



# 2016-17 ANNUAL REPORT

Finishing Strong

## MISSION

The mission of Sunshine 811 is to promote and facilitate excavation safety and underground facility damage prevention.

## VISION

Florida, the safest place to dig.

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811 Safety Day, held March 16, 2017 in Orlando, was attended by more than 400 Florida public works employees and excavators. The free event was sponsored by Duke Energy, Florida Energy Pipeline Association, FPL, TECO Peoples Gas An Emera Company, USIC and Williams. The trade show floor and outside demos gave our attendees a chance to experience new technologies and different ways of doing things. They also got an 811 refresh, updates on the new legislation and PHMSA, and damage prevention information from varying perspectives. We know the day was a success when surveys had comments like, "the smallest mistakes can cost a life," "everyone's job is important," and "811 is important in our everyday life."

**Dear Members & Stakeholders,**

It's hard to believe another year has passed. Fiscal year 2016 - 17 was marked with strong ticket volumes, a strong Florida economy and a strong financial position for us to weather any unexpected bumps in the road.

A good portion of the year was occupied with legislation and on June 14, 2017, Governor Rick Scott signed House Bill 379 into law, effective July 1, 2017. We couldn't have done it without the help of our bill sponsors Senator Kathleen Passidomo, Senate District 28, and Representative Thomas Leek, House District 25.

With the new law, state enforcement authorities retain 80 percent of civil penalties issued and collected; excavators are required to call 911 to report any contact with an underground pipeline that results in a release of a hazardous substance; and members are required to report damages.

These changes level the playing field for state and local enforcement agencies and help make our law consistent with federal law as directed by US DOT and the Pipeline and Hazardous Materials Safety Administration (PHMSA).

Despite the enforcement provisions within the Underground Facility Damage Prevention and Safety Act, Chapter 556, F.S., on March 13, 2017, PHMSA provided official notification to the Florida Public Service Commission that enforcement of Florida's damage prevention law was inadequate due to the State responding that no civil penalties and/or other sanctions for violations had been assessed by the State in the previous calendar year. In response, the Sunshine 811 Board of Directors established consensus to work in partnership with industry and government stakeholders to develop 2019 legislation to strengthen enforcement of Florida's damage prevention law.

We do have a noncompliance process designed to get people educated *before* they get to the damaging stage. Our four regional damage prevention liaisons personally contact those excavators and members who have noncompliance reports issued against them to provide education. Some of these contacts have resulted in follow-up education for the crews and others are clarifications for misunderstandings.

It's gratifying to know that we're making a difference and preventing those folks from causing further harm.

2016-17

**\$7.8 million**

Revenues

**\$7.2 million**

Expenses

**1.6 million**

Tickets

**10.7 million**

Transmissions

**73%**

ITE Tickets



Noncompliance follow-up involves a lot of searching, door knocking and even phone calling, but by year's end, our liaisons managed 542 interactions with 826 individuals.

During the next fiscal year, enforcement will continue to be at the forefront of our agenda. We will continue to draft and seek consensus on model enforcement legislation with industry stakeholders and work with our legislators.

### Systems & Enhancements

Thanks to our monitoring systems, we know that we're delivering almost constant system performance when we're not performing scheduled maintenance. The online services accessed and used by our members, excavators and other stakeholders (irth Positive Response Telnet, irth Positive Response Web Services, irthNet Member Ticket Management, irthNet Positive Response, Sunshine 811 Website, Email List Server, Technical Support Website) maintained a 99.8 percent average uptime this year.

An irthNet (Utilisphere) software upgrade around mid-year delivered mobile friendly pages, a friendlier user interface and automated user maintenance for inactive users. For us, it meant a database server upgrade and the tools to deliver segmented, timely messaging to you.

Perhaps the most anticipated upgrade was the mapping system which solved a majority of member and excavator issues we learned about through satisfaction surveys. Following that was an irthNet enhancement, allowing ticket response notes entered into irthNet to be delivered to the irth Positive Response System as comments.

