

Financial Statements

Florida Sheriffs Association, Inc.

*Years ended September 30, 2020 and 2019
with Report of Independent Auditors*



Florida Sheriffs Association, Inc.

Financial Statements

Years ended September 30, 2020 and 2019

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Report of Independent Auditors

Board of Directors
Florida Sheriffs Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Sheriffs Association, Inc. (the Association) which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Sheriffs Association, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
April 28, 2021

Florida Sheriffs Association, Inc.

Statements of Financial Position

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,828,575	\$ 4,576,777
Investments, short-term	5,804,344	2,437,369
Accounts receivable	1,017,635	1,234,184
Prepaid expenses	141,767	110,591
Inventory	<u>61,638</u>	<u>85,994</u>
Total current assets	9,853,959	8,444,915
Certificate of deposit	2,134,524	2,071,347
Investments, long-term	7,823,036	8,061,561
Property and equipment, net	6,582,868	6,055,704
Other assets	<u>2,262</u>	<u>2,257</u>
Total assets	\$ <u>26,396,649</u>	\$ <u>24,635,784</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 525,385	\$ 477,448
Deferred revenue	192,425	252,144
Retirement obligation, short-term	68,149	68,149
Other accrued liabilities	<u>124</u>	<u>132</u>
Total current liabilities	786,083	797,873
Long-term liabilities:		
Accrued leave liability	295,174	238,175
Retirement obligation, long-term	<u>670,203</u>	<u>678,501</u>
Total long-term liabilities	<u>965,377</u>	<u>916,676</u>
Total liabilities	1,751,460	1,714,549
Net assets:		
Without donor restrictions:		
Undesignated	24,278,572	22,589,787
With donor restrictions:		
Purpose restrictions	<u>366,617</u>	<u>331,448</u>
Total net assets	<u>24,645,189</u>	<u>22,921,235</u>
Total liabilities and net assets	\$ <u>26,396,649</u>	\$ <u>24,635,784</u>

See accompanying notes.

Florida Sheriffs Association, Inc.

Statements of Activities and Changes in Net Assets

	Years ended September 30,			2019
	2020		Total	
	Without Donor Restrictions	With Donor Restrictions		
Changes in net assets:				
Revenues and other support:				
Administrative fees	\$ 4,175,183	\$ -	\$ 4,175,183	\$ 4,154,492
Dues and fees	3,410,744	-	3,410,744	3,304,558
Contributions	1,038,827	50,442	1,089,269	1,072,071
Conferences	1,001,957	-	1,001,957	1,126,090
Grant revenue	203,261	212,489	415,750	866,508
Investment income	430,049	-	430,049	662,997
Other revenue	108,159	-	108,159	90,830
Seminar and training revenue	1,295	-	1,295	54,050
Sales revenue	42,537	-	42,537	34,984
Loss on disposal of equipment	-	-	-	(2,259)
Net assets released from restrictions	<u>227,762</u>	<u>(227,762)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>10,639,774</u>	<u>35,169</u>	<u>10,674,943</u>	<u>11,364,321</u>
Program services:				
Training programs	2,228,104	-	2,228,104	2,591,109
Membership	2,104,369	-	2,104,369	2,058,899
Other program services	2,094,449	-	2,094,449	1,346,190
Cooperative purchasing program	1,073,105	-	1,073,105	986,243
Legal and legislative	615,795	-	615,795	1,568,524
Teen driving program	96,298	-	96,298	92,724
Federal 1122 program	<u>79,153</u>	<u>-</u>	<u>79,153</u>	<u>66,610</u>
Total program services	<u>8,291,273</u>	<u>-</u>	<u>8,291,273</u>	<u>8,710,299</u>
General and administrative	<u>652,736</u>	<u>-</u>	<u>652,736</u>	<u>588,761</u>
Total expenses	<u>8,944,009</u>	<u>-</u>	<u>8,944,009</u>	<u>9,299,060</u>
Change in net assets	1,695,765	35,169	1,730,934	2,065,261
Change in excess additional pension liability over unrecognized prior service cost	<u>(6,980)</u>	<u>-</u>	<u>(6,980)</u>	<u>(56,403)</u>
Change in net assets	1,688,785	35,169	1,723,954	2,008,858
Net assets at beginning of year	<u>22,589,787</u>	<u>331,448</u>	<u>22,921,235</u>	<u>20,912,377</u>
Net assets at end of year	\$ <u>24,278,572</u>	\$ <u>366,617</u>	\$ <u>24,645,189</u>	\$ <u>22,921,235</u>

See accompanying notes.

