

2022

Florida Agriculture Center and Horse Park
Authority, Inc.

Financial Statements and
Independent Auditor's Report

June 30, 2022

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

**FLORIDA AGRICULTURE CENTER AND
HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA**

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Florida Agriculture Center and
Horse Park Authority, Inc.
Ocala, Florida

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities and major fund of the Florida Agriculture Center and Horse Park Authority, Inc. (the Authority) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic

Board of Directors
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INDEPENDENT AUDITOR'S REPORT

financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



November 28, 2022
Ocala, Florida

Florida Agriculture Center and Horse Park Authority, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The Florida Agriculture Center and Horse Park Authority's (the Horse Park) Discussion and Analysis provides an overview of the Horse Park's financial activities for the fiscal year ended June 30, 2022. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the 2022 Financial Statements.

Executive Overview and Outlook

The Florida Agriculture Center and Horse Park Authority is a 500-acre, non-profit, multi-purpose, recreational, and sporting organization dedicated to developing an international facility that encompasses all breeds and disciplines and other related and corresponding activities at all levels for the state of Florida and the community at large. Florida State Statute, Section 570.685, created the Florida Agriculture Center and Horse Park Authority (FACHPA). In summary, the statute establishes FACHPA as a support organization of the Department of Agriculture and Consumer Services and establishes the purpose of the organization is to develop, document, and implement strategies for the planning, construction, and operation of the Florida Agriculture Center and Horse Park.

In the fiscal year ended June 30, 2022, 233 event days were held at the Horse Park including 3-day eventing, dressage, breed shows, cattle shows, canine events, polo, Civil War reenactment, trail rides, rodeos, and several foot races. We have supported the operation of the Horse Park through individual and corporate donations and sponsorships as well as rental of the facilities. We completed the construction of our new restroom and show office facilities. We have also continued to add new infrastructure to our cross country course and driving course.

The Horse Park plans to continue hosting and putting on events of all kinds for the enjoyment of participants and spectators alike.

Net Position

The Horse Park's assets are made up of Cash (and Cash Equivalents), Grants Receivable, Accounts Receivable, and Capital Assets. Capital Assets include buildings, machinery, infrastructure, and equipment). While Accounts Receivable and Cash are up \$8,173 and \$30,555 respectively, Grants Receivable is down \$54,478 due to the completion of the Welcome Center. Capital Assets are up \$120,310 due to the completion of the Welcome Center.

The Horse Park's liabilities are made up of Accounts Payable, Accrued Payroll, and Notes Payable (JDF Loan for Loader). While Accrued Payroll is similar to last year, Accounts Payable is down \$75,235 due to large payables in the prior year related to the Welcome Center construction and new equipment purchases. Notes Payable is up \$55,231 due to the purchase of a new John Deere loader.

The largest portion of the Horse Park's net position, \$7,905,918, reflects its investment in capital assets. The Horse Park uses these capital assets to provide a multi-purpose, recreational, and sporting organization dedicated to developing an international facility that encompasses all breeds and disciplines and other related and corresponding activities at all levels for the state of Florida and the community at large.

The unrestricted net position of \$954,364, an increase of \$56,036, is the change in resources available to fund the Horse Park's ongoing operation, events, debt obligations, and capital investments.

Florida Agriculture Center and Horse Park Authority, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2022

STATEMENT OF NET POSITION
JUNE 30, 2022 AND 2021
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

ASSETS

	2022	2021
Current Assets		
Cash on Deposit	\$ 888,881	\$ 858,326
Grants Receivable	4,000	58,478
Accounts Receivable	119,214	111,041
Total Current Assets	1,012,095	1,027,845
Non-Current Assets		
Capital Assets Not Being Depreciated	-	268,292
Capital Assets, Net of Accumulated Depreciation	7,961,149	7,572,547
Total Non-Current Assets	7,961,149	7,840,839
Total Assets	8,973,244	8,868,684

LIABILITIES AND NET POSITION

Current Liabilities		
Accounts Payable	48,741	123,976
Accrued Payroll and Related Liabilities	8,990	5,541
John Deere Loan Payable	11,144	-
Total Current Liabilities	68,875	129,517
Long-Term Liabilities		
John Deere Loan Payable	44,087	-
Total Long-Term Liabilities	44,087	-
Total Liabilities	112,962	129,517
Net Position		
Net Investment in Capital Assets	7,905,918	7,840,839
Unrestricted	954,364	898,328
Total Net Position	\$ 8,860,282	\$ 8,739,167

