

Cole & Associates, LLC

Certified Public Accountants

Ronald A. Cole, CPA
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407-351-4730
Fax 407-654-1544

To: Board of Directors

Osceola County Historical Society, Inc.

Enclosed are the following items for your association's financial and tax reporting:

- Bound copies of your financial statements 2
- Unbound copies of your financial statements 1
- Management representation letter, please
sign and return on your letterhead Sent separately
- Copy of AJEs for posting on your books,
Please sign and return 1
- Invoice 1
- Number of boxes to be returned 1

Osceola County Historical Society, Inc.

Financial Statements and
Supplementary Information

September 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Osceola County Historical Society, Inc.

We have audited the accompanying financial statements of Osceola County Historical Society, Inc. (a not-for-profit organization) which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses and cash flows for the year 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 the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 entity'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 entity'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 Osceola County Historical Society, Inc. as of September 30, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Comparison Statements of Financial Position and Activities on pages 11 and 12, which is the responsibility of the Organization's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Cole & Associates, LLC

Cole & Associates, CPA, LLC
Certified Public Accountants
June 16, 2017

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2016

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents \$ 449,262

TOTAL CURRENT ASSETS 449,262

PROPERTY AND EQUIPMENT

Tourist Center 80,000
Land 81,897
Furniture & Fixtures 142,409
Building 302,444
Computers and Electronics 659
Less: Accumulated Depreciation (414,735)

NET PROPERTY AND EQUIPMENT 192,674

TOTAL ASSETS \$ 641,936

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable \$ 3,447
Accrued Expenses 51,461
FL Unemployment Tax 32
Sales Tax Payable 457
Deferred Revenue 157,025

TOTAL CURRENT LIABILITIES 212,422

NET ASSETS

Unrestricted 429,514

TOTAL NET ASSETS 429,514

**TOTAL LIABILITIES AND
NET ASSETS** \$ 641,936

The accompanying notes are an integral part of the financial statements.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GRANTS AND OTHER SUPPORT				
Grants	\$ 514,172	\$ -	\$ -	\$ 514,172
Contributions & Fundraising	124,285	-	-	124,285
Interest	211	-	-	211
Rental Income	7,536	-	-	7,536
	646,204	-	-	646,204
TOTAL REVENUES, GRANTS AND OTHER SUPPORT				
 EXPENSES AND LOSSES				
Direct Program Expense	283,586	-	-	283,586
Management and General	481,165	-	-	481,165
	764,751	-	-	764,751
TOTAL EXPENSES				
Change in Net Assets	(118,547)	-	-	(118,547)
Net Assets at Beginning of Year	548,061	-	-	548,061
Net Assets at End of Year	\$ 429,514	\$ -	\$ -	\$ 429,514

The accompanying notes are an integral part of the financial statements.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (118,547)
Adjustments to reconcile change in Net Assets (Loss) to net Cash provided by (used in) operating activities:	
Depreciation	10,763
Increase (Decrease) in Operating Liabilities:	
Accounts payable	3,447
Accrued liabilities	182,382
Total Adjustments	<u>196,592</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>78,045</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property & equipment	<u>(659)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(659)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	77,386
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>350,155</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 449,262</u>

The accompanying notes are an integral part of the financial statements.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016

	PROGRAMS	GENERAL & ADMINISTRATIVE	TOTAL
Accounting and Audit	\$ 2,819	\$ 1,518	\$ 4,337
Advertising Expense	32,565	17,535	50,100
Annual Meeting	336	181	517
Depreciation	6,996	3,767	10,763
Direct Program Expenses	283,586		283,586
Dues and Subscriptions	229	123	352
Education	1,340	721	2,061
Equipment Rental	4,831	2,602	7,433
Insurance	7,246	3,901	11,147
Office Expense	15,207	8,189	23,396
Maintenance and Repairs	14,413	7,761	22,174
Meals and Entertainment	4,232	2,279	6,510
Payroll and Related Expenses	203,523	109,590	313,113
Postage and Printing	509	274	783
Supplies	3,629	1,954	5,583
Telephone	7,660	4,124	11,784
Travel	1,616	870	2,486
Utilities	5,607	3,019	8,626
TOTAL FUNCTIONAL EXPENSES	\$ 596,343	\$ 168,408	\$ 764,751

The accompanying notes are an integral part of the financial statements.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Osceola County Historical Society, Inc. (a non-profit organization) was incorporated in the State of Florida on April 23, 1984. The Organization's purpose is collecting, arranging, restoring and preserving historical artifacts of Osceola County.

