PLANNING for the FUTURE

SUNSHINE 811 2018-19 ANNUAL REPORT

811 before you dig
Sunshine 811
sunshine811.com

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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Dear Members & Stakeholders,

It is my pleasure to present the Sunshine 811 Annual Report for 2018-19.

Sunshine State One-Call of Florida, Inc., dba Sunshine 811, is the not-for-profit corporation created by the Florida Legislature to administer the Underground Facility Damage Prevention and Safety Act, Chapter 556, Florida Statutes.

Damage prevention is a shared responsibility. Its effectiveness requires communication, cooperation and compliance from all stakeholders including excavators, Sunshine 811, underground facility owners/operators and state and local law enforcement authorities.

Our mission is to promote and facilitate excavation safety and underground facility damage prevention. We do this by providing free education to damage prevention stakeholders on the requirements of Chapter 556, F.S., and operating an efficient and reliable 811 notification center for the State of Florida.

Florida is the third largest state in the nation with an estimated population of 21.6 million residents and more arriving daily. Construction and excavation are occurring nearly everywhere, and it is vitally important that everyone know and remember to Always Call 811 Before You Dig.

The past year was both challenging and exciting for us. Here are some of the major milestones that we achieved working together.

Providing 811 Notification Services

During our last fiscal year, Sunshine 811 processed 1.7 million locate tickets with 11.7 million locate ticket transmissions delivered to member owners/operators with underground facilities in the area of proposed excavation. Fully 74% of these incoming locate tickets were received via our Internet Ticket Entry (ITE) system that is available 24 X 7 with the remainder received via telephone during regular business hours 7 a.m. to 5 p.m. weekdays (except holidays) over the toll-free 811 Call Before You Dig number. Our call center staff of customer service representatives handled these 811 calls while providing an average answer speed of just under 27 seconds per call.

Developing New 811 Technology

Our center and technical operations teams continued working collaboratively with software developer 4iQ Solutions; Arizona 811; and Dig Safely New York on developing and testing the new Exactix 811 ticket management system.

2018-19

$8 million
Revenues

$7.8 million
Expenses

$8.9 million
Net Assets

1.7 million
Tickets

11.7 million
Transmissions

74%
ITE Tickets

As a result, Exactix will use the most up-to-date mapping and computing technologies to create accurate dig site locations and member service area registrations. It will do this at greater speeds while also offering mobile-friendly features and application program interface functionality.

To ensure a smooth transition, Exactix offers easy-to-learn online training modules for Sunshine 811 customer service representatives and ITE users.

We are very pleased that the new Exactix system was successfully implemented by Arizona 811 October 31, 2019 and we eagerly anticipate Sunshine 811's implementation January 10, 2020.

To prepare for the conversion, we notified all excavators that have used our system of the conversion with instructions to sign up for further email announcements and updates. The email list form is also on our website. Exactix advisories including a list of FAQs, process outline and blog are posted at sunshine811.com.

Our member services team is also working to ensure every member is aware of our goal to end email transmissions of locate tickets after December 31, 2019. They are also encouraging members that still receive locate tickets by email to sign up and use the free ticket management system Utilisphere (irthNet).

Education Options Made More Interactive

Uncompromised quality is fundamental to everything we do. Whether working with members, locators or excavators, we continually raise our standard of performance.

To further sharpen the pencil, we conducted the 2019 Effectiveness Survey in March to measure stakeholder satisfaction with the current state of the 811 process. After studying the results, we narrowed down the overall issue to communication breakdowns at multiple points throughout the 811 process. And as George Bernard Shaw said, "the single biggest problem in communication is the illusion that it has taken place."

Armed with this new information, we developed several recommendations for excavators, locators and member operators, and expanded our education on some of the most pressing communications issues identified in the survey including positive response, low impact marking and writing good locate descriptions.

This new education was rolled out at four Safe Digging Workshops & Round Tables. We were pleased with audience reaction, or shall I say, interaction, and many attendees stated they learned something new!

