



SHERIFFS RANCHES ENTERPRISES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015





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 comprise the statements of financial position as of September 30, 2016 and 2015, 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, 2016 and 2015, 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 9, 2017

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 262,636	\$ 340,474
Inventories	355,555	266,607
Other assets	107,371	85,733
Property and equipment, net	305,927	250,316
Total assets	\$ 1,031,489	\$ 943,130

LIABILITIES AND UNRESTRICTED NET ASSETS

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 225,778	\$ 211,619
UNRESTRICTED NET ASSETS	805,711	731,511
Total liabilities and unrestricted net assets	\$ 1,031,489	\$ 943,130

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,	
	2016	2015
PUBLIC SUPPORT AND REVENUE		
Sales of donated goods	\$ 3,588,442	\$ 3,329,589
Contributions	18,158	32,493
Other revenue	42,608	3,251
Total public support and revenue	3,649,208	3,365,333
Expenses		
Program activities	2,528,286	2,235,746
Grant to Florida Sheriffs Youth Ranches, Inc.	450,000	475,000
Total program activities	2,978,286	2,710,746
Supporting activities		
Management and general	498,013	490,367
Fundraising	98,709	89,163
Total supporting activities	596,722	579,530
Total expenses	3,575,008	3,290,276
CHANGE IN UNRESTRICTED NET ASSETS	74,200	75,057
UNRESTRICTED NET ASSETS - Beginning of year	731,511	656,454
UNRESTRICTED NET ASSETS - End of year	\$ 805,711	\$ 731,511

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SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2016	2015
OPERATING CASH FLOWS		
Cash received from sales of donated goods	\$ 3,588,442	\$ 3,329,589
Cash received from donors and other income	60,766	35,744
Cash paid for operating activities and costs	(3,144,815)	(2,710,725)
Grant to Florida Sheriffs Youth Ranches, Inc.	(450,000)	(475,000)
Net operating cash flows	54,393	179,608
INVESTING CASH FLOWS		
Purchases of or improvements to property and equipment	(132,231)	(78,690)
Net investing cash flows	(132,231)	(78,690)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(77,838)	100,918
CASH AND CASH EQUIVALENTS - Beginning of year	340,474	239,556
CASH AND CASH EQUIVALENTS - End of year	\$ 262,636	\$ 340,474
RECONCILIATION OF CHANGE IN UNRESTRICTED NET ASSETS TO NET OPERATING CASH FLOWS		
Change in unrestricted net assets	\$ 74,200	\$ 75,057
Adjustments to reconcile change in unrestricted net assets to net operating cash flows		
Depreciation	76,620	61,453
Change in inventories	(88,948)	(24,053)
Change in other assets	(21,638)	57,642
Change in accounts payable and accrued expenses	14,159	9,509
Net operating cash flows	\$ 54,393	\$ 179,608

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SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2016

	Supporting activities			Total supporting activities	Total expenses
	Program activities	Management and general	Fundraising		
Salaries	\$ 1,041,946	\$ 345,985	\$ 49,061	\$ 395,046	\$ 1,436,992
Payroll-related expenses	<u>258,574</u>	<u>74,951</u>	<u>10,841</u>	<u>85,792</u>	<u>344,366</u>
Total personnel-related expenses	1,300,520	420,936	59,902	480,838	1,781,358
Agency membership	4,573	821	2,059	2,880	7,453
Utilities	159,395	1,060	—	1,060	160,455
Building and grounds repair and maintenance	25,109	244	—	244	25,353
Furniture and equipment rental and maintenance	9,495	5,143	—	5,143	14,638
Printing and office supplies	10,315	1,490	1,355	2,845	13,160
Insurance	46,671	3,035	1,247	4,282	50,953
Communications	31,432	1,625	—	1,625	33,057
Postage and freight	4,079	—	854	854	4,933
Supplies	25,918	12	6,799	6,811	32,729
Professional services	1,335	22,359	—	22,359	23,694
Noncash - sales expense	17,146	—	46	46	17,192
Bank fees	60,848	90	—	90	60,938
Rent expense and real estate tax	603,260	—	—	—	603,260
Travel	10,472	14,587	7,554	22,141	32,613
Personnel services	3,554	1,239	35	1,274	4,828
Vehicle expense	123,268	6,100	4,166	10,266	133,534
Community affairs	95	25	13,317	13,342	13,437
Staff recruitment and development	14,352	1,241	1,375	2,616	16,968
Depreciation and disposals	76,449	171	—	171	76,620
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	<u>—</u>	<u>17,835</u>	<u>—</u>	<u>17,835</u>	<u>17,835</u>
Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.	2,528,286	498,013	98,709	596,722	3,125,008
Grant to Florida Sheriffs Youth Ranches, Inc.	<u>450,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>450,000</u>
Total expenses	<u>\$ 2,978,286</u>	<u>\$ 498,013</u>	<u>\$ 98,709</u>	<u>\$ 596,722</u>	<u>\$ 3,575,008</u>

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SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2015

	Supporting activities			Total supporting activities	Total expenses
	Program activities	Management and general	Fundraising		
Salaries	\$ 921,230	\$ 337,830	\$ 46,955	\$ 384,785	\$ 1,306,015
Payroll-related expenses	<u>243,528</u>	<u>76,202</u>	<u>10,976</u>	<u>87,178</u>	<u>330,706</u>
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.	<u>—</u>	<u>22,769</u>	<u>—</u>	<u>22,769</u>	<u>22,769</u>
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.	<u>475,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>475,000</u>
Total expenses	<u>\$ 2,710,746</u>	<u>\$ 490,367</u>	<u>\$ 89,163</u>	<u>\$ 579,530</u>	<u>\$ 3,290,276</u>

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, Pasco, Lake, and Marion 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.

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 9, 2017, 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,	
	2016	2015
Land and land improvements	\$ 80,148	\$ 80,148
Buildings and building improvements (including leasehold improvements)	498,864	458,534
Furniture, fixtures, and equipment	209,786	158,340
Vehicles	444,992	405,247
Total property and equipment	1,233,790	1,102,269
Less: Accumulated depreciation	(927,863)	(851,953)
Net property and equipment	\$ 305,927	\$ 250,316

Depreciation expense amounted to \$76,620 and \$61,453 during the years ended September 30, 2016 and 2015, 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 \$450,000 and \$475,000 during the years ended September 30, 2016 and 2015, 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 \$23,000 and \$22,000 to the Plan during the years ended September 30, 2016 and 2015, 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, 2016 and 2015.

SHERIFFS RANCHES ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS

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 \$600,000 and \$514,000 during the years ended September 30, 2016 and 2015, respectively.

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

<u>Year Ending</u> <u>September 30,</u>	
2017	\$ 468,000
2018	356,000
2019	284,000
2020	279,000
2021	<u>188,000</u>
Total	<u>\$ 1,575,000</u>