



# SHERIFFS RANCHES ENTERPRISES, INC.

## FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016





## 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, 2017 and 2016, 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, 2017 and 2016, 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 13, 2018

**SHERIFFS RANCHES ENTERPRISES, INC.**  
STATEMENTS OF FINANCIAL POSITION

**ASSETS**

	September 30,	
	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 203,905	\$ 262,636
Inventories	294,056	355,555
Other assets	97,499	107,371
Property and equipment, net	294,657	305,927
<b>Total assets</b>	<b>\$ 890,117</b>	<b>\$ 1,031,489</b>

**LIABILITIES AND UNRESTRICTED NET ASSETS**

<b>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</b>	\$ 209,232	\$ 225,778
<b>UNRESTRICTED NET ASSETS</b>	<b>680,885</b>	<b>805,711</b>
<b>Total liabilities and unrestricted net assets</b>	<b>\$ 890,117</b>	<b>\$ 1,031,489</b>

The Accompanying Notes are an Integral  
Part of These Financial Statements

**SHERIFFS RANCHES ENTERPRISES, INC.**  
STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,	
	2017	2016
<b>PUBLIC SUPPORT AND REVENUE</b>		
Sales of donated goods	\$ 3,655,758	\$ 3,588,442
Contributions	32,461	18,158
Other revenue	33,035	42,608
<b>Total public support and revenue</b>	<b>3,721,254</b>	<b>3,649,208</b>
<b>EXPENSES</b>		
Program activities	2,854,858	2,528,286
Grant to Florida Sheriffs Youth Ranches, Inc.	450,000	450,000
Total program activities	3,304,858	2,978,286
Supporting activities		
Management and general	431,845	498,013
Fundraising	109,377	98,709
Total supporting activities	541,222	596,722
<b>Total expenses</b>	<b>3,846,080</b>	<b>3,575,008</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>(124,826)</b>	<b>74,200</b>
<b>UNRESTRICTED NET ASSETS - Beginning of year</b>	<b>805,711</b>	<b>731,511</b>
<b>UNRESTRICTED NET ASSETS - End of year</b>	<b>\$ 680,885</b>	<b>\$ 805,711</b>

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**SHERIFFS RANCHES ENTERPRISES, INC.**  
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2017	2016
<b>OPERATING CASH FLOWS</b>		
Cash received from sales of donated goods	\$ 3,655,758	\$ 3,588,442
Cash received from donors and other income	65,496	60,766
Cash paid for operating activities and costs	(3,259,798)	(3,144,815)
Grant to Florida Sheriffs Youth Ranches, Inc.	(450,000)	(450,000)
<b>Net operating cash flows</b>	<b>11,456</b>	<b>54,393</b>
<b>INVESTING CASH FLOWS</b>		
Purchases of or improvements to property and equipment	(70,187)	(132,231)
<b>Net investing cash flows</b>	<b>(70,187)</b>	<b>(132,231)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(58,731)</b>	<b>(77,838)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>262,636</b>	<b>340,474</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 203,905</b>	<b>\$ 262,636</b>
<b>RECONCILIATION OF CHANGE IN UNRESTRICTED NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in unrestricted net assets	\$ (124,826)	\$ 74,200
Adjustments to reconcile change in unrestricted net assets to net operating cash flows		
Depreciation	81,457	76,620
Change in inventories	61,499	(88,948)
Change in other assets	9,872	(21,638)
Change in accounts payable and accrued expenses	(16,546)	14,159
<b>Net operating cash flows</b>	<b>\$ 11,456</b>	<b>\$ 54,393</b>

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## SHERIFFS RANCHES ENTERPRISES, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2017