Key Performance Indicators:

Systems remained operational 99.83% for the entire year

74% average Internet Ticket Entry (ITE) volume – that's 1.3 million tickets!

27-second average answer speed

After Hurricane Michael devastated Florida's panhandle in August 2018, many members declared extraordinary circumstances, leaving excavators unable to get locates. When those declarations looked to extend over one month, we developed an educational blog post to help excavators wade through extraordinary circumstances, sent it to 40,000 excavators and asked for our damage prevention partners to help with distribution. We also asked our advertising agency, MGH, to contact media outlets in the panhandle to carry out live reads of our After-the-Storm radio public service announcement.

Our annual awareness campaign ran February through Safe Digging Month in April and included radio, television, outdoor billboards, Pandora and targeted digital advertising. The results were record-breaking with over 94,000 visits to our website and a 73 percent increase in overall web traffic generated by people typing the full URL. Eighty-eight percent of homeowner visits were initiated by people new to the 811 message.

Driving and participating in conversations is vital to our mission and vision. By doing so, we ensure that our stakeholders have the knowledge they need to fulfil their duties. With each personal connection, we are one person closer to ensuring that our damage prevention education and awareness efforts contribute to safer digging in Florida. For the 2018-19 fiscal year, that meant educating over 6,346 stakeholders, reaching another 6,475 at meetings and 37,226 through trade shows and community events.

Proposing Legislation to Improve Florida's 811 Damage Prevention Process

During the 2019 Legislative Session, Sunshine 811 proposed Chapter 556, F.S., amendments to meet federal Pipeline and Hazardous Material Safety Administration (PHMSA) requirements for an effective state damage prevention enforcement program. The proposed amendments also included extending the 811 notification requirement from two to three full business days and a new definition and protection for permanent underground facility markers. Sunshine 811 received support for the proposed 2019 legislation with the filing of Senate Bill 848 and House Bill 263; however, the bills were not approved. The Sunshine 811 Board of Directors has since then adopted a strategic goal to develop and implement a 2020 public relations campaign to educate governmental influencers of the need for 2021 legislation to provide for more effective enforcement of Chapter 556, F.S.

Education & Awareness Campaign Results

6,346
educated

37,226
exposed to our message at trade shows & community events

43 million
Impressions from digital, radio, billboard & cable TV campaigns

63,000
web banner clicks, a 44% increase

67%
overall traffic driven to web by digital ads (86K vs 51K)

Mandatory Member Damage Reporting to Sunshine 811

Effective July 2017, member owners/operators were required to report any excavation damage to underground facilities through the Florida DIRT system. We saw a significant increase in the number of damages reported and expect that this trend will continue until we reach 100 percent compliance. Calendar year 2018 saw a total of 16,576 reported damages. A breakdown of those damages appears on pages 9 and 10 of this report.

High-Priority Subsurface Installation Incident Hearing

Sunshine 811 received its second High-Priority Subsurface Installation Incident Report for a May 18, 2019, incident in Fort Myers, FL. The report detailed how an excavator - working without valid 811 notification - ruptured an eight-inch underground gas distribution main. Preliminary repair and restoration costs totaled $156,745.

Following procedures outlined in Chapter 556.116, F.S., the Florida Division of Administrative Hearings (DOAH) held a final hearing on July 18, 2019. The final order was issued August 28, 2019, imposing a $5,000 civil penalty on the excavator for violating Section 556.107(1) (a) and causing the incident. The money remaining after reimbursing the DOAH and Fort Myers court reporting expenses will be used for 811 damage prevention education.

Sound Fiscal Management

Sunshine 811 continued to manage business operations prudently and closed our last fiscal year with revenues of $8 million, expenses of $7.8 million and net assets of $8.9 million. The Independent Auditor's Report to the Board of Directors again stated our financial position was accurately reported throughout the year in conformity with accounting principles generally accepted in the U.S., and there were no reportable conditions with regard to the adequacy of Sunshine 811's system of internal controls.