### Awareness & Education

This was the second year we used digital media as part of the strategy for our annual awareness campaign which ran in March and April. Once again, it boasted impressive results like a record setting number of first time callers (6,886) and 39 million impressions for digital, outdoor billboards and radio combined. The top three caller groups during that time were homeowners, landscapers and fence installers.

Each promotion and email campaign drove people to our website and I'm proud to say our emails consistently performed better than the average open and click rates for non-profits. They also brought people to our website where we saw visits to the positive response page increase 570 percent over 2016, and further increases for member positive response of 245 percent, homeowner of 224 percent and excavator of 45 percent.

**15,985**

People educated at 500 meetings

- 173 with members
- 153 with contractors
- 74 with safety pros
- 63 with public works

**2,443**  
ITE Users  
Trained

**826**  
Noncompliance  
Education

**235**  
CEUs

**97**  
Safety  
Matters



## We Listened

As you may recall, we “grew big ears” last year and listened to our stakeholders by surveying. This year we began applying what we learned.

- We implemented a new positive response code 2E for use when marking a white-lined area that advises the excavator to get a new ticket for any digging outside the white-lined boundaries.
- We’re educating first time callers on positive response and private facilities by sending three email messages at key points in the 811 process, including checking positive response, renewing a ticket and sending reminders when it’s time to renew. While this program is in its infancy, we look forward to providing you with in-depth results in next year’s report.
- We rolled out the Sunshine 811 app, offering quick access to the tools excavators need most in the field.

FPL’s storm crew recently put the app to the test during Hurricane Irma storm recovery. The positive response feature helped them easily find out how members responded. The crew supervisor said it was a welcome addition and a time for them during the Irma recovery!



## Moving Ahead

Over the years, I have had the wonderful opportunity to get to know our employees who are committed to providing you with unparalleled service. With great pride and complete confidence, I can report that “Making Florida the Safest Place to Dig” is more than just a vision; it’s a daily way of life for everyone in our company. Sunshine 811 has never lost its primary focus to meet the needs of its members and excavators.

You hear it in the voices of our dedicated people when you call or meet them at an industry meeting. You experience it in the dedication of our member services and liaison staff if you have an issue.

We take seriously our responsibility to realize our vision...Florida, the safest place to dig. As we move into the next fiscal year I look forward to working with our team to deliver more online conveniences.

I’m grateful to you, our members, for your continued support. Most of all, I am deeply proud of the Sunshine 811 team for bringing us here and for what they do every day for our great company.

Mark Sweet  
Sunshine 811 Executive Director

# 2016 Enforcement

## County Data

County	Citations Written
Broward	1
Collier	10
Lake	4
Manatee	3
Nassau	1

## Violation Types

Violation	Quantity
No Ticket	17
Failure to follow low-impact marking provisions	2

### Totals

Total citations issued: 19

Total fines levied: \$8,595

Total fines paid: \$6,065

## Collier County's Model Program

Over the past 13 years, Sunshine 811 has equipped code and law enforcement officers with the tools needed to enforce Chapter 556, F.S., including special citations.

Each of our damage prevention liaisons has met with the Florida Association of Code Enforcement (FACE) chapters to provide education. Recently, Collier County's Senior Investigator Al Sanchez joined us at the FACE conference in June to provide peer-to-peer education and give highlights of their program.

He says Collier's success is based on developing and nurturing partnerships before writing citations. It's getting all agencies involved. They hold regular tailgate meetings, conduct contractor/builder outreach and education, have community patrols contact code enforcement when something is amiss, and the utility works with each.

Collier's code enforcement officers generally respond within 30 minutes of an alleged violation being reported. Citations are issued with the company name and the employee name. They even take photos of the job site and digging activity for evidence.

There are a number of other things that happen in their process. But, one of the most effective elements is Collier's code enforcement officers work directly for the utility department and have the ability to search for dig tickets.

This model program has led to active enforcement in the county. We encourage other counties to consider implementing a similar program.

