



# FLORIDA SHERIFFS YOUTH RANCHES, INC.

REPORTING PACKAGE

FOR THE YEAR ENDED SEPTEMBER 30, 2019



**FLORIDA SHERIFFS YOUTH RANCHES, INC.**

Live Oak, Florida

**CONSOLIDATED FINANCIAL STATEMENTS AND  
RELATED SUPPLEMENTAL INFORMATION AND REPORTS  
For The Year Ended September 30, 2019**

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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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, 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 11, 2020, 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, and 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 11, 2020

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

**ASSETS**

	September 30,	
	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,987,386	\$ 4,892,653
Cash held for self-funded health insurance plan	641,814	662,693
Investments	11,965,268	11,246,981
Investments and other assets restricted for long-term purposes	39,459,244	38,940,646
Beneficial interests in trusts and endowments held by others	4,571,596	4,113,494
Property and equipment, net	8,112,329	7,327,302
Other assets	1,704,980	2,722,628
<b>Total assets</b>	<b>\$ 72,442,617</b>	<b>\$ 69,906,397</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,559,371	\$ 1,782,357
Deferred compensation payable	1,501,082	1,543,299
Liabilities for annuities and other	4,520,386	5,042,437
<b>Total liabilities</b>	<b>7,580,839</b>	<b>8,368,093</b>
<b>NET ASSETS</b>		
Without donor restrictions	13,879,955	12,324,620
With donor restrictions	50,981,823	49,213,684
<b>Total net assets</b>	<b>64,861,778</b>	<b>61,538,304</b>
<b>Total liabilities and net assets</b>	<b>\$ 72,442,617</b>	<b>\$ 69,906,397</b>

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,	
	2019	2018
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Public support and revenue		
Contributions	\$ 5,703,644	\$ 5,826,898
Sales of donated goods	4,068,223	3,700,278
Medicaid and third party reimbursements	3,494,235	3,959,200
Other income	524,902	506,219
Investment income, net	379,321	357,700
Total public support and revenue	14,170,325	14,350,295
Net assets released from time and use restrictions	5,968,931	8,413,473
Total public support and revenue and net assets released from time and use restrictions	20,139,256	22,763,768
Expenses		
Program activities		
Home and subsistence	9,435,316	9,604,856
Operation of thrift stores	2,804,486	2,700,748
Medical and clinical	1,525,011	2,043,690
Total program activities	13,764,813	14,349,294
Supporting activities		
Management and general	2,630,141	2,503,805
Development and public relations	2,188,967	2,361,748
Total supporting activities	4,819,108	4,865,553
Total expenses	18,583,921	19,214,847
<b>Change in net assets without donor restrictions</b>	<b>1,555,335</b>	<b>3,548,921</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	6,914,696	7,987,954
Investment income, net	1,442,446	2,606,722
Change in value of split-interest agreements	(620,072)	(467,345)
Net assets released from time and use restrictions	(5,968,931)	(8,413,473)
<b>Change in net assets with donor restrictions</b>	<b>1,768,139</b>	<b>1,713,858</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,323,474</b>	<b>5,262,779</b>
<b>NET ASSETS - Beginning of year</b>	<b>61,538,304</b>	<b>56,275,525</b>
<b>NET ASSETS - End of year</b>	<b>\$ 64,861,778</b>	<b>\$ 61,538,304</b>