Acknowledgements

The members of our governing Board of Directors, our management staff and our employees all share a common dedication to the Sunshine 811 mission of underground facility damage prevention and excavation safety. It is this shared sense of purpose and desire to serve the public interest that motivates us to work together as a team and do our best each day.

It is my honor and privilege to serve this organization as its Executive Director and I wish to express my sincere appreciation and gratitude to everyone at Sunshine 811 for their work to make Florida – the safest place to dig.

Mark Sweet
Sunshine 811 Executive Director

2018 Enforcement

State of Florida Division of Administrative Hearings

Case No. 19-2743

TECO Peoples Gas Company, Petitioner, vs. Cougar Contracting, LLC, Respondent

Final Hearing Date: July 18, 2019

Date: May 18, 2019

Location: At or around 16641 South Tamiami Trail, Fort Myers, FL

Description: While installing a storm structure, the backhoe excavator ruptured an eight-inch steel underground gas distribution main owned and operated by Peoples Gas.

Damage Cost: Preliminary cost (to Peoples Gas) to repair the main and restore service to 17 customers was $156,745.

Final Order Date: August 28, 2019

Causation: Cougar's failure to notify Sunshine 811 prior to commencing work on May 18, 2019 is the proximate cause of the incident.

Disposition: Cougar shall pay a fine in the amount of $5,000 to the Sunshine 811 system.

Payment Date: September 5, 2019

Cumulative Enforcement Totals

Total citations issued: 13

Total fines levied: $6,602.50

17 Total fines paid: $3,062.50

County Data

County	Citations Written
Broward	2
Collier	4
Manatee	2
Okaloosa	2
Orange	2
Polk	1

Violation Types

Violation	Quantity
No Ticket	7
Failure to stop digging after damaging an underground facility	1
Digging before legal	4
Marks destroyed	1

2019 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 can receive notices of intended excavation from Sunshine 811.

New Municipalities

Five municipalities joined Sunshine 811 during 2019 year-to-date. The new municipal members and the dates they began actively participating in Sunshine 811 is listed below.

- City of Wewahitchka 5/7/2019
- City of Arcadia 5/21/2019
- City of Cottondale 6/5/2019
- City of Sunny Isles Beach 7/26/2019
- Town of Callahan 10/8/2019

New Counties

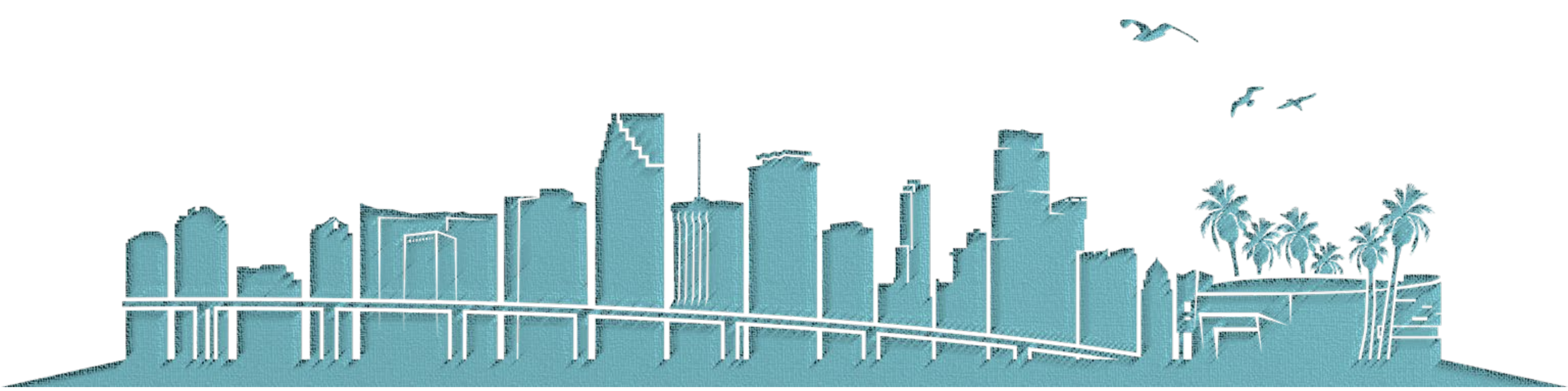
There are 67 counties in Florida. The total number of counties that are active members is 43.

