35,729
INVESTING CASH FLOWS		
Purchases of or improvements to property and equipment	(78,690)	(26,319)
Net investing cash flows	(78,690)	(26,319)
NET CHANGE IN CASH AND CASH EQUIVALENTS	100,918	9,410
CASH AND CASH EQUIVALENTS - Beginning of year	239,556	230,146
CASH AND CASH EQUIVALENTS - End of year	\$ 340,474	\$ 239,556
RECONCILIATION OF CHANGE IN UNRESTRICTED NET ASSETS TO NET OPERATING CASH FLOWS		
Change in unrestricted net assets	\$ 75,057	\$ (34,199)
Adjustments to reconcile change in unrestricted net assets to net operating cash flows		
Depreciation	61,453	53,800
Change in inventories	(24,053)	(27,555)
Change in other assets	57,642	84,716
Change in accounts payable and accrued expenses	9,509	(41,033)
Net operating cash flows	\$ 179,608	\$ 35,729

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SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2015

	Supporting activities				Total expenses
	Program activities	Management and general	Fundraising	Total supporting activities	
Salaries	\$ 921,230	\$ 337,830	\$ 46,955	\$ 384,785	\$ 1,306,015
Payroll related expenses	243,528	76,202	10,976	87,178	330,706
Total personnel-related expenses	1,164,758	414,032	57,931	471,963	1,636,721
Agency membership	4,816	1,099	327	1,426	6,242
Utilities	140,132	981	—	981	141,113
Building and grounds repair and maintenance	32,173	78	—	78	32,251
Furniture and equipment rental and maintenance	9,079	1,589	—	1,589	10,668
Printing and office supplies	7,317	2,045	2,407	4,452	11,769
Insurance	55,275	3,486	1,279	4,765	60,040
Communications	27,623	1,260	—	1,260	28,883
Postage and freight	2,749	—	—	—	2,749
Supplies	15,161	38	7,225	7,263	22,424
Professional services	419	26,037	—	26,037	26,456
Noncash - sales expense	18,021	—	—	—	18,021
Bank fees	48,625	—	—	—	48,625
Rent expense and real estate tax	516,076	—	—	—	516,076
Travel	7,016	9,167	3,812	12,979	19,995
Personnel services	3,424	1,034	66	1,100	4,524
Vehicle expense	111,301	5,186	2,575	7,761	119,062
Community affairs	—	—	11,097	11,097	11,097
Staff recruitment and development	8,168	1,481	2,444	3,925	12,093
Depreciation and disposals	63,613	85	—	85	63,698
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	—	22,769	—	22,769	22,769
Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.	2,235,746	490,367	89,163	579,530	2,815,276
Grant to Florida Sheriffs Youth Ranches, Inc.	475,000	—	—	—	475,000
Total expenses	\$ 2,710,746	\$ 490,367	\$ 89,163	\$ 579,530	\$ 3,290,276

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SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2014

	Supporting activities				Total expenses
	Program activities	Management and general	Fundraising	Total supporting activities	
Salaries	\$ 914,877	\$ 298,088	\$ 47,161	\$ 345,249	\$ 1,260,126
Payroll related expenses	247,749	73,802	11,589	85,391	333,140
Total personnel-related expenses	1,162,626	371,890	58,750	430,640	1,593,266
Agency membership	1,222	736	104	840	2,062
Utilities	129,365	1,019	—	1,019	130,384
Building and grounds repair and maintenance	34,828	—	—	—	34,828
Furniture and equipment rental and maintenance	6,428	482	—	482	6,910
Printing and office supplies	8,911	694	4,566	5,260	14,171
Insurance	47,043	4,038	1,239	5,277	52,320
Communications	28,024	1,356	—	1,356	29,380
Postage and freight	4,532	—	2,539	2,539	7,071
Supplies	19,456	—	7,995	7,995	27,451
Professional services	—	20,500	—	20,500	20,500
Noncash - sales expense	16,677	86	—	86	16,763
Bank fees	48,495	—	1	1	48,496
Rent expense and real estate tax	474,988	—	—	—	474,988
Travel	11,128	8,279	5,320	13,599	24,727
Personnel services	2,487	1,390	32	1,422	3,909
Vehicle expense	124,436	6,892	4,828	11,720	136,156
Community affairs	838	—	8,667	8,667	9,505
Staff recruitment and development	9,648	1,187	349	1,536	11,184
Depreciation and disposals	53,800	—	—	—	53,800
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	—	28,093	—	28,093	28,093
Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.	2,184,932	446,642	94,390	541,032	2,725,964
Grant to Florida Sheriffs Youth Ranches, Inc.	413,618	—	—	—	413,618
Total expenses	\$ 2,598,550	\$ 446,642	\$ 94,390	\$ 541,032	\$ 3,139,582

The Accompanying Notes are an Integral
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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 five thrift stores in Citrus, Pinellas, Suwannee, Pasco, and Lake Counties (all in Florida).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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. The Organization has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America. Federal and state tax authorities may generally examine the Organization’s income tax positions or (if applicable) returns for periods of approximately three to six years.

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.

Subsequent events

The Organization has evaluated for possible financial statement reporting and disclosure subsequent events through February 10, 2016, the date as of which the financial statements were available to be issued.

NOTE C – 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 D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	September 30,	
	2015	2014
Land and land improvements	\$ 80,148	\$ 79,088
Buildings and building improvements (including leasehold improvements)	458,534	453,544
Furniture, fixtures, and equipment	158,340	150,783
Vehicles	405,247	504,614
Total property and equipment	1,102,269	1,188,029
Less: Accumulated depreciation	(851,953)	(954,950)
Net property and equipment	\$ 250,316	\$ 233,079

Depreciation expense amounted to \$61,453 and \$53,800 during the years ended September 30, 2015 and 2014, respectively.

NOTE E – 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 \$475,000 and \$413,618 during the years ended September 30, 2015 and 2014, respectively.

NOTE F – 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 \$22,000 and \$24,000 to the Plan during the years ended September 30, 2015 and 2014, 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, 2015 and 2014.

NOTE G – 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 \$514,000 and \$472,000 during the years ended September 30, 2015 and 2014, respectively.

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

Year Ending <u>September 30,</u>	
2016	\$ 509,000
2017	190,000
2018	76,000
Total	\$ 775,000