Florida Sheriffs Association, Inc.

Statements of Functional Expenses

	Years ended September 30,										
	2020					2019					
	Training Program	Membership	Other Program Services	Cooperative Purchasing Program	Legal and Legislative	Teen Driving Program	Federal 1122 Program	Total Program Services	General and administrative	Total Expenses	Total Expenses
Communication and utilities	\$ 17,237	\$ 13,934	\$ 4,001	\$ 10,607	\$ 5,304	\$ 1,326	\$ 1,989	\$ 54,398	\$ 11,899	\$ 66,297	\$ 82,273
Conference food and hospitality	313,429	-	-	-	-	-	-	313,429	-	313,429	452,244
Contributions	-	-	505,477	-	5,000	-	-	510,477	-	510,477	643,377
Depreciation	66,726	56,460	20,531	41,062	20,531	5,133	7,699	218,142	38,496	256,638	212,055
Insurance	16,692	12,929	5,661	10,085	4,431	13,323	2,197	65,318	10,544	75,862	73,943
Information technology expenses	28,880	19,191	1,856	10,048	5,555	597	1,046	67,173	5,292	72,465	86,498
Law enforcement operations direct support	-	-	1,014,350	-	-	-	-	1,014,350	-	1,014,350	11,940
Membership dues and subscriptions	25	-	-	3,799	11,590	-	-	15,414	12,926	28,340	37,410
Plaques and awards	10,967	34,907	42,000	123	-	-	-	87,997	2,387	90,384	87,709
Postage	15,848	405,481	6,053	8,522	260	1,065	3,598	440,827	11,301	452,128	470,479
Printing and publications	13,703	281,660	7,764	5,656	2,878	6,737	1,231	319,629	6,924	326,553	295,465
Professional services	185,399	99,700	280,599	572,452	309,186	1,847	2,771	1,451,954	16,865	1,468,819	2,402,020
Processing and solicitation	-	603,277	-	-	-	-	-	603,277	-	603,277	680,341
Rent	7,620	6,120	1,831	4,677	2,300	585	896	24,029	5,204	29,233	31,952
Repairs and maintenance	21,944	17,668	5,188	13,485	6,680	1,689	2,560	69,214	15,067	84,281	117,262
Resale supplies	-	93,687	1,315	-	-	-	-	95,002	-	95,002	33,123
Salaries and benefits	886,304	424,170	192,733	375,127	229,241	45,523	54,002	2,207,100	468,353	2,675,453	2,357,502
Supplies and other miscellaneous	31,883	4,235	1,603	2,746	2,373	340	513	43,693	29,646	73,339	96,131
Taxes and fees	17,434	30,434	-	(106)	-	9,995	-	57,757	3,268	61,025	49,897
Training and seminars	527,812	-	-	-	-	5,610	-	533,422	-	533,422	876,225
Travel, meetings, and events	66,201	516	3,487	14,822	10,466	2,528	651	98,671	14,564	113,235	201,214
	\$ 2,228,104	\$ 2,104,369	\$ 2,094,449	\$ 1,073,105	\$ 615,795	\$ 96,298	\$ 79,153	\$ 8,291,273	\$ 652,736	\$ 8,944,009	\$ 9,299,060

See accompanying notes.

Florida Sheriffs Association, Inc.