- 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.



Florida DIRT Data

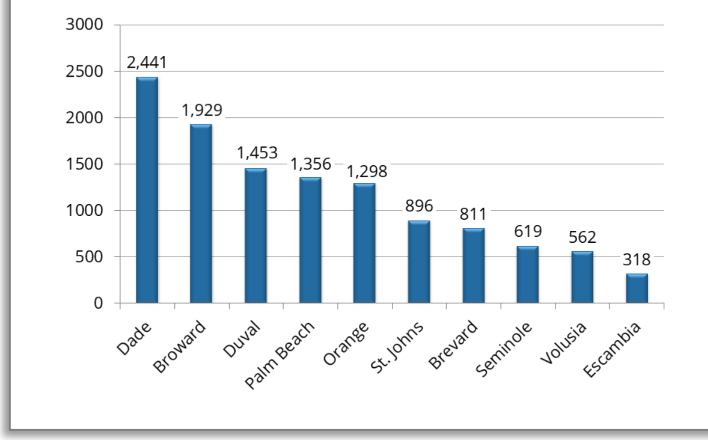
Total Damages Reported 2018

16,576 **Total Damages**

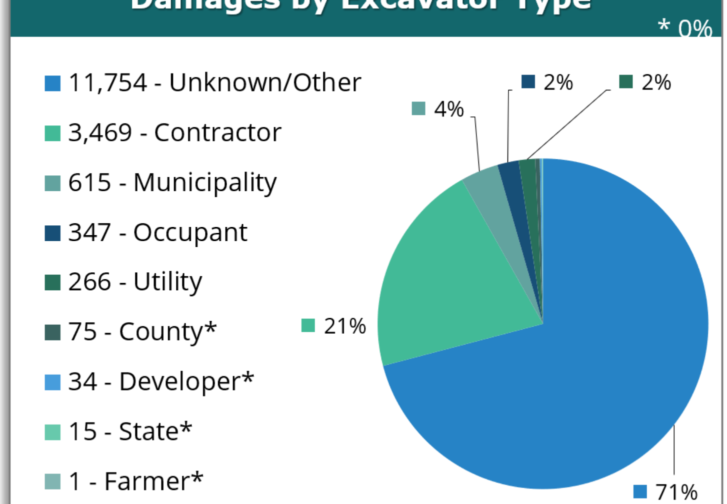
9.4 **Damages Per 1,000 Inbound Tickets**