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

	For The Years Ended September 30,	
	2019	2018
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 11,686,346	\$ 14,594,551
Cash received from Medicaid and third party reimbursements	3,494,235	3,959,200
Cash received from sales of donated goods	4,055,078	3,700,278
Other revenue received	1,628,100	1,278,596
Cash paid for operating activities and costs	<u>(18,159,973)</u>	<u>(18,476,500)</u>
<b>Net operating cash flows</b>	<b><u>2,703,786</u></b>	<b><u>5,056,125</u></b>
<b>INVESTING CASH FLOWS</b>		
Reinvestment of interest and dividends	(1,034,891)	(964,858)
Net sales of investments	1,188,753	2,564,765
Net investment in assets restricted for long-term purposes	(518,598)	(2,996,690)
Purchases of and improvements to property and equipment	<u>(1,736,515)</u>	<u>(999,927)</u>
<b>Net investing cash flows</b>	<b><u>(2,101,251)</u></b>	<b><u>(2,396,710)</u></b>
<b>FINANCING CASH FLOWS</b>		
Contributions restricted for endowments	48,726	107,430
Contributions restricted for future construction	<u>443,472</u>	<u>672,252</u>
<b>Net financing cash flows</b>	<b><u>492,198</u></b>	<b><u>779,682</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,094,733</b>	<b>3,439,097</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>4,892,653</u></b>	<b><u>1,453,556</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 5,987,386</u></b>	<b><u>\$ 4,892,653</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 3,323,474	\$ 5,262,779
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	951,488	845,560
Contributions restricted for long-term purposes	(492,198)	(779,682)
Gain on investments, net	(872,149)	(2,115,924)
Change in cash held for self-funded health insurance plan	20,879	232,969
Change in beneficial interests in trusts and endowments held by others	(458,102)	1,536,424
Change in other assets	1,017,648	(141,865)
Change in accounts payable and accrued expenses	(222,986)	131,469
Change in deferred compensation payable	(42,217)	(58,211)
Change in liabilities for annuities and other	<u>(522,051)</u>	<u>142,606</u>
<b>Net operating cash flows</b>	<b><u>\$ 2,703,786</u></b>	<b><u>\$ 5,056,125</u></b>

**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>
<b>Total</b>	<b><u>\$ 9,435,316</u></b>	<b><u>\$ 2,804,486</u></b>	<b><u>\$ 1,525,011</u></b>	<b><u>\$ 13,764,813</u></b>



**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	<u>1,676,710</u>	<u>363,466</u>	<u>223,839</u>	<u>587,305</u>	<u>2,264,015</u>
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	<u>825,753</u>	<u>129,070</u>	<u>—</u>	<u>129,070</u>	<u>954,823</u>
<b>Total</b>	<b><u>\$ 13,764,813</u></b>	<b><u>\$ 2,630,141</u></b>	<b><u>\$ 2,188,967</u></b>	<b><u>\$ 4,819,108</u></b>	<b><u>\$ 18,583,921</u></b>

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended September 30, 2018

	Program activities			
	Home and subsistence	Operation of thrift stores	Medical and clinical	Total program activities
Salaries	\$ 3,960,810	\$ 1,251,807	\$ 1,048,949	\$ 6,261,566
Payroll-related expenses	<u>1,217,776</u>	<u>334,428</u>	<u>338,655</u>	<u>1,890,859</u>
Total personnel-related expenses	5,178,586	1,586,235	1,387,604	8,152,425
Agency membership	21,871	2,877	6,205	30,953
Food	898,184	—	—	898,184
Utilities	459,980	154,735	52,931	667,646
Building and grounds repair and maintenance	353,015	25,553	98,866	477,434
Furniture and equipment rental and maintenance	62,774	6,280	16,988	86,042
Printing and office supplies	75,984	7,521	8,745	92,250
Clothing and personal care	105,000	—	—	105,000
Insurance	538,720	51,671	85,770	676,161
Communications	190,137	32,540	47,891	270,568
Postage and freight	5,217	2,547	1,470	9,234
Farm expense	161,706	—	—	161,706
Supplies	64,503	20,468	785	85,756
Professional services	—	450	—	450
Work program	101,276	—	—	101,276
Bank fees	1,279	61,786	362	63,427
Program write-offs	10,964	—	3,100	14,064
Rent expense and real estate tax	24,181	544,322	6,838	575,341
Travel	236,930	6,503	12,198	255,631
Personnel services	7,660	5,614	2,124	15,398
Medical and dental services	1,303	—	70,892	72,195
Recreation	134,434	—	—	134,434
Vehicle expense	164,349	106,963	37,206	308,518
Alumni scholarships and expenses	87,010	—	24,603	111,613
Awards and special events	49,525	—	—	49,525
Community affairs	32,398	—	9,161	41,559
Education supplies	34,706	—	276	34,982
Religion/music supplies and activities	1,095	—	—	1,095
Staff recruitment and development	47,332	8,554	13,324	69,210
Depreciation and loss on disposals	<u>554,737</u>	<u>76,129</u>	<u>156,351</u>	<u>787,217</u>
<b>Total</b>	<b><u>\$ 9,604,856</u></b>	<b><u>\$ 2,700,748</u></b>	<b><u>\$ 2,043,690</u></b>	<b><u>\$ 14,349,294</u></b>

