

RESILIENCE

in Action

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FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT FOR YEARS ENDED MAY 31, 2020 AND 2019

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.

Resilience in Action

This year, Sunshine 811's **71** employees engaged with **1,500** primary/associate members and **20,000+** excavators, investing **145,000+** hours in building a stronger damage prevention community.

Dear Sunshine 811 Members and Damage Prevention Stakeholders,

The year 2020 was anything but business as usual for Sunshine 811, but it was a testament to the strength, flexibility and resilience of the Sunshine 811 team and their efforts to carry out our vision of making Florida the safest place to dig.

Yes, we faced challenges at every turn but met the fiscal year end with 1.7 million tickets requested, 12.5 million ticket transmissions, \$9.5 million in net assets and \$8.6 million in revenues. Website visits increased greatly, and our spring social media/digital campaigns exceeded our expectations. But most importantly, we're safe, healthy and working.

Computer Virus Tries, But Can't Keep Us Down

We began the year excited about our upcoming conversion to Exactix. This new ticketing system was the result of a collaborative process involving Sunshine 811 and two other call centers working with the developer 4iQ Solutions.

It promised excavators and members a better overall experience with simpler, intuitive screens and powerful mapping. Staff members prepared for months testing, meeting and communicating.

But Wednesday evening, January 8, 2020, Sunshine 811 was attacked by the malicious RYUK ransomware virus that shut down our systems and phones for two days. It could not have happened at a worse time as the conversion was scheduled for the next evening.

Our Technical Operations Department remained resilient. Four team members worked a combined total of 120 hours straight to rebuild the servers and call center computers.

The conversion went on as scheduled, taking less than four hours. By 1:08 a.m. January 10, Exactix was live. The first internet ticket was created at 5 a.m. and at 8:30 a.m. the call center was once again taking calls.

I am happy to report that the excavation community and membership have embraced the Exactix system. We often hear good things about its intuitive interface, easy mapping, and short ticket times.

Resilience in Action

120

number of combined hours worked to restore call center servers and computers

6,650

total number of tickets taken during first day with Exactix

65

percentage of internet tickets on the first day with Exactix



I have never seen a situation as dire to what we walked into on Thursday. But your entire

operations team showed dedication in bringing the center back online as soon as possible and the call center remained calm in the eyes of a very difficult situation. I applaud the dedication and creativity used in solving a very complex problem.

| Jason Adams, CEO 4iQ Solutions
Developer of the one call ticketing platform Exactix

COVID-19 Changes the Way We Do Business

In March, a new term became part of our everyday vocabulary – COVID-19 – and life as we knew it changed. Staying true to our vision of making Florida the safest place to dig, we stayed resilient. We learned to be nimbler and more innovative, spending a good portion of the year learning how to do things differently. Our customer service never skipped a beat, and our employees enjoyed their new working environments.

Our Technical Operations Department undertook the massive task of transitioning our employees to work at home. By April 1st, all employees who wanted to work from home did, just in time for Florida Governor Ron DeSantis's Executive Order Number 20-91 to "ensure that the spread of COVID-19 is lowered, and that residents and visitors in Florida remain safe and secure."

Our four Safety Education Liaisons learned to provide online programming and deliver virtual education directly to you after all in person events and meetings were canceled.

We moved our highly successful Sunshine 811 Excavation Task Force online and expanded it from the Tampa area to statewide. As a result, hundreds of statewide stakeholders were educated on a variety of educational topics and got a glimpse into how other areas of the state handled damage prevention issues. We look forward to expanding this program throughout 2021.

Sunshine 811's spring outreach campaign actually benefitted from COVID as more people moved to online work and learning from home. Social media use grew and DIYers tackled long overdue projects. It was no surprise that the number one performing digital ad warned about losing internet service. See more statistics about our spring campaign on page 4.

Governor Signs New Legislation Amending Chapter 556, F.S.

On June 30, 2020, Governor DeSantis signed House Bill 1095 amending the Underground Facility Damage Prevention and Safety Act, Chapter 556, Florida Statutes. Effective July 1, 2020, the revisions established new noncriminal violations, enhanced penalties, more enforcement entities, and incident reporting requirements.