# 2017 City & County Report

## Membership

The Florida League of Cities represents more than 400 cities, towns and villages in the State. A total of 322 municipalities (or entities thereof) are actively participating as members of Sunshine 811. Active participation in the system is established when an underground facility operator has completed all membership application requirements, develops and registers a service area representing the geographical area of its underground facilities, and is capable of receiving notices of intended excavation from Sunshine 811.

## New Municipalities

Four municipalities joined Sunshine 811 during 2017 year-to-date. The new municipal members and the dates they began actively participating in Sunshine 811 are listed below. One city has applied for membership but is not configured to receive tickets.

- Town of Surfside 03/31/2017
- Town of Highland Beach 08/11/2017
- Town of Zolfo Springs 08/14/2017
- Town of Caryville 08/25/2017

## New Counties

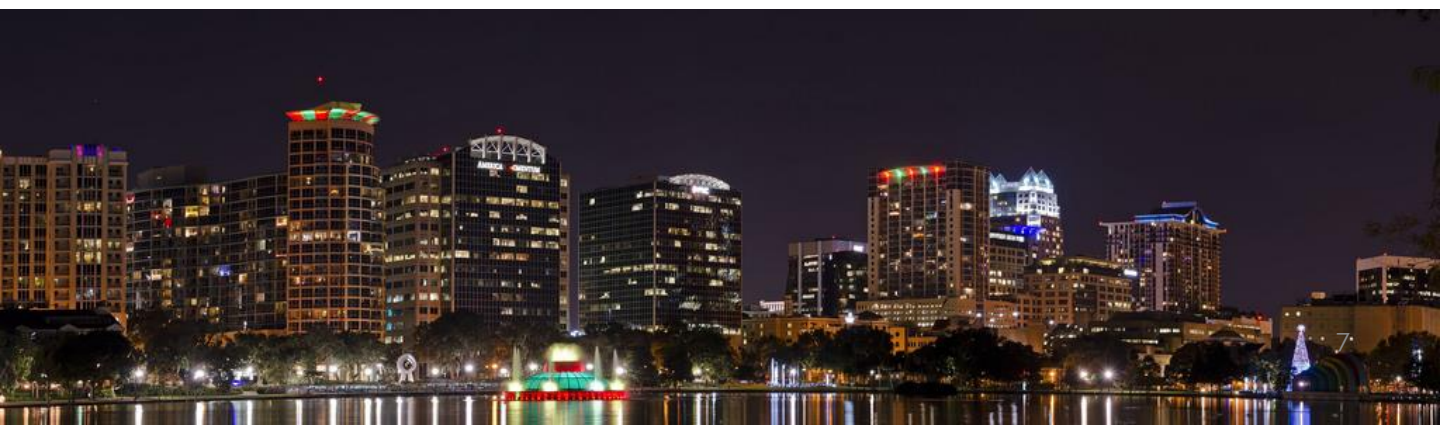
There are 67 counties in Florida. The total number of counties that are active members is 43.

- No new counties became active members nor submitted a membership application.

## Path Forward

Sunshine 811 will continue to exercise its best efforts to increase awareness of the mandatory membership requirements of Chapter 556, F.S. We will assist any underground facility operators that elect to fully participate in the system with the timely processing of their membership applications and the registration of their service areas.

For our active members, we will continue to invest in and implement the best damage prevention technology available in the industry and deliver the highest quality damage prevention programs and services at the lowest possible cost.



# How We Made an Impact

## EASIER ACCESS

- Upgrades to the irthNet system
- Upgraded map system
- Launch of Sunshine 811 mobile app

## EFFICIENCY

- Systems remained operational 99.8% for the entire year
- 73% average Internet Ticket Entry (ITE) volume (*out of 1.6 million tickets*)
- 22-second average answer speed

## EDUCATION

- 15,985 educated at over 500 meetings
- 2,443 have completed ITE training program
- 400+ Florida excavators attended the 811 Safety Day in Orlando March 16, 2017
- Drove stakeholders to our website. Overall traffic was up 16%. The positive response page was up 570%, member positive response was up 245% and homeowner was up 224%.