	Supporting activities				Total expenses
	Program activities	Management and general	Fundraising	Total supporting activities	
Salaries	\$ 1,198,343	\$ 302,049	\$ 47,719	\$ 349,768	\$ 1,548,111
Payroll-related expenses	<u>333,434</u>	<u>66,952</u>	<u>11,747</u>	<u>78,699</u>	<u>412,133</u>
Total personnel-related expenses	1,531,777	369,001	59,466	428,467	1,960,244
Agency membership	4,944	742	3,841	4,583	9,527
Utilities	170,777	1,243	—	1,243	172,020
Building and grounds repair and maintenance	39,279	368	—	368	39,647
Furniture and equipment rental and maintenance	4,859	3,052	—	3,052	7,911
Printing and office supplies	4,818	1,465	2,763	4,228	9,046
Insurance	49,744	4,548	1,325	5,873	55,617
Communications	31,433	2,730	—	2,730	34,163
Postage and freight	6,089	300	—	300	6,389
Supplies	26,092	—	8,434	8,434	34,526
Professional services	1,254	25,511	126	25,637	26,891
Noncash - sales expense	68,865	10	—	10	68,875
Bank fees	57,147	—	—	—	57,147
Rent expense and real estate tax	609,664	—	—	—	609,664
Travel	7,909	11,430	4,818	16,248	24,157
Personnel services	3,180	687	—	687	3,867
Vehicle expense	114,885	3,313	2,584	5,897	120,782
Community affairs	205	—	23,936	23,936	24,141
Staff recruitment and development	8,952	1,719	2,084	3,803	12,755
Depreciation and disposals	112,985	2,936	—	2,936	115,921
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	<u>—</u>	<u>2,790</u>	<u>—</u>	<u>2,790</u>	<u>2,790</u>
<b>Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.</b>	<b>2,854,858</b>	<b>431,845</b>	<b>109,377</b>	<b>541,222</b>	<b>3,396,080</b>
Grant to Florida Sheriffs Youth Ranches, Inc.	<u>450,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>450,000</u>
<b>Total expenses</b>	<b><u>\$ 3,304,858</u></b>	<b><u>\$ 431,845</u></b>	<b><u>\$ 109,377</u></b>	<b><u>\$ 541,222</u></b>	<b><u>\$ 3,846,080</u></b>

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# SHERIFFS RANCHES ENTERPRISES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2016

	Supporting activities				Total expenses
	Program activities	Management and general	Fundraising	Total supporting activities	
Salaries	\$ 1,041,946	\$ 345,985	\$ 49,061	\$ 395,046	\$ 1,436,992
Payroll-related expenses	258,574	74,951	10,841	85,792	344,366
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.	—	17,835	—	17,835	17,835
<b>Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.</b>	<b>2,528,286</b>	<b>498,013</b>	<b>98,709</b>	<b>596,722</b>	<b>3,125,008</b>
Grant to Florida Sheriffs Youth Ranches, Inc.	450,000	—	—	—	450,000
<b>Total expenses</b>	<b>\$ 2,978,286</b>	<b>\$ 498,013</b>	<b>\$ 98,709</b>	<b>\$ 596,722</b>	<b>\$ 3,575,008</b>

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 six thrift stores in Citrus, Pinellas, Suwannee, Hernando, 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 13, 2018, 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,	
	2017	2016
Land and land improvements	\$ 80,148	\$ 80,148
Buildings and building improvements (including leasehold improvements)	395,487	498,864
Furniture, fixtures, and equipment	179,900	209,786
Vehicles	489,656	444,992
Total property and equipment	1,145,191	1,233,790
Less: Accumulated depreciation	(850,534)	(927,863)
Net property and equipment	\$ 294,657	\$ 305,927

Depreciation expense amounted to \$81,457 and \$76,620 during the years ended September 30, 2017 and 2016, 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 during each of the years ended September 30, 2017 and 2016.

**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 \$17,000 and \$23,000 to the Plan during the years ended September 30, 2017 and 2016, 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, 2017 and 2016.

**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 \$606,000 and \$600,000 during the years ended September 30, 2017 and 2016, respectively.

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

<u>Year Ending</u> <u>September 30,</u>	
2018	\$ 546,000
2019	502,000
2020	493,000
2021	405,000
2022	149,000
Thereafter	<u>292,000</u>
Total	<u>\$ 2,387,000</u>