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)  
For The Year Ended September 30, 2018

	Supporting activities			Total supporting activities	Total expenses
	Total program activities	Management and general	Development and public relations		
Salaries	\$ 6,261,566	\$ 1,494,586	\$ 771,507	\$ 2,266,093	\$ 8,527,659
Payroll-related expenses	<u>1,890,859</u>	<u>329,953</u>	<u>241,180</u>	<u>571,133</u>	<u>2,461,992</u>
Total personnel-related expenses	8,152,425	1,824,539	1,012,687	2,837,226	10,989,651
Agency membership	30,953	640	12,537	13,177	44,130
Food	898,184	—	—	—	898,184
Utilities	667,646	33,061	—	33,061	700,707
Building and grounds repair and maintenance	477,434	11,320	—	11,320	488,754
Furniture and equipment rental and maintenance	86,042	49,757	74,800	124,557	210,599
Printing and office supplies	92,250	31,744	618,928	650,672	742,922
Clothing and personal care	105,000	—	—	—	105,000
Insurance	676,161	94,219	1,949	96,168	772,329
Communications	270,568	94,217	11,699	105,916	376,484
Postage and freight	9,234	787	396,965	397,752	406,986
Farm expense	161,706	—	—	—	161,706
Supplies	85,756	1,704	30,036	31,740	117,496
Expenses on investment property	—	21,268	—	21,268	21,268
Professional services	450	190,492	65,715	256,207	256,657
Work program	101,276	—	—	—	101,276
Bank fees	63,427	134	11,813	11,947	75,374
Program write-offs	14,064	—	—	—	14,064
Rent expense and real estate tax	575,341	—	—	—	575,341
Travel	255,631	31,222	31,336	62,558	318,189
Personnel services	15,398	3,153	670	3,823	19,221
President's discretionary fund	—	10,864	—	10,864	10,864
Medical and dental services	72,195	—	—	—	72,195
Recreation	134,434	—	—	—	134,434
Vehicle expense	308,518	9,458	24,347	33,805	342,323
Alumni scholarships and expenses	111,613	—	—	—	111,613
Awards and special events	49,525	—	—	—	49,525
Community affairs	41,559	—	62,786	62,786	104,345
Education supplies	34,982	—	—	—	34,982
Religion/music supplies and activities	1,095	—	—	—	1,095
Staff recruitment and development	69,210	5,459	5,256	10,715	79,925
Depreciation and loss on disposals	787,217	86,567	224	86,791	874,008
Unrelated business income tax	<u>—</u>	<u>3,200</u>	<u>—</u>	<u>3,200</u>	<u>3,200</u>
<b>Total</b>	<b><u>\$ 14,349,294</u></b>	<b><u>\$ 2,503,805</u></b>	<b><u>\$ 2,361,748</u></b>	<b><u>\$ 4,865,553</u></b>	<b><u>\$ 19,214,847</u></b>

**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 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.

**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 requires 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.

**Reclassifications**

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

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently adopted accounting pronouncement**

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

**Subsequent events**

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

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

Cash and cash equivalents	\$ 5,987,386
Cash held for self-funded health insurance plan	641,814
Investments	11,965,268
Cash and investments restricted for long-term purposes	<u>32,115,273</u>
Total financial assets available	50,709,741
Less amounts unavailable for general expenditures within one year due to:	
Amounts unavailable due to donor restrictions	(37,815,160)
Amounts held to satisfy charitable gift annuity obligations	(5,608,477)
Amounts held for self-funded health insurance plan	<u>(641,814)</u>
Net financial assets available within one year	<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 September 30, 2019, 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 P).