## NEW PROGRAMS

- Damage prevention liaisons are contacting individuals who have a noncompliance form issued against them to provide education. This year, they reached 826 through this effort.
- Developed After the Storm program following Hurricane Irma that resulted in 6,014 first time callers in October, 1,200 site visits and 544,000 impressions. A toolkit is posted online for use with future hurricanes.

## REACHED THE MASSES

- Our spring awareness campaign, which coincides with April's Safe Digging Month, garnered 39 million impressions from highly-targeted digital, billboard and radio advertising.





## Sunshine 811 Responds to Hurricane Irma with Successful Public Awareness Campaign

Hurricane Irma's unprecedented power outages got a lot of press. People knew what to do when they encountered an above-ground electric line, but no one warned them of underground lines.

So Sunshine 811 developed an earned media campaign that came together in less than a week after Hurricane Irma to take advantage of Irma's major news draw. It ran Sept. 13 – Nov. 30 and educated Floridians on the need to call 811 before any digging – even storm recovery.

The move was necessary after people started piling up their damaged fencing by the road. Recent damage statistics show fence installs are one of the larger causes of underground facility damages in Florida and the hardware stores were busy selling fencing.

We approached media outlets to run free public service announcements and submitted letters to the editor.

We also partnered with our member Spectrum Reach, a digital media network, to run storm-themed pre-roll video and digital display ads to customers near 113 Home Depot stores in Gainesville, Naples, Ft Myers, Sarasota, Miami, Fort Lauderdale, Jacksonville, Tampa, St. Petersburg, West Palm Beach and Orlando.

Finally, we developed a campaign landing page and toolkit of all outreach materials related to Irma clean-up and asked our members to use them to educate their customers. Running Sept. 13 – Nov. 30, this integrated campaign that came together in less than a week after Hurricane Irma have been outstanding:

- Nearly 90 radio and television stations (English and Spanish) in all Florida counties aired public service announcements provided by Sunshine 811 at no cost.
- Banners and pre-roll videos generated 856,437 highly qualified impressions (views).
- Sunshine 811's "After the Storm" webpage, which included the toolkit of communications materials for member facility operators, was visited by 1,346 people.
- The Sunshine811.com website saw an increase in overall web traffic of 18 percent and a 22 percent increase in new visitors over 2016.
- Total first time callers (15,157) for the campaign's duration saw a 14 percent increase over the same month in 2016; and October was a record-breaking month with 6,014, up 35 percent.



# Our Board



**Lorenzo Jones**  
Chair  
TECO



**Steve Marshall**  
Vice Chair  
Bright House  
Networks



**Dino Farruggio**  
Secretary  
AT&T



**Michael Borg**  
Treasurer & Finance  
Committee Chair  
City of Lakeland Water



**Patrick Thompson**  
Operations Committee  
Chair  
USIC



**Michelle Johnson**  
Damage Prevention  
Committee Chair  
Duke Energy



**Carlos Bates**  
Frontier  
Communications



**Terrill Booker**  
Lake Apopka Natural  
Gas District



**Mike DeGraw**  
CenturyLink



**Shawn Deutscher**  
Williams/Gulfstream  
Natural Gas System



**Oscar Estrada**  
City of Tampa



**Joe Heatherly**  
FPL



**Louise Hom**  
Lochrane  
Engineering



**Lisa Jackson**  
Hillsborough County  
Public Works



**Bud Joiner**  
Reedy Creek  
Energy Services



**Bruce Kershner**  
R. Bruce Kershner  
Company



**Sandra Panos**  
TECO Peoples Gas



**Pedro Vigil**  
Miami-Dade Water &  
Sewer Department



**Curtis Vilt**  
Manatee County



**Rick Barrett**  
Florida Gas  
Transmission



**Brad Warren**  
Jacksonville Electric  
Authority



**Mark Sweet**  
Executive Director



**Wayne Flowers**  
Legal Counsel





**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

August 8, 2017

To those charged with governance of

Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811

We have audited the financial statements of Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 for the year ended May 31, 2017 and have issued our report thereon dated July 24, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 May 22, 2017. Professional standards also require that we communicate to you the following information related to our audit.