Results of Operations

The Horse Park's revenue comes in 5 categories. Event Income (events put on by the Horse Park), Facility Rent (rental of the facility for others to put on events), Contributions/Sponsorships, License Plate Revenue (from Discover Florida's Horses license plates), and Grant Revenue from the state. Event Income is relatively unchanged from last year. Facility Rent is down \$54,815 as we have returned to pre-COVID numbers. Contributions/Sponsorships is up \$85,917 because we began taking and renewing Sponsorships that we paused last year. License Plate Revenue is up \$28,592, which is a 14% increase. Grant Revenue is up \$109,298. This year we continued to draw on the 2019 state grant that is being used to build permanent restrooms, show offices, and connecting them to the sewer lines that Marion County has brought on property. This project was completed in November 2021.

Florida Agriculture Center and Horse Park Authority, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The Horse Park's expenses are made up of those items required to run the Horse Park and the events held here. Items used to operate and run the additional shows and show dates are uniformly up with the increases in labor and gasoline. Those include Contract Labor (up \$13,860), Utilities (up \$31,596), Insurance (up \$13,627), and Event/Show Expense (up \$64,080). Salary and Wages is up \$125,922 because the Horse Park replaced the two employees, they lost during 2020 and after 3 years without, gave the staff pay raises. The Horse Park reduced expenses for Ground Supplies (down \$24,012) and Repairs/Maintenance (down \$11,410).

Total Operating Revenues are up \$139,739. Most of this difference is in the Sponsorships/Contributions and License Plate Revenues. Total Operating Expenses are up \$273,029 mostly due to the increase in labor costs and gasoline prices. The Total Change in Net Assets is \$121,115.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Event Income	\$ 1,051,787	\$ 1,058,040
Facility Rent	541,107	595,922
Contributions and Sponsorships	119,262	33,345
Debt Forgiveness - PPP Loan	-	75,000
License Plate Revenue	231,068	202,476
Grant Revenue - State	300,219	190,921
Gain on Disposal of Capital Assets	52,000	-
Total Operating Revenues	<u>2,295,443</u>	<u>2,155,704</u>
Operating Expenses		
Advertising	1,057	-
Bad Debt Write-Off	3,753	8,093
Contract Labor	43,778	29,918
Contributions and Sponsorships	2,899	393
Depreciation	488,744	462,128
Dues/Fees	11,498	5,416
Event/Show Expenses	657,650	593,570
Facility Rent	43,826	48,261
Ground Supplies	64,846	88,858
Office Expenses	13,116	6,375
Insurance	101,174	87,547
Interest	123	-
Loss on Disposal of Capital Assets	-	6,435
Miscellaneous Expenses	873	318
Professional Fees	47,182	23,011
Repairs and Maintenance	38,109	49,519
Salaries and Wages	496,515	370,593
Travel and Meals	13,018	6,293
Utilities	146,167	114,571
Total Operating Expenses	<u>2,174,328</u>	<u>1,901,299</u>
Change in Net Assets	121,115	254,405
Total Net Position - Beginning of Year	<u>8,739,167</u>	<u>8,484,762</u>
Total Net Position - End of Year	<u>\$ 8,860,282</u>	<u>\$ 8,739,167</u>

Florida Agriculture Center and Horse Park Authority, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Request for Information

This financial report is designed to provide citizens, customers, and creditors with a general overview of the Horse Park's finances and show the Horse Park's financial accountability. If you have any questions about this report or need additional financial information, please feel free to contact:

Jason Reynolds
jreynolds@flhorsepark.com

or

Kristen Wilkinson
kwilkinson@flhorsepark.com

Florida Horse Park
11008 S. Hwy 475
Ocala, Florida 34480
(352) 307-6699

STATEMENT OF NET POSITION
JUNE 30, 2022 AND 2021
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

ASSETS

	2022	2021
Current Assets		
Cash on Deposit	\$ 888,881	\$ 858,326
Grants Receivable	4,000	58,478
Accounts Receivable	119,214	111,041
Total Current Assets	1,012,095	1,027,845
Non-Current Assets		
Capital Assets Not Being Depreciated	-	268,292
Capital Assets, Net of Accumulated Depreciation	7,961,149	7,572,547
Total Non-Current Assets	7,961,149	7,840,839
Total Assets	8,973,244	8,868,684