**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,	
	2019	2018
<u>Investments held as trustee or in a similar capacity</u>		
• Investments held to satisfy charitable gift annuity obligations	\$ 5,608,477	\$ 6,015,422
<u>Investments subject to donor restrictions</u>		
• Investments held for endowment corpus	16,417,512	16,313,556
• Net appreciation	14,719,757	14,272,003
• Investments held for other donor restricted purposes	6,314,965	5,988,930
<u>Investments held for other purposes</u>		
• Investments held for other purposes	320,620	309,941
Total investments	\$ 43,381,331	\$ 42,899,852

Investments consisted of the following:

	September 30,	
	2019	2018
Money market and similar funds	\$ 1,432,661	\$ 1,685,403
Mutual funds	15,989,150	14,691,280
Corporate stocks	17,618,337	17,431,923
Government securities	4,235,463	4,153,419
Corporate bonds	4,105,720	4,937,827
Total investments	\$ 43,381,331	\$ 42,899,852

**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,	
	2019	2018
Investments held for endowment corpus	\$ 16,417,512	\$ 16,313,556
Net appreciation on investments held for endowment corpus	14,719,757	14,272,003
Beneficial interests in perpetual trusts and endowments held by others	7,343,971	7,287,775
Cash and investments held for future construction	978,004	1,067,312
Total investments and other assets restricted for long-term purposes	\$ 39,459,244	\$ 38,940,646

**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, 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>

The estimated fair value of items measured on a recurring basis at September 30, 2018, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 14,691,280	\$ 14,691,280	\$ —	\$ —
Corporate stocks	17,431,923	17,431,923	—	—
Corporate bonds	4,937,827	4,937,827	—	—
Government securities	4,153,419	4,153,419	—	—
Beneficial interests in trusts and endowments held by others	<u>11,401,269</u>	<u>—</u>	<u>—</u>	<u>11,401,269</u>
Total	<u>\$ 52,615,718</u>	<u>\$ 41,214,449</u>	<u>\$ —</u>	<u>\$ 11,401,269</u>
Liabilities for annuities and other	<u>\$ (5,042,437)</u>	<u>\$ —</u>	<u>\$ (5,042,437)</u>	<u>\$ —</u>

Beneficial interests in trusts and endowments are primarily administered by banks and other financial institutions. The estimated fair value of FSYP’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, 2019 and 2018, 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:

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Beneficial interests in remainder trusts held by others	\$ 3,277,302	\$ 2,938,203
Estates receivable	<u>1,294,294</u>	<u>1,175,291</u>
 Total beneficial interests in trusts and endowments held by others	 <u>\$ 4,571,596</u>	 <u>\$ 4,113,494</u>

**NOTE I – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<u>Category</u>	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 2,598,513	\$ 2,564,813
Buildings and building improvements (including leasehold improvements)	23,722,616	23,277,558
Furniture, fixtures, and equipment	3,475,811	3,395,737
Vehicles	2,694,135	2,511,218
Construction in progress	<u>562,769</u>	<u>76,458</u>
 Total property and equipment	 33,053,844	 31,825,784
Less: Accumulated depreciation	<u>(24,941,515)</u>	<u>(24,498,482)</u>
 Net property and equipment	 <u>\$ 8,112,329</u>	 <u>\$ 7,327,302</u>

Depreciation expense amounted to \$951,488 and \$845,560 during the years ended September 30, 2019 and 2018, respectively.

**NOTE J – 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 \$1,501,082 and \$1,543,299 as of September 30, 2019 and 2018, respectively.

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

**NOTE K – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following:

	September 30,	
	2019	2018
Endowment corpus	\$ 16,417,512	\$ 16,313,556
Appreciation of endowments	14,719,757	14,272,003
Beneficial interests in perpetual trusts and endowments held by others	7,343,971	7,287,775
Beneficial interests in remainder trusts held by others and estates receivable	4,571,596	4,113,494
Scholarships	4,336,050	3,865,459
Other	1,363,837	1,183,756
Amounts held to satisfy charitable gift annuity obligations	1,251,096	1,110,329
Future construction	978,004	1,067,312
Total net assets with donor restrictions	\$ 50,981,823	\$ 49,213,684

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 L – 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, 2019 and 2018 includes \$641,814 and \$662,693 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, 2019 and 2018 to be approximately \$96,000 and \$186,000, respectively. Such amounts are included in “accounts payable and accrued expenses” in the accompanying consolidated statements of financial position.