Basis of Accounting

The Organization recognizes income on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standard Codification (FASB ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no temporarily or permanently restricted net assets as of September 30, 2016.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$500. Property and equipment are stated at cost. Depreciation is calculated for financial statement purposes using the straight-line method based on the property's estimated life. Additions and improvements that add materially to productive capacity or extend the life of an asset are capitalized. Normal repairs and maintenance are charged against income. When facilities are retired or sold, their cost and accumulated depreciation are removed from the accounts and related gains or losses are included in income. In case of trade items, any remaining book value increases the basis of the new acquisitions. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The estimated lives used in determining depreciation are:

Building and Improvements	10 - 40 yrs.
Equipment	10 yrs.

Depreciation expense as of September 30, 2016 was \$10,763.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit organization that is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an organization that is not a private foundation under Section 590(a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and State corporate income taxes. The Organization did not have any unrelated business income for the year ended September 30, 2016.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments, with initial maturity of three months or less, to be considered cash.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are due in less than one year.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets from restrictions.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Several unpaid volunteers have made significant contributions of their time to the management of the Organization. The value of this donated time is not recognizable and is not reflected in these financial statements.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were issued.

Grants and Contract Awards

The Organization receives grants and contracts from governmental agencies and private grantors for various purposes. Grants and contract awards not yet received are accrued to the extent that unreimbursed expenses have been incurred for the purposes specified by an approved grant or contract. The Organization defers grants and contract revenues received under approved awards from grantors to the extent they exceed expenses incurred for the purposes specified under the grant restrictions.

Grants and Other Accounts Receivable

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. The allowance for doubtful accounts as of September 30, 2016 was \$0.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exhibits and Artifacts

A substantial portion of the Organization's exhibits and artifacts are items which have been donated, but for which no value has been assigned. The Organization has elected to exercise the option to not capitalize the items that meet the definition on "collections" as prescribed by accounting principles generally accepted in the United States of America. Therefore, the fair value of the donated exhibits and artifacts is not reflected in the accompanying financial

Uncertain Tax Provisions

Accounting for uncertain tax provisions, relating to both Federal and State income taxes, are required when a more likely than not threshold is attained. If such positions result in uncertainties, then the unrecognized tax liability is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. With the adoption of these new rules, the Organization assess its tax positions in accordance with the guidance. The Organization has determined that its tax status as a Florida non-profit corporation is its only tax position and is highly certain. Therefore, these new rules had no impact on the Organization's financial statements.

NOTE 2: CONCENTRATION OF CREDIT RISK - CASH

The Organization maintains cash balances at one bank. These accounts are insured, up to \$250,000, by the Federal Deposit Insurance Corporation. As of September 30, 2016, the uninsured portion of cash balances is \$198,286.

SUPPLEMENTAL INFORMATION

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

SEPTEMBER 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 434,583	\$ 350,155
TOTAL CURRENT ASSETS	<u>434,583</u>	<u>350,155</u>
PROPERTY AND EQUIPMENT		
Tourist Center	80,000	80,000
Land	81,897	81,897
Furniture & Fixtures	142,409	137,536
Building	302,444	302,445
Computers and Electronics	659	-
Less: Accumulated Depreciation	<u>(414,735)</u>	<u>(403,972)</u>
NET PROPERTY AND EQUIPMENT	<u>192,674</u>	<u>197,906</u>
TOTAL ASSETS	<u>\$ 627,257</u>	<u>\$ 548,061</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,447	\$ -
Accrued Expenses	51,461	-
FL Unemployment Tax	32	-
Sales Tax Payable	457	-
Deferred Revenue	<u>142,346</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>197,743</u>	<u>-</u>
NET ASSETS		
Unrestricted	<u>429,514</u>	<u>548,061</u>
TOTAL NET ASSETS	<u>429,514</u>	<u>548,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 627,257</u>	<u>\$ 548,061</u>

See independent auditor's report.

OSCEOLA COUNTY HISTORICAL SOCIETY, INC.