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 Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended May 31, 2017. 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 significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of contributions is based on conditional and unconditional promises to give and receipts. We evaluated the key factors and assumptions used to develop contributions in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

**Note B and Note F**

*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 known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such 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, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial



**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

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*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether 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 July 24, 2017.

*Management Consultations with Other Independent Accountants*

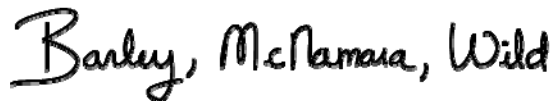
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination 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 accounting 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.

This information is intended solely for the use of those charged with governance of Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Barley, McNamara, Wild". The signature is written in a cursive, flowing style.

Barley, McNamara, Wild





**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Financial Statements and Independent  
Auditor's Report

**Sunshine State One-Call of Florida, Inc.**

**d/b/a Sunshine 811**

May 31, 2017 and 2016

**Sunshine State One-Call of Florida, Inc.**  
**d/b/a Sunshine 811**

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**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811**

We have audited the accompanying statements of financial position of **Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811** (the Organization) as of May 31, 2017 the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### **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 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 of 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.



**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

**Other Matter**

The financial statements of **Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811** for the year ended May 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on August 3, 2016.

**Opinion**

In our opinion, the financial statements referred to above represent fairly, in all material respects, the financial position of **Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811** as of May 31, 2017, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Barley, McNamara, Wild*

Tampa, Florida  
July 24, 2017

**Sunshine State One Call of Florida, Inc.**  
**d/b/a Sunshine 811**  
**Statements of Financial Position**  
**As of May 31, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 2,854,795	\$ 2,509,673
Investments	2,764,297	2,752,379
Accounts receivable, net	1,268,091	1,055,331
Prepaid and other assets	425,222	378,222
Deposits	27,044	17,400
Total current assets	<u>7,339,449</u>	<u>6,713,005</u>
Property and equipment, net	<u>1,785,106</u>	<u>1,759,150</u>
Total assets	<u>\$ 9,124,555</u>	<u>\$ 8,472,155</u>
 <b><u>Liabilities and Net Assets</u></b>  		
Current liabilities:		
Accounts payable	\$ 211,645	\$ 83,827
Accrued liabilities	360,801	456,098
Deferred revenue	32,088	-
Total liabilities	<u>604,534</u>	<u>539,925</u>
Net assets:		
Unrestricted net assets	<u>8,520,021</u>	<u>7,932,230</u>
Total liabilities and net assets	<u>\$ 9,124,555</u>	<u>\$ 8,472,155</u>

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



**Sunshine State One Call of Florida, Inc.**  
**d/b/a Sunshine 811**  
**Statements of Activities**  
**For the Years Ended May 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Unrestricted revenue and other support:		
Member fees	\$ 7,785,348	\$ 7,203,773
Interest income	18,924	8,772
Miscellaneous income	1,944	941
Other income	-	8,625
Total revenue	<u>7,806,216</u>	<u>7,222,111</u>
Expenditures:		
Salary	4,498,606	3,930,853
Computer and software maintenance	576,825	514,584
Advertising	528,701	529,197
Depreciation and amortization	434,166	458,825
Communication	404,817	386,785
Legal and professional fees	144,812	152,052
Repairs and maintenance	117,260	149,925
Meetings and seminars	115,555	88,919
Office and operating expenses	109,143	111,654
Insurance	81,349	81,461
Utilities	54,218	52,180
Travel	43,003	40,324
Bad debts	34,542	18,942
Property taxes	33,673	36,204
Miscellaneous expenses	14,925	17,126
Income taxes	14,350	14,350
Equipment, rent and maintenance	12,480	17,113
Total expenditures	<u>7,218,425</u>	<u>6,600,494</u>
Changes in net assets	587,791	621,617
Unrestricted net assets beginning of year	7,932,230	7,310,613
Unrestricted net assets end of year	<u>\$ 8,520,021</u>	<u>\$ 7,932,230</u>