**NOTE M – 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 \$153,000 and \$160,000 to the Plan during the years ended September 30, 2019 and 2018, respectively. The Organization may also provide an additional discretionary matching contribution to the Plan. No additional discretionary matching contributions were made to the Plan during the years ended September 30, 2019 and 2018.

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

**NOTE N – 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 O – 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 \$580,000 and \$541,000 during the years ended September 30, 2019 and 2018, respectively.

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

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

**NOTE P – COMMITMENT**

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

## **SUPPLEMENTAL SCHEDULES**

**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
<b>ASSETS</b>				
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	1,284,727	420,253	—	1,704,980
<b>Total assets</b>	<b><u>\$ 72,329,389</u></b>	<b><u>\$ 1,085,501</u></b>	<b><u>\$ (972,273)</u></b>	<b><u>\$ 72,442,617</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>				
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	4,520,386	—	—	4,520,386
<b>Total liabilities</b>	<b><u>7,380,371</u></b>	<b><u>200,468</u></b>	<b><u>—</u></b>	<b><u>7,580,839</u></b>
<b>NET ASSETS</b>				
Without donor restrictions	13,967,195	885,033	(972,273)	13,879,955
With donor restrictions	50,981,823	—	—	50,981,823
<b>Total net assets</b>	<b><u>64,949,018</u></b>	<b><u>885,033</u></b>	<b><u>(972,273)</u></b>	<b><u>64,861,778</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 72,329,389</u></b>	<b><u>\$ 1,085,501</u></b>	<b><u>\$ (972,273)</u></b>	<b><u>\$ 72,442,617</u></b>

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
**SHERIFFS RANCHES ENTERPRISES, INC.**  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
September 30, 2018

**ASSETS**

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,707,294	\$ 185,359	\$ —	\$ 4,892,653
Cash held for self-funded health insurance plan	662,693	—	—	662,693
Investments	11,246,981	—	—	11,246,981
Investments and other assets restricted for long-term purposes	38,940,646	—	—	38,940,646
Beneficial interests in trusts and endowments held by others	4,113,494	—	—	4,113,494
Investment in Sheriffs Ranches Enterprises, Inc.	972,273	—	(972,273)	—
Property and equipment, net	7,053,632	273,670	—	7,327,302
Other assets	2,318,510	404,118	—	2,722,628
<b>Total assets</b>	<b>\$ 70,015,523</b>	<b>\$ 863,147</b>	<b>\$ (972,273)</b>	<b>\$ 69,906,397</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,589,551	\$ 192,806	\$ —	\$ 1,782,357
Deferred compensation payable	1,543,299	—	—	1,543,299
Liabilities for annuities and other	5,042,437	—	—	5,042,437
<b>Total liabilities</b>	<b>8,175,287</b>	<b>192,806</b>	<b>—</b>	<b>8,368,093</b>
<b>NET ASSETS</b>				
Without donor restrictions	12,626,552	670,341	(972,273)	12,324,620
With donor restrictions	49,213,684	—	—	49,213,684
<b>Total net assets</b>	<b>61,840,236</b>	<b>670,341</b>	<b>(972,273)</b>	<b>61,538,304</b>
<b>Total liabilities and net assets</b>	<b>\$ 70,015,523</b>	<b>\$ 863,147</b>	<b>\$ (972,273)</b>	<b>\$ 69,906,397</b>