STATEMENT OF ACTIVITIES (UNAUDITED)

YEAR ENDED SEPTEMBER 30, 2016

	UNRESTRICTED	
	<u>2016</u>	<u>2015</u>
REVENUES, GRANTS AND OTHER SUPPORT		
Grants	\$ 514,172	\$ 292,144
Contributions & Fundraising	124,285	293,129
Interest	211	231
Other	7,536	-
	<hr/>	<hr/>
TOTAL REVENUES, GRANTS AND OTHER SUPPORT	<u>646,204</u>	<u>585,504</u>
EXPENSES AND LOSSES		
Direct Program Expense	283,586	68,372
Management and General	481,165	479,929
	<hr/>	<hr/>
TOTAL EXPENSES	<u>764,751</u>	<u>548,301</u>
Change in Net Assets	(118,547)	37,203
Net Assets at Beginning of Year	548,061	510,858
	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 429,514</u>	<u>\$ 548,061</u>

See independent auditor's report.

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Osceola County Historical Society, Inc.

To the Board of Directors:

In conjunction with the audit of the financial statements of the Association for the year ended September 30, 2016, we noted items for improving the efficiency and effectiveness of the control system and accounting environment. None of the items below are considered material reportable conditions, but are areas for improvement:

Fraud Risks:

Based on the current financial and regulatory environment, the AICPA and Statement on Auditing Standards No. 99 reiterate management's responsibility for the detection and prevention of fraud. Management should perform an analysis of fraud risks, document safeguards against those risks and address any deficiencies.

Cash and investments:

1. As of September 30, 2016, the Association had \$198,286.00 in funds uninsured with FDIC insurance. The Association should investigate alternative accounts, including CDAR programs offered by many institutions, to reduce the risk of loss of these funds.

2. Long outstanding checks and deposits were found on a bank reconciliation. Such unreconciled deposits and checks are a concern since they can mask efforts to misappropriate funds. Therefore, the Organization should, in a timely manner, investigate every long outstanding deposit to determine why funds have not reached the bank and every outstanding check and if necessary void and reissue them.

Sincerely,



Cole & Associates, CPA, LLC
Certified Public Accountants
June 16, 2017

Cole & Associates, CPA, LLC
1222 Winter Garden Vineland Rd Ste 112
Winter Garden, FL 34787
407-351-4730

To the Board of Directors of
Osceola County Historical Society, Inc.

We have audited the financial statements of Osceola County Historical Society, Inc. for the year ended September 30, 2016, and have issued our report thereon dated June 16, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 2, 2016.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Osceola County Historical Society, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the accumulated depreciation is based on straight line basis. We evaluated the key factors and assumptions used to develop the straight line basis in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No sensitive disclosures were noted.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter wether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 16, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accouting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of Osceola County Historical Society, Inc. and is not intended to be, and should not be, used by anyone other than those specified parties.



Cole & Associates, CPA, LLC

June 16, 2017

Osceola County Historical Society, Inc.
 Client's Post Closing AJEs for entry to 2017
 9/30/2016

JE No.	WP REF	Description	- Dr -	- Cr -	P/L Effect	Restricted Effect
AJE01		Direct Program Expenses	41,380.00			
		Salaries	3,205.00			
		Utilities	844.00			
	I-2	Payroll Taxes	32.00			
		Accrued Expenses		51,461.00	(51,461.00)	
		<i>Accrue expenses</i>				
AJE02		Depreciation Expense	10,763.00			
	F-1	Accumulated Depreciation		10,763.00	(10,763.00)	
		<i>Record depreciation expense</i>				
AJE03		Miscellaneous Exp	94.00			
	B-3	Vendor Credit		94.00	(94.00)	
		<i>Adjust vendor credit to actual</i>				
AJE05		Direct Program Expenses	7.00			
	I-3	PNC 1890 Credit Card		7.00	(7.00)	
		<i>Reverse balance in credit card account</i>				
AJE06		FL Unemployment Tax	14.00			
	I-5	Federal Taxes (941/944)		291.00		
		Payroll Taxes	277.00		(277.00)	
		<i>Adjust to actual.</i>				
AJE07		Other Current Liabilities		150.00	(150.00)	
		Miscellaneous Exp		282.00		
		Salaries	182.00			
	I-4	Contributions & Fundraising	250.00			
		<i>Adjust to actual per client</i>				
AJE08		Contributions & Fundraising	519.00			
	I-6	Sales Tax Payable		519.00	(519.00)	
		<i>Adjust to actual</i>				
			57,567.00	63,567.00	(63,271.00)	-

Equity Reconciliation:

	Unrestricted	Restricted
Equity per client	492,785.00	-
Adjustments	(63,271.00)	-
Rounding		
Equity per report	429,514.00	-

Discussed with Client: _____
 Position _____

_____ Date

Approved by: _____
 Position _____

_____ Date