LIABILITIES AND NET POSITION

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Long-Term Liabilities		
John Deere Loan Payable	44,087	-
Total Long-Term Liabilities	44,087	-
Total Liabilities	112,962	129,517
Net Position		
Net Investment in Capital Assets	7,905,918	7,840,839
Unrestricted	954,364	898,328
Total Net Position	\$ 8,860,282	\$ 8,739,167

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Event Income	\$ 1,051,787	\$ 1,058,040
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Bad Debt Write-Off	3,753	8,093
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Depreciation	488,744	462,128
Dues/Fees	11,498	5,416
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Miscellaneous Expenses	873	318
Professional Fees	47,182	23,011
Repairs and Maintenance	38,109	49,519
Salaries and Wages	496,515	370,593
Travel and Meals	13,018	6,293
Utilities	146,167	114,571
Total Operating Expenses	<u>2,174,328</u>	<u>1,901,299</u>
Change in Net Assets	121,115	254,405
Total Net Position - Beginning of Year	<u>8,739,167</u>	<u>8,484,762</u>
Total Net Position - End of Year	<u>\$ 8,860,282</u>	<u>\$ 8,739,167</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash Receipts from Grant Contract	\$ 350,697	\$ 132,443
Cash Receipts from Event Income and Facility Rent	1,580,968	1,664,423
Cash Receipts from License Plate Revenue	235,068	184,626
Cash Receipts from Contributions and Other Revenue	119,262	33,345
Cash Payments for Salary and Expenses	(536,844)	(399,305)
Cash Payments to Vendors	(1,158,295)	(1,025,762)
Net Cash Provided by Operating Activities	<u>590,856</u>	<u>589,770</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Note Payable	57,074	-
Principal Paid on Note Payable	(1,843)	-
Purchase of Property and Equipment	(615,532)	(224,148)
Net Cash (Used in) Capital and Related Financing Activities	<u>(560,301)</u>	<u>(224,148)</u>
Net Increase in Cash on Deposit	30,555	365,622
Cash on Deposit, Beginning of Year	<u>858,326</u>	<u>492,704</u>
Cash on Deposit, End of Year	<u>\$ 888,881</u>	<u>\$ 858,326</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Change in Net Assets	\$ 121,115	\$ 254,404
(Gain)/Loss on Disposal of Capital Asset	(52,000)	6,435
Depreciation Expense	488,744	462,128
Debt Forgiveness	-	(75,000)
Adjustment to Reconcile Operating to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	42,305	704
(Increase) Decrease in Grant Receivables	4,000	(58,478)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(16,757)	(1,629)
Increase (Decrease) in Accrued Payroll	3,449	1,206
Net Cash Provided (Used) by Operating Activities	<u>\$ 590,856</u>	<u>\$ 589,770</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

Note 1 - Summary of Significant Accounting Policies

Florida Agriculture Center and Horse Park Authority, Inc. (the Authority) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

The Authority was organized on March 14, 1996, as a Florida not-for-profit organization associated with the Florida Department of Agriculture and Consumer Services in accordance with Florida Statute Sections 570.681, 570.685, 570.686, 570.691, and 253.7825. The Authority is a direct service organization to the Florida Department of Agriculture and Consumer Services, representing a public-private partnership between the State of Florida and its agricultural and equine industries. The mission of the Authority is to educate while entertaining the public about Florida agriculture and the equine world through the construction and operation of a multipurpose agriculture and equine park. The Authority first acquired assets in 1997 and began capital fundraising during 1998; however, no significant fundraising occurred until August 2005.

Reporting Framework

Previously, the Authority followed the reporting framework as prescribed for non-profit organizations in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* 958. However, per the American Institute of Certified Public Accountants Audit and Accounting Guide for *State and Local Governments*, whenever a situation exists wherein “a controlling majority of the organization’s officers are appointed by officials of one or more state governments”, the organization is considered a governmental unit and must follow the financial reporting model pursuant to GASB.

Per the By-Laws of the Authority, Article IV Governance, “The business, property, and affairs of this Corporation shall be managed by its members composed of no more than 21 persons who shall be appointed by the Commissioner of Agricultural and Consumer Services”.

As Board members are appointed by the Commissioner of Agriculture and Consumer Services, the Authority will report in accordance with GASB.

Basis of Accounting

Statement of Net Position

The statement of net position includes the single-purpose, business-type activities of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties for events. The Authority also receives contributions and sponsorships to promote their activities.