1.4 **Damages Per 1,000 Outbound Transmissions**

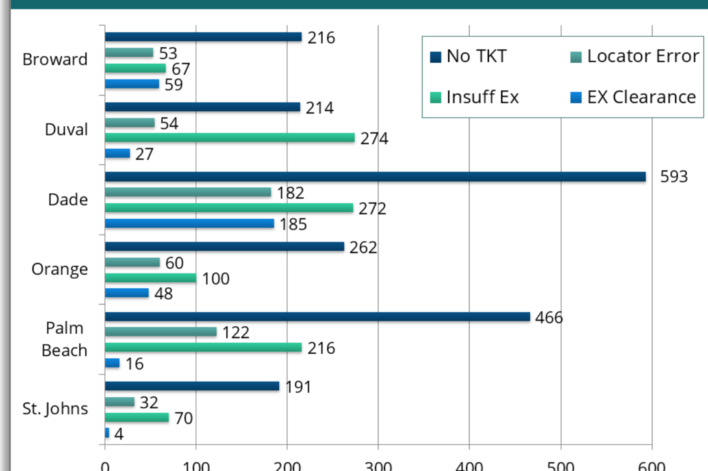
Top 10 Damaging Counties



Damages by Excavator Type

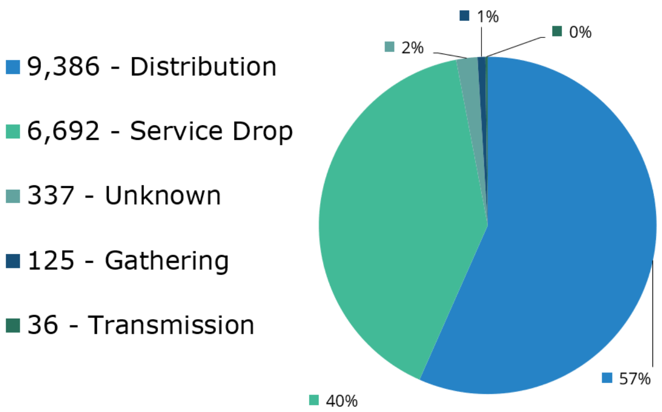


Root Causes in Top 6 Counties



Florida DIRT Data

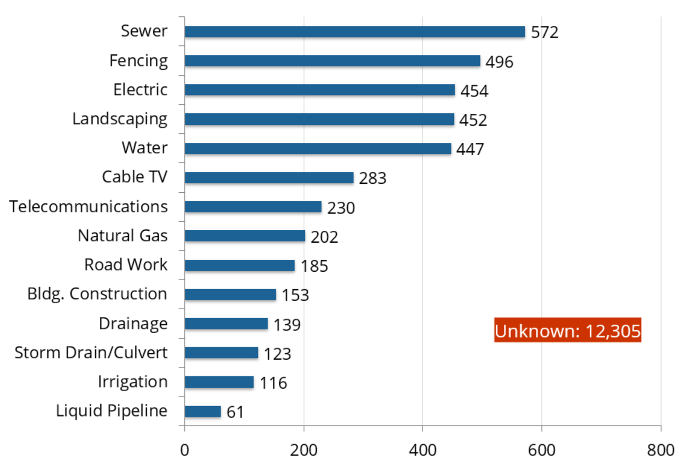
Damages by Facility Affected



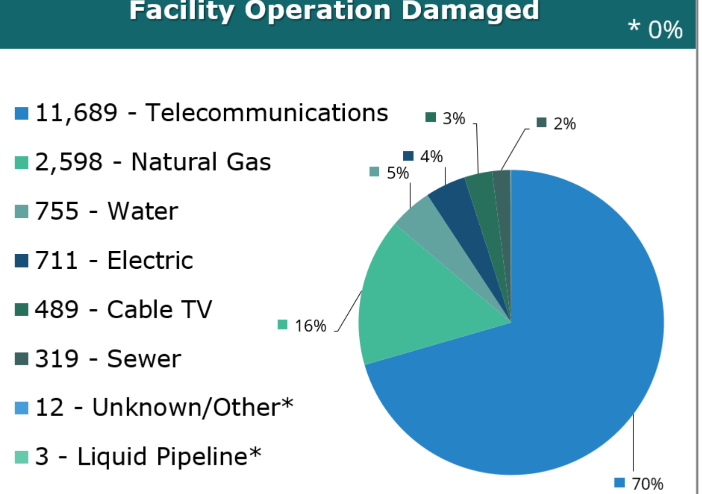
Damages by Root Cause

#	Root Cause
7,756	Root Cause not listed above (comment required)
4,088	No notification made to One-Call Center / 811
1,538	Improper excavation practice not listed above
998	Not marked due to Locator error
684	Excavator failed to maintain clearance after verifying marks
335	Marked inaccurately due to Locator error
244	Excavator dug prior to verifying marks by test-hole (pot-hole)
164	No response from operator/contract locator
126	Deteriorated facility
103	Marked inaccurately due to Incorrect facility record/maps
102	Excavator dug after valid ticket expired