Statements of Cash Flows

	Years ended September 30,	
	<u>2020</u>	<u>2019</u>
Operating activities		
Change in net assets	\$ 1,723,954	\$ 2,008,858
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	256,638	212,055
Loss on disposal of assets	-	2,259
Gains on investments	(119,089)	(310,431)
Loss on forgiveness of note receivable	-	145,000
Changes in operating assets and liabilities		
Accounts receivable	216,549	1,319,168
Prepaid expenses	(31,176)	68,844
Inventory	24,356	(17,936)
Other assets	(5)	-
Accounts payable	47,937	(250,375)
Deferred revenue	(8,298)	(149,731)
Retirement obligation	(59,719)	36,333
Other accrued liabilities	56,999	13
Accrued leave liability	(8)	(41,027)
Net cash provided by operating activities	<u>2,108,138</u>	<u>3,023,030</u>
Investing activities		
Purchases of property and equipment	(783,802)	(647,016)
Purchases of investments	(7,975,177)	(3,103,272)
Sale of investments	<u>4,902,639</u>	<u>2,542,833</u>
Net cash used in investing activities	<u>(3,856,340)</u>	<u>(1,207,455)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,748,202)</u>	1,815,575
Cash and cash equivalents at beginning of year	<u>4,576,777</u>	<u>2,761,202</u>
Cash and cash equivalents at end of year	<u>\$ 2,828,575</u>	<u>\$ 4,576,777</u>

See accompanying notes.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

Years ended September 30, 2020 and 2019

1. Nature of Operations and Significant Accounting Policies

The Florida Sheriffs Association, Inc. (the Association) is a not-for-profit entity organized exclusively for educational and charitable purposes. The Association seeks to foster the effectiveness of the Office of Sheriff through leadership, innovative practices, legislative initiatives, education, and training. The Association's strategic plan outlines its major goals, which include protecting Florida's youth, providing timely and effective service to the 67 sheriffs of Florida, promoting public safety through the legislative process, promoting the activities of sheriffs, and effectively managing the Association's resources. Revenue is mainly generated from membership dues and the cooperative purchasing programs.

Basis of Accounting

The Association uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Cash and Cash Equivalents

Cash consists of demand deposits with financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Investments

Investments are in certificates of deposit and are recorded at fair market value. Terms of certificates of deposit vary between two and 15 years. Certificates of deposit with maturities of less than one year from the financial statement date are classified as short-term.

Accounts Receivable

Accounts receivable consists primarily of cooperative purchasing program revenue earned during the period and Crisis Intervention Team grant revenue for services provided and reimbursable at year end. Receivables are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for doubtful accounts based on factors including experience and the current economic environment. Accounts are charged against the allowance when deemed uncollectible. Management has determined that any losses would be immaterial; therefore, they have recorded no allowance for doubtful accounts.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Inventory

Inventory consists of various items given to members upon membership renewal as well as items offered for resale (i.e. license plate frames and tags, lapel pins, and history books). Inventory is recorded at the lower of cost (first-in, first-out) or net realizable value.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives (3 - 40 years) of the individual assets. Generally, property and equipment purchases over \$1,000 are capitalized. Repairs are expensed as incurred. The Florida Sheriffs Law Enforcement Memorial is considered a work of art or historical treasure with an indefinite life and is not depreciated.

Revenue Recognition

Sheriffs' membership dues are recognized as revenue during the period for which they are assessed. All other membership dues are recognized as revenue in the period which payment is received due to the absence of any significant continued service obligation. Administrative fee revenue is recognized in the period the vendor service is provided to the customer. Conference and seminar revenues are recognized as income in the period that the conferences and seminars are held. Contributions are recognized as revenue at the earlier of when promised or received.

Contributions

The Association reports gifts of cash and other assets as restricted support if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At September 30, 2020, net assets with donor restrictions are comprised of \$90,200 related to scholarships, \$227,044 related to specialty license plates, \$533 related to the bullet proof vest program, and \$48,840 related to cold case commission work.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function and contains certain categories of expenses that are attributable to the program or supporting functions of the Association. These expenses, such as salaries, are allocated based on estimates of time and effort by the individual. Other expenses, such as contributions and conference food and hospitality, are allocated on a direct method for expenses directly related to the program.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, the Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and as such, is liable for income taxes only on business income unrelated to the purpose for which it is exempt. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for the years ended September 30, 2016 and prior.

Advertising

Advertising costs are charged to operations when incurred.

Subsequent Events

The Association has evaluated subsequent events through April 28, 2021, the date the financial statements were available to be issued. During the period from September 30, 2020 to April 28, 2021, the Association did not have any material recognizable subsequent events.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

2. Available Resources and Liquidity

The Association receives administrative fees, conference registration fees, contributions, membership dues, and investment income and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. The Association manages its liquidity to meet 180 days of operating expenses.