**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
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
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
<b>Total public support and revenue</b>	<b>10,587,390</b>	<b>4,151,241</b>	<b>(568,306)</b>	<b>14,170,325</b>
Net assets released from time and use restrictions	5,968,931	—	—	5,968,931
<b>Total public support and revenue and net assets released from time and use restrictions</b>	<b>16,556,321</b>	<b>4,151,241</b>	<b>(568,306)</b>	<b>20,139,256</b>
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)	—
<b>Total program activities</b>	<b>10,960,327</b>	<b>3,372,792</b>	<b>(568,306)</b>	<b>13,764,813</b>
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
<b>Total supporting activities</b>	<b>4,255,351</b>	<b>563,757</b>	<b>—</b>	<b>4,819,108</b>
<b>Total expenses</b>	<b>15,215,678</b>	<b>3,936,549</b>	<b>(568,306)</b>	<b>18,583,921</b>
<b>Change in net assets without donor restrictions</b>	<b>1,340,643</b>	<b>214,692</b>	<b>—</b>	<b>1,555,335</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
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)
<b>Change in net assets with donor restrictions</b>	<b>1,768,139</b>	<b>—</b>	<b>—</b>	<b>1,768,139</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,108,782</b>	<b>214,692</b>	<b>—</b>	<b>3,323,474</b>
<b>NET ASSETS - Beginning of year</b>	<b>61,840,236</b>	<b>670,341</b>	<b>(972,273)</b>	<b>61,538,304</b>
<b>NET ASSETS - End of year</b>	<b>\$ 64,949,018</b>	<b>\$ 885,033</b>	<b>\$ (972,273)</b>	<b>\$ 64,861,778</b>

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
**SHERIFFS RANCHES ENTERPRISES, INC.**  
CONSOLIDATING STATEMENT OF ACTIVITIES  
For The Year Ended September 30, 2018

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Public support and revenue				
Contributions	\$ 5,818,439	\$ 31,416	\$ (22,957)	\$ 5,826,898
Medicaid and third party reimbursements	3,959,200	—	—	3,959,200
Sales of donated goods	—	3,700,278	—	3,700,278
Grant from Sheriffs Ranches Enterprises, Inc.	480,000	—	(480,000)	—
Other income	502,661	3,558	—	506,219
Investment income, net	357,700	—	—	357,700
Total public support and revenue	11,118,000	3,735,252	(502,957)	14,350,295
Net assets released from time and use restrictions	8,413,473	—	—	8,413,473
Total public support and revenue and net assets released from time and use restrictions	19,531,473	3,735,252	(502,957)	22,763,768
Expenses				
Program activities				
Home and subsistence	9,604,856	—	—	9,604,856
Operation of thrift stores	—	2,723,705	(22,957)	2,700,748
Medical and clinical	2,043,690	—	—	2,043,690
Grant to Florida Sheriffs Youth Ranches, Inc.	—	480,000	(480,000)	—
Total program activities	11,648,546	3,203,705	(502,957)	14,349,294
Supporting activities				
Management and general	2,064,506	439,299	—	2,503,805
Development and public relations	2,258,956	102,792	—	2,361,748
Total supporting activities	4,323,462	542,091	—	4,865,553
Total expenses	15,972,008	3,745,796	(502,957)	19,214,847
Change in net assets without donor restrictions	3,559,465	(10,544)	—	3,548,921
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions	7,987,954	—	—	7,987,954
Investment income, net	2,606,722	—	—	2,606,722
Change in value of split-interest agreements	(467,345)	—	—	(467,345)
Net assets released from time and use restrictions	(8,413,473)	—	—	(8,413,473)
Change in net assets with donor restrictions	1,713,858	—	—	1,713,858
<b>CHANGE IN NET ASSETS</b>	5,273,323	(10,544)	—	5,262,779
<b>NET ASSETS - Beginning of year</b>	56,566,913	680,885	(972,273)	56,275,525
<b>NET ASSETS - End of year</b>	\$ 61,840,236	\$ 670,341	\$ (972,273)	\$ 61,538,304