Type of Work – Top 14



Facility Operation Damaged



Board of Directors

Elected May 16, 2019

Lorenzo Jones
Chair
TECO

Michael Borg
Vice Chair
Lakeland Water

Terrill Booker
Secretary
Lake Apopka
Natural Gas District

Shawn Deutscher
Treasurer
Williams/
Gulfstream
Natural Gas System

Lisa Jackson
Asst. Treasurer
Hillsborough
County
Public Works

Michelle Johnson
Asst. Secretary
Duke Energy

Carlos Bates
Frontier
Communications

Rick Barrett
Florida Gas
Transmission

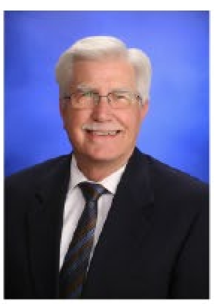
Mike DeGraw
CenturyLink

Oscar Estrada
City of Tampa

Dino Farruggio
AT&T

Russell Harris
TECO Peoples Gas

Joe Heatherly
FPL



Bruce Kershner
R. Bruce Kershner
Company

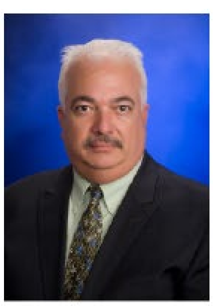
John Lambert
Reedy Creek
Energy Services

Steve Marshall
Charter
Communications

Tiny Reece
S&N
Communications

Patrick Thompson
USIC

Carlos Solis
Pinellas County
Utilities



Pedro Vigil
Miami-Dade Water/
Sewer Department

Warren DiNapoli
JEA

Wayne Flowers
Legal Counsel

ASSURANCE DIMENSIONS

August 7, 2019

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, 2019 and have issued our report thereon dated August 7, 2019. 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. During 2019 and as described below, the Organization adopted Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which did not change opening net assets. There were no other new accounting policies adopted, and the application of existing policies was not changed during 2019.

On August 18, 2016, the Financial Accounting Standards Board released ASU 2016-14 with the goal of improving not-for-profit entity ("NFP") financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The ASU significantly changes how NFPs present net assets on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources. The Organization adopted this ASU in the current year, applying the changes retrospectively. The new standard changes the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets.

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 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 August 7, 2019.

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,

Assurance Dimensions

Assurance Dimensions

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
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JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.349.3442 | Fax: 904.296.0054
ORLANDO: 1800 Pembrook Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519
www.assurancedimensions.com

Financial Statements and Independent Auditor's Report

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

May 31, 2019 and 2018

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

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ASSURANCE DIMENSIONS

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 financial statements of Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 (the "Organization"), which comprise the statements of financial position as of May 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses 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 audits 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.

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
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ASSURANCE DIMENSIONS

Opinion

In our opinion, the financial statements referred to above represent fairly, in all material respects, the financial position of the Organization as of May 31, 2019 and 2018, the changes in its net assets, its cash flows, and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As described in Note B of the financial statements, the Organization adopted Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which did not change opening net assets. Our opinion is not modified with respect to this matter.

Assurance Dimensions

Tampa, Florida
August 7, 2019

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
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www.assurancedimensions.com

Sunshine State One Call of Florida, Inc.
d/b/a Sunshine 811
Statements of Financial Position
As of May 31, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash	$ 2,364,666	$ 2,468,926
Investments	3,358,801	3,285,885
Accounts receivable, net	1,420,307	1,305,309
Prepaid and other assets	450,577	443,915
Deposits	22,151	127,945
Total current assets	7,616,502	7,631,980
Property and equipment, net	1,909,842	1,586,750
Total assets	$ 9,526,344	$ 9,218,730
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 61,678	$ 43,975
Accrued liabilities	493,321	460,760
Deferred revenue	42,779	38,587
Total liabilities	597,778	543,322
Net assets:		
Without donor restrictions	8,928,566	8,675,408
Total liabilities and net assets	$ 9,526,344	$ 9,218,730