Proprietary Funds

Proprietary funds are used to account for business-type activities provided to the public. These activities are financed primarily by event activity fees and the measurement of financial activity focuses on net income measurement similar to the private sector. The Authority has one major fund, which is the only business-type activity of the Authority. Proprietary funds include enterprise funds.

NOTES TO FINANCIAL STATEMENTS
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

Measurement Focus

The business-type activities are presented using the economic resources measurement focus as noted for proprietary funds and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or the economic asset is used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise fund are event and event-related fees. Operating expenses for the enterprise fund include the costs of providing the events and facilities, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as non-operating revenues and expenses.

Cash on Deposit

For the purposes of the statement of cash flows, the Authority considers all currently held deposits to be cash on deposit. The carrying amount of deposits at June 30, 2022, was \$888,881 and the bank balance was \$884,552. Deposits are held in one financial institution and are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Accounts Receivable

Accounts receivable are stated at unpaid balances and primarily consist of events that have occurred but payment has not been received. The Authority's management determines if a receivable will not be collected and writes off the receivable amount if deemed uncollectible.

Grants Receivable

Grants receivable consist mainly of grant funds due from the Florida Department of Agriculture and Consumer Services. The Authority believes that all funds will be fully collected and, accordingly, no allowance for doubtful accounts is required.

Grant Revenues and Unearned Grant Revenues

The Authority receives direct grants from the Florida Department of Agriculture and Consumer Services. Revenue is recognized when the related grant expenses have been incurred. In some instances, grant funds have been received in anticipation of future projects that require funds in advance and are recorded as unearned grant revenues.

Capital Assets

Capital assets are recorded at cost, or in the case of donated items, at acquisition value: the appraised or measured value at the time of donation. Acquisitions in excess of \$1,000 are capitalized. Depreciation expense is calculated on a straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 40 years.

Contributions and Sponsorships

Contributions and sponsorships are recognized upon receipt from the individuals and corporations. Contributions and sponsorships are used to support the operations and give name recognition to donors.

Contributed Goods and Services

The Authority records the fair value of donated goods when there is an objective basis available to measure their value, and these are reflected as donations in-kind.

NOTES TO FINANCIAL STATEMENTS
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

Net Position

In the proprietary fund financial statements, net position is classified in the following categories:

- Net Investment in Capital Assets—Consists of capital assets less any outstanding direct borrowings. The Authority has no outstanding direct borrowings.
- Unrestricted Net Position—All remaining net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Recently Issued Accounting Standards

The Authority has considered the effects of the accounting standard changes for GASB Statement No. 87, *Leases*, effective for the fiscal year ended June 30, 2022. The Authority concluded their sole lease, the property lease, as described in Note 3, does not currently qualify under GASB Statement No. 87.

Income Taxes

No provision for income tax expense has been made in the accompanying financial statements since the Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, the IRC provides for taxation of unrelated business income under certain circumstances. At the present time, the Authority has no taxable unrelated business income. The Authority has been classified as an organization that is not a private foundation under 509(a)(1) of the IRC. Further, the Authority has been recognized by the Internal Revenue Service as an affiliate of a governmental unit and is not required to file Form 990 annually.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP 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. Actual results could differ from those estimates. The primary area of management estimates is determining the collectability of pledged receivables and useful lives of the Authority’s capitalized assets.

Note 2 - Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Assets Not Being Depreciated:				
Construction in Progress	\$ 268,292	\$ 345,048	\$ (613,340)	\$ -
Total Assets Not Being Depreciated	268,292	345,048	(613,340)	-
Assets Being Depreciated:				
Buildings	5,780,536	624,432	-	6,404,968
Furniture and Equipment	3,485,870	186,441	(135,603)	3,536,708
Improvements Other Than Buildings	1,115,828	66,473	-	1,182,301
Total Assets Being Depreciated	10,382,234	877,346	(135,603)	11,123,977
Less Accumulated Depreciation for:				
Buildings	(1,201,802)	(217,737)	-	(1,419,539)
Furniture and Equipment	(1,332,309)	(204,686)	135,603	(1,401,392)
Improvements Other Than Buildings	(275,576)	(66,321)	-	(341,897)
Total Depreciation	(2,809,687)	(488,744)	135,603	(3,162,828)
Total Assets Being Depreciated, Net	7,572,547	388,602	-	7,961,149
Business-Type Activities, Capital Assets	\$ 7,840,839	\$ 733,650	\$ (613,340)	\$ 7,961,149

NOTES TO FINANCIAL STATEMENTS
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

Depreciation expense of \$488,744 and \$462,128 was recognized during the years ended 2022 and 2021, respectively.