**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
<b>OPERATING CASH FLOWS</b>				
Cash received from contributors	\$ 11,628,149	\$ 58,197	\$ —	\$ 11,686,346
Cash received from Medicaid and third party reimbursements	3,494,235	—	—	3,494,235
Cash received from sales of donated goods	—	4,055,078	—	4,055,078
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	(14,875,118)	(3,284,855)	—	(18,159,973)
Grant to Florida Sheriffs Youth Ranches, Inc.	—	(550,000)	550,000	—
	<u>2,400,545</u>	<u>303,241</u>	<u>—</u>	<u>2,703,786</u>
<b>Net operating cash flows</b>				
<b>INVESTING CASH FLOWS</b>				
Reinvestment of interest and dividends	(1,034,891)	—	—	(1,034,891)
Net sales of investments	1,188,753	—	—	1,188,753
Net investment in assets restricted for long-term purposes	(518,598)	—	—	(518,598)
Purchases of and improvements to property and equipment	(1,533,824)	(202,691)	—	(1,736,515)
	<u>(1,898,560)</u>	<u>(202,691)</u>	<u>—</u>	<u>(2,101,251)</u>
<b>Net investing cash flows</b>				
<b>FINANCING CASH FLOWS</b>				
Contributions restricted for endowments	48,726	—	—	48,726
Contributions restricted for future construction	443,472	—	—	443,472
	<u>492,198</u>	<u>—</u>	<u>—</u>	<u>492,198</u>
<b>Net financing cash flows</b>				
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>994,183</b>	<b>100,550</b>	<b>—</b>	<b>1,094,733</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>4,707,294</b>	<b>185,359</b>	<b>—</b>	<b>4,892,653</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 5,701,477</b>	<b>\$ 285,909</b>	<b>\$ —</b>	<b>\$ 5,987,386</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>				
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 cash held for self-funded health insurance plan	20,879	—	—	20,879
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)
	<u>\$ 2,400,545</u>	<u>\$ 303,241</u>	<u>\$ —</u>	<u>\$ 2,703,786</u>
<b>Net operating cash flows</b>				

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
**SHERIFFS RANCHES ENTERPRISES, INC.**  
CONSOLIDATING STATEMENT OF CASH FLOWS  
For The Year Ended September 30, 2018

	Florida Sheriffs Youth Ranches, Inc.	Sheriffs Ranches Enterprises, Inc.	Eliminations	Total
<b>OPERATING CASH FLOWS</b>				
Cash received from contributors	\$ 14,563,135	\$ 31,416	\$ —	\$ 14,594,551
Cash received from Medicaid and third party reimbursements	3,959,200	—	—	3,959,200
Cash received from sales of donated goods	—	3,700,278	—	3,700,278
Other revenue received	1,275,038	3,558	—	1,278,596
Grant from Sheriffs Ranches Enterprises, Inc.	480,000	—	(480,000)	—
Cash paid for operating activities and costs	(15,263,459)	(3,213,041)	—	(18,476,500)
Grant to Florida Sheriffs Youth Ranches, Inc.	—	(480,000)	480,000	—
	<u>5,013,914</u>	<u>42,211</u>	<u>—</u>	<u>5,056,125</u>
<b>Net operating cash flows</b>				
<b>INVESTING CASH FLOWS</b>				
Reinvestment of interest and dividends	(964,858)	—	—	(964,858)
Net sales of investments	2,564,765	—	—	2,564,765
Net investment in assets restricted for long-term purposes	(2,996,690)	—	—	(2,996,690)
Purchases of and improvements to property and equipment	(939,170)	(60,757)	—	(999,927)
	<u>(2,335,953)</u>	<u>(60,757)</u>	<u>—</u>	<u>(2,396,710)</u>
<b>Net investing cash flows</b>				
<b>FINANCING CASH FLOWS</b>				
Contributions restricted for endowments	107,430	—	—	107,430
Contributions restricted for future construction	672,252	—	—	672,252
	<u>779,682</u>	<u>—</u>	<u>—</u>	<u>779,682</u>
<b>Net financing cash flows</b>				
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>3,457,643</b>	<b>(18,546)</b>	<b>—</b>	<b>3,439,097</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,249,651</b>	<b>203,905</b>	<b>—</b>	<b>1,453,556</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 4,707,294</b>	<b>\$ 185,359</b>	<b>\$ —</b>	<b>\$ 4,892,653</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>				
Change in net assets	\$ 5,273,323	\$ (10,544)	\$ —	\$ 5,262,779
Adjustments to reconcile change in net assets to net operating cash flows				
Depreciation	763,816	81,744	—	845,560
Contributions restricted for long-term purposes	(779,682)	—	—	(779,682)
Gain on investments, net	(2,115,924)	—	—	(2,115,924)
Change in cash held for self-funded health insurance plan	232,969	—	—	232,969
Change in beneficial interests in trusts and endowments held by others	1,536,424	—	—	1,536,424
Change in other assets	(129,302)	(12,563)	—	(141,865)
Change in accounts payable and accrued expenses	147,895	(16,426)	—	131,469
Change in deferred compensation payable	(58,211)	—	—	(58,211)
Change in liabilities for annuities and other	142,606	—	—	142,606
	<u>\$ 5,013,914</u>	<u>\$ 42,211</u>	<u>\$ —</u>	<u>\$ 5,056,125</u>
<b>Net operating cash flows</b>				