The table below presents financial assets available for general expenditures within one year at September 30:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 2,828,575	\$ 4,576,777
Investments, short-term	5,804,344	2,437,369
Accounts receivable	1,017,635	1,234,184
Prepaid expenses	141,767	110,591
Total financial assets	9,792,321	8,358,921
Less: net assets with donor restrictions	(366,617)	(331,448)
Financial assets available to meet general expenditures within one year	\$ 9,425,704	\$ 8,027,473

3. Accounts Receivable

Accounts receivable consists of the following at September 30:

	September 30,	
	2020	2019
Administrative fee receivable	\$ 877,239	\$ 890,714
Grants receivable	28,582	241,242
Product inventory receivable	28,031	28,840
Other receivables	83,783	73,388
	\$ 1,017,635	\$ 1,234,184

Florida Sheriffs Association, Inc.

Notes to Financial Statements

4. Property and Equipment, Net

The major components of property and equipment are as follows:

	September 30,	
	2020	2019
Buildings	\$ 5,748,856	\$ 5,748,856
Furniture and equipment	761,564	744,003
Vehicles	107,316	107,316
Land improvements	39,872	39,872
Software	<u>442,695</u>	<u>-</u>
Total depreciable property and equipment	7,100,303	6,640,047
Accumulated depreciation	<u>(1,775,710)</u>	<u>(1,519,072)</u>
Total depreciable property and equipment, net	5,324,593	5,120,975
Law enforcement memorial	442,173	442,173
Land	102,182	102,182
Software development in process	-	349,389
Construction work-in-process	<u>713,920</u>	<u>40,985</u>
Total property and equipment, net	<u>\$ 6,582,868</u>	<u>\$ 6,055,704</u>

Depreciation expense totaled \$256,638 and \$212,055 for the years ended September 30, 2020 and 2019, respectively.

5. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

5. Investments (continued)

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Investments consist of the following at September 30, 2020:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 2</u>
Brokered certificates of deposits	\$ <u>13,405,207</u>	\$ <u>222,173</u>	\$ <u>13,627,380</u>	\$ <u>13,627,380</u>

Investments consist of the following at September 30, 2019:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Market and Carrying Value</u>	<u>Level 2</u>
Brokered certificates of deposits	\$ <u>10,391,269</u>	\$ <u>107,661</u>	\$ <u>10,498,930</u>	\$ <u>10,498,930</u>

Investment income consists of the following:

	<u>Years ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Change in unrealized gain	\$ <u>119,089</u>	\$ 310,431
Realized (loss)/gains	<u>(2,425)</u>	23,410
Interest income	<u>313,385</u>	<u>329,156</u>
	<u>\$ <u>430,049</u></u>	<u>\$ <u>662,997</u></u>

6. Employee Benefit Plans

Defined Contribution Plan

The Association maintains a 403(b) plan. All employees who have reached the age of 21 are eligible to participate in the plan. The Association makes an employer contribution to all full-time employee participants equal to 7% of their annual salary. In addition, the Association matches 100% of full-time employee deferrals up to 3% of the employee's compensation. Participant contributions vest immediately while employer contributions vest after one year of employment.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

6. Employee Benefit Plans (continued)

Supplemental Executive Retirement Plan

The Association also administers a supplemental executive retirement plan (SERP) for one individual, established to provide retirement income payments or survivor benefits in the event of death prior to retirement age for a key employee.

Following are reconciliations of the pension benefit obligation and the value of the plan assets for the years ended September 30:

SERP pension benefit obligation:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 746,650	\$ 710,317
Interest cost	16,055	19,889
Actuarial loss	41,811	80,681
Benefits paid	<u>(66,164)</u>	<u>(64,237)</u>
Balance at the end of the year	<u>\$ 738,352</u>	<u>\$ 746,650</u>

Change in SERP plan assets:

	<u>2020</u>	<u>2019</u>
Fair value at the beginning of the year	\$ -	\$ -
Employer contributions	66,164	64,237
Benefits paid	<u>(66,164)</u>	<u>(64,237)</u>
Fair value at the end of the year	<u>\$ -</u>	<u>\$ -</u>

At September 30, the unfunded status of the SERP plan follows:

	<u>2020</u>	<u>2019</u>
Accrued pension cost	\$ 482,553	\$ 497,831
Unrecognized net actuarial loss	<u>255,799</u>	<u>248,819</u>
Unfunded SERP pension obligation	<u>\$ 738,352</u>	<u>\$ 746,650</u>

Florida Sheriffs Association, Inc.