Note 3 - Land Lease

On January 22, 1998, the Authority entered into a sublease agreement with the Florida Department of Agriculture and Consumer Services to lease 250 acres of former greenway land for fifty years beginning April 1, 1997, for the purpose of constructing and operating an agriculture center and horse park. During 2000, the Florida Legislature designated an additional 250 acres to be added to the existing lease for a total of 500 acres. Terms of the lease call for rental payments equal to a percentage of profits of the park in excess of \$250,000, excluding certain revenues designated for park construction, applied in five-year cumulative increments throughout the term of the sublease. There have been no rental payments made since inception of the Authority and there were no rental payments made in fiscal year 2022.

Note 4 - Specialty License Plate Revenue

For the fiscal years ended June 30, 2022 and 2021, the Authority earned \$231,068 and \$202,476, respectively, of specialty license plate revenue from the State of Florida Department of Highway Safety and Motor Vehicles.

Pursuant to Section 320.08056 of the Florida Statutes, the Authority may not use specialty license plate revenue, or any interest earned from those fees, for commercial or for-profit activities, or for general or administrative expenses, except as authorized by the Florida Statutes.

Note 5 - Long-Term Debt

On April 8, 2022, the Authority entered into a Loan Contract – Security Agreement with a 1.30% annual interest rate with Deere & Company in the amount of \$57,074 to finance the purchase of a John Deere Four Wheel Drive Loader (tractor). Deere & Company has secured the loan with the equipment purchased.

Long-Term Debt Schedule:

Note Payable	Direct Borrowings	
	Governmental Activities	
Year Ended June 30, 2022	Principal	Interest
2023	\$ 11,144	\$ 652
2024	11,290	506
2025	11,438	358
2026	11,587	209
2027	9,772	58
Total	\$ 55,231	\$ 1,783

Changes in Long-Term Liabilities – Long-term liability activity for the year ended June 30, 2022, was as follow:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
John Deere Loan	\$ -	\$ 57,074	\$ (1,843)	\$ 55,231	\$ 11,144

NOTES TO FINANCIAL STATEMENTS
FLORIDA AGRICULTURE CENTER AND HORSE PARK AUTHORITY, INC.
OCALA, FLORIDA

Note 6 - Management's Review

The Authority has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 28, 2022, the date the financial statements were available to be issued.

Note 7 - Federal and State Single Audit Requirements

During the year, the Authority expended less than \$750,000 in federal or state grant funded revenue; therefore, no federal or state Single Audit was required.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF
THE UNITED STATES**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Florida Agriculture Center and
Horse Park Authority, Inc.
Ocala, 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 financial statements of the business-type activities and the major fund of the Florida Agriculture Center and Horse Park Authority, Inc. (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 entity's 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiency described below as item 2013-1 to be a material weakness:

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Board of Directors
Florida Agriculture Center and
Horse Park Authority, Inc.
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

■ **2013-1—Segregation of Duties**

The primary weakness in the Authority's internal control is the lack of segregation of incompatible duties in the accounting function due to the limited number of personnel. This condition is typical of many non-profit organizations with limited budgetary resources. To the extent possible, the Authority has instituted procedures to overcome this condition, including instituting disbursement controls, such as prepayment approvals, dual signature requirements, and periodic financial reporting to the Board of Directors. We recognize the effort that has been made to overcome weaknesses that are inherent to limited personnel and encourage the Authority to continue with this ongoing effort.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying management response letter. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 28, 2022
Ocala, Florida



Auditor General's Office
Local Government Section
Claude Denson Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

November 28, 2022

Re: Response to Auditor's Report on Internal Controls

Dear Ladies and Gentlemen:

The following is the response to the independent auditor's comments in the Report on Internal Controls:

2013-1 Segregation of Duties

Florida Horse Park's Response:

Due to the Authority's limited number of personnel, the segregation of duties is not always possible. However, we have implemented the following checks and balances: Assistant receives and disburses mail/checks, Executive Director approves all invoices and reviews and signs all reconciliations. These are in addition to the dual signature requirements and Financial Report reviews with the Board of Directors.

Respectfully Submitted,
Florida Horse Park

Jason Reynolds
Executive Director, Florida Horse Park

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