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, 2019 and 2018

	2019	2018
Unrestricted revenue and other support:		
Member fees	$ 7,991,831	$ 7,801,389
Interest income	82,875	29,550
Miscellaneous income	3,905	16,001
Total revenue	8,078,611	7,846,940
Expenditures:		
Program services	4,893,465	4,738,370
General and administrative	2,948,188	2,971,183
Total expenditures	7,841,653	7,709,553
Other income:		
Gain on sale of assets	16,200	18,000
Changes in net assets	253,158	155,387
Net assets beginning of year	8,675,408	8,520,021
Net assets end of year	$ 8,928,566	$ 8,675,408

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 Cash Flows
For the Years Ended May 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets:	$ 253,158	$ 155,387
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	38,213	2,760
Depreciation	389,577	440,525
Gain on investments	(72,916)	(21,588)
Gain on sales of assets	(16,200)	(18,000)
Increase (decrease)		
Accounts receivable, net	(153,211)	(39,978)
Prepaid and other assets	99,132	(119,594)
Accounts payable and accrued liabilities	50,264	(67,711)
Deferred revenue	4,192	6,499
Net cash provided by operating activities	592,209	338,300
Cash flows from investing activities:		
Net purchases of fixed assets	(696,469)	(224,169)
Purchase of investments	-	(500,000)
Net cash used by investing activities	(696,469)	(724,169)
Net decrease in cash	(104,260)	(385,869)
Cash, beginning of period	2,468,926	2,854,795
Cash, end of period	$ 2,364,666	$ 2,468,926

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

Sunshine State One Call of Florida, Inc.
d/b/a Sunshine 811
Statement of Functional Expenses
For the Year Ended May 31, 2019

	Program Services	General and Administrative	Total
Salaries and wages	$ 4,015,361	$ 1,037,279	$ 5,052,640
Computer and software maintenance	191,659	434,896	626,555
Advertising	507,992	1,646	509,638
Communication	59,016	387,201	446,217
Depreciation	-	389,577	389,577
Legal and professional	-	148,930	148,930
Repairs and maintenance	-	131,297	131,297
Office expenses	28,636	99,887	128,523
Meetings and seminars	3,333	109,843	113,176
Insurance	-	90,140	90,140
Utilities	-	56,180	56,180
Travel	43,731	106	43,837
Bad debt expense	38,213	-	38,213
Property taxes	-	29,343	29,343
Income taxes	-	14,700	14,700
Equipment rent expense	5,524	6,028	11,552
Miscellenous expenses	-	11,135	11,135
Total expenses	$ 4,893,465	$ 2,948,188	$ 7,841,653

The accompanying notes are an integral part of this financial statement.

Sunshine State One Call of Florida, Inc.
d/b/a Sunshine 811
Statement of Functional Expenses
For the Year Ended May 31, 2018

	Program Services	Management and General	Total
Salaries and wages	$ 3,889,560	$ 992,792	$ 4,882,352
Computer and software maintenance	201,153	494,109	695,262
Advertising	512,719	1,129	513,848
Depreciation	-	440,525	440,525
Communication	62,840	358,704	421,544
Legal and professional	-	148,223	148,223
Repairs and maintenance	-	121,550	121,550
Meetings and seminars	3,164	112,398	115,562
Office expenses	18,438	94,629	113,067
Insurance	-	85,009	85,009
Utilities	-	61,766	61,766
Travel	41,579	154	41,733
Property taxes	-	35,877	35,877
Income taxes	-	14,583	14,583
Equipment rent expense	6,157	5,984	12,141
Miscellenous expenses	-	3,751	3,751
Bad debt expense	2,760	-	2,760
Total expenses	$ 4,738,370	$ 2,971,183	$ 7,709,553

The accompanying notes are an integral part of this financial statement.