Notes to Financial Statements

6. Employee Benefit Plans (continued)

Supplemental Executive Retirement Plan (continued)

For the year ended September 30, the following weighted-average rates were used:

	<u>2020</u>	<u>2019</u>
Interest rate used to calculate net periodic pension cost	2.80%	2.80%
Interest rate used to calculate year end disclosure information	1.09%	2.25%
Rate of expected return on plan assets	3.50%	3.50%

SERP pension expense for the year ended September 30, is comprised of the following:

	<u>2020</u>	<u>2019</u>
Interest cost	\$ 16,055	\$ 19,889
Recognized net actuarial loss	<u>34,831</u>	<u>24,277</u>
SERP pension expense	<u>\$ 50,886</u>	<u>\$ 44,166</u>

The expected benefit payments for the Association's supplemental executive retirement plan for the fiscal years indicated are as follows:

Expected benefit payments for the fiscal year ended September 30:

2021	\$ 68,149
2022	70,193
2023	72,299
2024	74,468
2025	76,702
2026-2030	<u>419,436</u>
Total	<u>\$ 781,247</u>

The accumulated benefit obligation was \$738,352 at September 30, 2020.

Contributions for the fiscal year beginning October 1, 2020 are not available until that valuation report is completed. However, a reasonable projection of the minimum contribution for the fiscal year beginning October 1, 2020 would be \$68,149.

Total retirement expense for all plans for the year ended September 30, 2020 was \$165,159.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

7. Operating Leases

The Association leases office equipment under operating leases that expire through 2025. Total rent expense for the year ended September 30, 2020 was \$29,233.

Minimum lease payments under non-cancellable operating leases are as follows for years ending September 30:

<u>Year</u>	<u>Amount</u>
2021	\$ 20,609
2022	17,435
2023	14,261
2024	11,029
2025	4,548
	<u>\$ 67,882</u>

8. Florida Sheriffs Youth Ranches, Inc.

The Association solicits funds for the Florida Sheriffs Youth Ranches, Inc. (the FSYR) through its honorary membership program. Renewal requests clearly indicate that additional sums are being solicited and that they will be forwarded to the FSYR for their support. Donations received directly by the Association for the FSYR were \$270,706 and \$237,149 for the years ended September 30, 2020 and 2019, respectively. This amount is not reflected in the accompanying statement of activities and changes in net assets. Amounts due to the FSYR were \$5,489 and \$11,603 at September 30, 2020 and 2019, respectively.

9. Commitments and Contingencies

The Association received 39% of its revenues from cooperative purchasing program revenues and 32% of its revenues from membership dues during the year ended September 30, 2020.

During the ordinary course of business, the Association executes agreements with hotels and conference centers for future events. These agreements contain financial penalties for termination of the contract, as well as minimum financial guarantees related to room and food/beverage sales. In the case of an unforeseen cancellation, as of September 30, 2020, the potential penalties totaled \$205,885. As of September 30, 2020, management has no intentions to terminate any of the existing agreements.

Florida Sheriffs Association, Inc.

Notes to Financial Statements

10. Related Party Transactions

The Florida Sheriff's Risk Management Fund (FSRMF), an affiliated entity, contributes to the Association \$750,000 in order to support its mission and cover various expenses. Additionally, Florida Sheriffs Employee Benefits Trust (FSEBT), an affiliated entity of the Association, pays the Association monthly based upon number of employees in their benefit plan. For the years ended September 30, 2020 and 2019, revenue from the FSEBT agreement was approximately \$26,000 and \$40,000, respectively.

11. Other Matters

In connection with the COVID19 pandemic, the Financial Accounting Standards Board (FASB) authorized certain entities to temporarily defer the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Association has elected to defer implementation of that accounting pronouncement. The Association continues to evaluate the impact FASB ASU No. 2014-09 will have on its operations and on its financial reporting.