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

**Sunshine State One Call of Florida, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended May 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>		
Change in net assets:	\$ 587,791	\$ 621,617
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	434,166	458,825
Gain on investments	(11,918)	(8,116)
Increase (decrease)		
Accounts receivable, net	(212,760)	54,071
Prepaid and other assets	(56,644)	99,401
Accounts payable and accrued liabilities	32,521	(8,795)
Deferred revenue	32,088	-
Net cash provided by operating activities	<u>805,244</u>	<u>1,217,003</u>
<b>Cash flows from investing activities:</b>		
Net purchases of fixed assets	(460,122)	(391,905)
Purchase of investments	-	(2,493,481)
Net cash used by investing activities	<u>(460,122)</u>	<u>(2,885,386)</u>
Net increase (decrease) in cash	345,122	(1,668,383)
Cash, beginning of period	2,509,673	4,178,056
Cash, end of period	<u>\$ 2,854,795</u>	<u>\$ 2,509,673</u>

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

# Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811

## Notes to Financial Statements May 31, 2017 and 2016

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### **Note A – Organization and Description of Business**

The Organization was incorporated on February 1, 1993. The purpose of the Organization is to serve as a central contact point for owners of underground utilities and excavators. The Organization acts as an information conduit, enabling its members to take appropriate action to protect their underground facilities from damage as well as to protect their customers from service interruption and promote a safer environment for excavators. The Organization is funded primarily through member fees.

### **Note B – Significant Accounting Policies**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Presentation**

In accordance with authoritative guidance, the Organization is required to report information regarding its financial position and activities according to three net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets representing resources generated from operation that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

#### **Recently Issued Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update, *Revenue from Contracts with Customers*. The effective date for this Standard for nonpublic entities is annual reporting periods beginning after May 15, 2017, with early adoption permitted for annual periods beginning after May 15, 2016. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Organization is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

# Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811

## Notes to Financial Statements May 31, 2017 and 2016

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### Note B – Significant Accounting Policies (continued)

In February 2016, the FASB issued Accounting Standards Update, *Leases (Topic 842)*, intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. The ASU on leases will take effect for all non-public companies for fiscal years beginning after May 15, 2019.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase.

#### Accounts Receivable

Receivables consist of monthly billings to clients for services. The Organization performs periodic evaluations of the collectability of its receivables and does not require collateral on its accounts receivable. Losses on uncollectible receivables are provided for in the financial statements based on management's expectations. As of May 31, 2017 and 2016, the Organization recorded an allowance for doubtful accounts of approximately \$25,000. Actual write-offs may exceed the allowance.

#### Advertising

The Company expenses advertising costs as incurred. Advertising and promotion expense for the years ended May 31, 2017 and 2016 was approximately \$528,701 and \$529,197, respectively.

#### Reclassification

Certain amounts reported for prior periods have been reclassified to be consistent with the current period presentation.

#### Investments

Investments, if any, are carried at fair market value. Certificates of deposit with an original maturity of greater than three months are considered investments and are carried at amortized cost. Changes in market value are recorded as investment income.

#### Property and Equipment

Property and equipment are recorded at cost purchased or fair value at date of gift, if contributed. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation are eliminated, and any gain or loss is included in operations. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 40 years.

# Sunshine State One-Call of Florida, Inc.

## d/b/a Sunshine 811

Notes to Financial Statements  
May 31, 2017 and 2016

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### Note B – Significant Accounting Policies (continued)

#### Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization adopted the fair value option for financial assets and liabilities on January 1, 2008. This allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments, other than investments, at fair value, as permitted under the guidance. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

#### Revenue Recognition

The Organization bills members on an assessment based billing system. All members who have more than twelve months of billing history, and more than ten tickets per month are assessed a percentage of the Organization's annual budget based on their pro rata share of the prior year's ticket volume. Revenue is recognized when fees are declared and invoiced.

Member dues and grants from governmental agencies are recognized as revenue when the dues or grants are received. All dues and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

#### Deferred Revenue

Deferred revenue is recorded when the Company receives membership payments in at the start of the of the membership term. Revenue is recognized ratably over the term of the membership.



# Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811

## Notes to Financial Statements May 31, 2017 and 2016

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### Note B – Significant Accounting Policies (continued)

#### Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code (IRC). The Organization periodically assesses whether it has incurred income tax expense or related interest or penalties in accordance with accounting for uncertain tax positions. No such amounts were recognized for the years ending May 31, 2017 and 2016, respectively. The Organization incurred income tax expense in the amount of \$14,350 and \$14,350 for the years ended May 31, 2017 and 2016 for federal income taxes, as a result of lobbying expense paid by the Organization.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of May 31, 2017. Should the Organization's tax-exempt status be challenged in the future, the Organization's 2015, 2016, and 2017 tax years are open for examination by the IRS.

#### Use of Estimates

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

### Note C – Investments

The Organization's investments as of May 31, 2017 and 2016 consist primarily of CDs and mutual funds and are recorded at fair value. Investments are recorded at Level 1 within the fair value hierarchy; see Note B for fair value measurement disclosure.

The fair value of the Organization's investments consists of the following as of May 31:

	2017	2016
	<u>Market Value</u>	<u>Market Value</u>
Certificate of deposits	\$ 250,000	\$ 250,000
Investment accounts	<u>2,514,297</u>	<u>2,502,379</u>
	<u>\$ 2,764,297</u>	<u>\$ 2,752,379</u>

Investment gains (losses) on the above investments for the years ended May 31, 2017 and 2016 were \$13,019 and \$8,772, respectively.

# Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811

## Notes to Financial Statements May 31, 2017 and 2016

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### Note D – Fixed Assets

Fixed assets consist of the following at May 31:

	2017	2016	Life (in years)
Land	\$ 249,956	\$ 249,956	
Building	1,409,925	1,379,638	5 to 40 years
Communication Equipment	956,914	956,914	5 to 7 years
Vehicles	158,747	158,747	5 years
Furniture, Fixtures, and Office Equipment	517,767	517,767	3 to 15 years
Computers and Software	4,020,627	3,590,792	3 to 10 years
	7,313,936	6,853,814	
Less accumulated depreciation	(5,528,830)	(5,094,664)	
	<u>\$ 1,785,106</u>	<u>\$ 1,759,150</u>	

The Organization had depreciation expense for the years ended May 31, 2017 and 2016 of \$434,166 and \$458,825, respectively.

### Note E – Retirement Plan

The Organization has entered into an agreement to lease all employees from an employee leasing company. Such agreement may be terminated with a 30 day advance written notice. In accordance with this agreement, the employees are participants in the employee leasing company's 401(k) retirement savings plan. The Organization provides matching contributions based on 75% of the first 6% contributed by the leased employee. Matching contributions for the years ended May 31, 2017 and 2016 were approximately \$87,000 and \$109,000, respectively. In addition, the Organization made safe harbor contributions of 3% of gross compensation for the years ended May 31, 2017 and 2016 were approximately \$96,000 and \$85,000, respectively.

### Note F – Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to significant concentrations of credit risk, consist principally of cash and accounts receivable.

The Organization maintains cash balances at high credit quality financial institutions to limit the amount of credit exposure. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of May 31, 2017, cash balances exceeded federally insured limits by approximately \$1,605,000.

Concentrations of credit risk with respect to accounts receivable relates to the Organization's business activity. The Organization monitors this risk and does not anticipate losses beyond the allowance for doubtful accounts.

# Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811

## Notes to Financial Statements May 31, 2017 and 2016

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### Note G – Operating Leases

The Organization leases office equipment under an operating lease with quarterly payments of \$1,109 including sales tax, expiring in 2018. The Organization is committed to minimum lease payments as follows:

2018	\$	3,327
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The rent expense relating to these leases amounted to \$4,435 for both years ended May 31, 2017 and 2016.

### Note H – Commitments and Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Organization but which will only be resolved when one or more future events occur or fail to occur. The Organization's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Organizations's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

### Note I – Subsequent Events

Subsequent events have been evaluated through July 24, 2017, which is the date the financial statements were available to be issued.