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

Notes to Financial Statements
May 31, 2019 and 2018

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

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. The accompanying financial statements include the accounts of the Organization. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restriction
- Net assets with donor restrictions

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2018, with early adoption permitted for annual periods beginning after December 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 Company is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

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 December 15, 2019.

Note B – Significant Accounting Policies (continued)

In June 2018, the FASB released ASU 2018-08, Not-for-Profit Entities (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU will take effect for all fiscal years beginning after December 15, 2018.

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, 2019 and 2018, 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, 2019 and 2018 was approximately $510,000 and $514,000, respectively.

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.

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:

Note B – Significant Accounting Policies (continued)

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.

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, 2019 and 2018, respectively. The Organization incurred income tax expense in the amount of approximately $15,000 for both years ended May 31, 2019 and 2018 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, 2019. Should the Organization's tax-exempt status be challenged in the future, the Organization's 2017, 2018, and 2019 tax years are open for examination by the IRS.

Note B – Significant Accounting Policies (continued)

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.

Liquidity and Availability of Financial Assets

The Organization's management monitors its liquidity so that it is able to cover operating expenses and other costs related to special projects. Management budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the Board in February for the following year. Fees for services are collected up-front and deferred until earned. Organization funds are invested conservatively with the primary objective of preservation of capital (including diversification of risk of institutional failure) and liquidity in order to provide sufficient cash to meet obligations in a timely manner. If the Organization had issues with covering their obligations during the year, they have the ability to adjust their membership fees charged to customers to offset potential shortcomings.

The following reflects the Organization's financial assets as of May 31, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	$ 7,134,774
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Deferred revenue	(42,779)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,091,995

Financials assets consists of cash of $2,364,666, investments of $3,358,801, and accounts receivables of $1,420,307. Dues that are received in advance of the new year are recorded as deferred revenue.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note C – Investments

The Organization's investments as of May 31, 2019 and 2018 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:

	2019 Market Value	2018 Market Value
Certificate of deposits	$ 250,000	$ 250,000
Investment accounts	3,108,801	3,035,885
	$ 3,358,801	$ 3,285,885

Sunshine State One-Call of Florida, Inc.
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Notes to Financial Statements
May 31, 2019 and 2018

Note C – Investments (continued)

Investment gains on the above investments for the years ended May 31, 2019 and 2018 were approximately $73,000 and $21,600, respectively.

Note D – Fixed Assets

Fixed assets consist of the following at May 31:

	2019	2018	Life (in years)
Land	$ 249,956	$ 249,956	
Building	1,563,176	1,515,620	5 to 40 years
Communication equipment	199,504	956,914	5 to 7 years
Vehicles	145,797	170,409	5 years
Furniture, fixtures, and office equipment	517,767	517,767	3 to 15 years
Computers and software	4,154,890	4,057,798	3 to 10 years
Software in development	345,000	-	N/A
	7,176,090	7,468,464	
Less accumulated depreciation	(5,266,248)	(5,881,714)	
	$ 1,909,842	$ 1,586,750	

The Organization had depreciation expense for the years ended May 31, 2019 and 2018 of approximately $390,000 and $441,000, 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, 2019 and 2018 were approximately $109,000 and $105,000, respectively. In addition, the Organization made safe harbor contributions of 3% of gross compensation for the years ended May 31, 2019 and 2018 of approximately $107,000 and $104,000, respectively.

Note F – Concentration of Credit Risk

Financial instruments, which potentiality 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, 2019, cash balances exceeded federally insured limits by approximately $1,116,000.

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.

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Notes to Financial Statements
May 31, 2019 and 2018

Note G – Operating Leases

The Organization leases office equipment under an operating lease with quarterly payments of $1,454 including sales tax, expiring in 2021. The Organization is committed to minimum lease payments as follows:

2020		5,816
2021		5,816
Total	$	11,632

The rent expense relating to these leases amounted to approximately $4,600 and $4,500 for the years ended May 31, 2019 and 2018, respectively.

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 August 7, 2019, which is the date the financial statements were available to be issued.