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended September 30, 2019

Federal Agency	Federal CFDA Number	Contract/Grant Number	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed through State of Florida Department of Children and Families			
Sarasota Family YMCA, Inc.			
Foster Care Title IV-E	93.658	FSYOHCS18	\$ 476,252
Social Services Block Grant	93.667	FSYOHCS18	138,268
Family First Network of Lakeview			
Foster Care Title IV-E	93.658	Other Assistance	379,881
Social Services Block Grant	93.667	Other Assistance	110,379
Heartland for Children, Inc.			
Foster Care Title IV-E	93.658	NFS01	372,565
Social Services Block Grant	93.667	NFS01	108,251
Family Support Services of North Florida, Inc.			
Foster Care Title IV-E	93.658	RGH 015 FSyr	1,563
Social Services Block Grant	93.667	RGH 015 FSyr	256
Temporary Assistance for Needy Families	93.558	RGH 015 FSyr	228
Adoption Assistance	93.659	RGH 015 FSyr	176
Stephanie Tubbs Jones Child Welfare Services Program	93.645	RGH 015 FSyr	55
Promoting Safe and Stable Families	93.556	RGH 015 FSyr	5
Chafee Education and Training Vouchers Program	93.599	RGH 015 FSyr	116
ChildNet of Palm Beach			
Foster Care Title IV-E	93.658	IJ706	6,478
Social Services Block Grant	93.667	IJ706	2,112
Partnership for Strong Families			
Foster Care Title IV-E	93.658	PCM735	11,190
Social Services Block Grant	93.667	PCM735	4,050
Our Kids of Miami-Dade/Monroe			
Foster Care Title IV-E	93.658	Other Assistance	33,939
Social Services Block Grant	93.667	Other Assistance	9,861
Eckerd Community Alternatives			
Foster Care Title IV-E	93.658	ECA-C6-RGC-FSY-FY19	304,971
Social Services Block Grant	93.667	ECA-C6-RGC-FSY-FY19	88,612
Community Partnership for Children			
Foster Care Title IV-E	93.658	Other Assistance	135,584
Social Services Block Grant	93.667	Other Assistance	<u>36,416</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,221,208</u></b>

**Reconciliation of Above Amounts as Reported by Federal CFDA Number**

Federal Program Title	Federal CFDA Number	Expenditures
Foster Care Title IV-E	93.658	\$ 1,722,423
Social Services Block Grant	93.667	498,205
Temporary Assistance for Needy Families	93.558	228
Adoption Assistance	93.659	176
Stephanie Tubbs Jones Child Welfare Services Program	93.645	55
Promoting Safe and Stable Families	93.556	5
Chafee Education and Training Vouchers Program	93.599	<u>116</u>
<b>Total Expenditures of Federal Awards by CFDA Number</b>		<b><u>\$ 2,221,208</u></b>

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended September 30, 2019

**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, 2019. 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, 2019, 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 11, 2020.

***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) to determine the 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 determination of consolidated financial statement amounts. 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 11, 2020

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, 2019. 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, 2019.

***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 11, 2020

**FLORIDA SHERIFFS YOUTH RANCHES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS**  
For The Year Ended September 30, 2019

**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: Social Services Block Grant	93.667
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.