While Sunshine 811 did not draft the legislation, it did provide basic webinars on the revisions, created a special section on its website and produced an enforcement brochure to help stakeholders navigate the changes. We will continue to work throughout 2021 to spread awareness of this legislation.

Sunshine 811 also filed its first Underground Facility Damage Prevention Review, an analysis of several data sources, summary of enforcement actions taken and recommendations. A full version of this report can be found at sunshine811.com/law.

Amendment Highlights

- Expands the list of entities that may issue citations for violations of Chapter 556, F.S., to include the State Fire Marshal, or its designated agent, and local fire chiefs.
- Increases the maximum civil penalty (up to \$2,500 plus court costs) for certain violations of Chapter 556, F.S., that involve an underground pipe or facility transporting hazardous materials regulated by the U.S. DOT Pipeline and Hazardous Material Safety Administration (PHMSA).
- Requires each clerk of court to submit an annual report to the State Fire Marshal listing each citation issued for a violation of Chapter 556, F.S., which was filed in that county during the preceding calendar year.
- Defines the term "permanent marker" and establishes a criminal penalty for knowingly and willfully removing or damaging a permanent marker placed to identify the location of an underground facility.
- Requires excavators and underground facility operators to transmit reports of incidents that involve high priority subsurface installations (HPSI) for investigation by the State Fire Marshal, or its designated agent, who may issue a citation and impose a civil penalty up to \$50,000 when a violation of Chapter 556, F.S., is a proximate cause of the incident.
- Establishes a new violation for failure to comply with s. 556.105(5)(c), F.S., which requires an excavator to use increased caution when working within a tolerance zone which includes hand digging, pot holing, soft digging, vacuum methods, or other similar procedures.
- Requires Sunshine 811 to review all reports made to the State Fire Marshal and all other complaints of alleged violations of Chapter 556, F.S., to identify issues related to damage prevention and enforcement, and annually provide an analysis and recommendations to the Governor, President of the Senate, and Speaker of the House of Representatives.

Finance Undergoes Leadership Change

Sunshine 811's Accounting Department underwent a change in leadership when the Accounting Manager – Controller retired in January 2020 after being with the organization for 17 years. We undertook a recruitment process and hired a new Accounting Manager – Controller in March 2020.

Sunshine 811 also secured a new audit firm to perform the audit for fiscal year ending May 31, 2020. The new audit firm identified new process improvements that provided further safeguards to Sunshine 811's internal controls. All process improvements identified have been implemented by Sunshine 811.

Sunshine 811 continued to manage business operations prudently and closed the fiscal year ending May 31, 2020, with revenues of \$8.6 million, expenses of \$8 million and net assets of \$9.5 million. The Independent Auditor's Report to the Board of Directors again stated our financial position was accurately reported throughout the fiscal year in conformity with accounting principles generally accepted in the U.S., and there were no reportable conditions regarding the adequacy of Sunshine 811's system of internal controls.

Damage Prevention Rebrands to Fulfill Mission, Vision

The Damage Prevention Department underwent a rebranding and is now the Education and Awareness Department. Placing emphasis on the department's core mission of educating Florida's stakeholders, the Damage Prevention Liaisons are now Safety Education Liaisons.

To meet the growing demand for online education and communication, we created two new positions and hired from within. Our Curriculum and Instructional Design Developer develops our online courses and in person education as well as Exactix instructional videos. Our Graphic Designer provides design support for all internal and external education, promotional and communications materials.

We Remain Resilient for the Future

I am thankful for the team we have at Sunshine 811 and am confident when I say that the employees and staff are an example of resilience in action! Despite everything we faced in 2020, I know we will continue to advance our mission and vision throughout 2021.

We will continue to sustain our financial footing, ensuring that we are here to answer your calls and provide education. We will expand our online and in person education offerings. We will continuously monitor and improve our system's operation and security. All of this we will do so you, our members, can protect your underground facilities; and so excavators can go home safely at night.



A handwritten signature in black ink, appearing to read 'Mark Sweet'.

Mark Sweet
Executive Director
Sunshine 811

5,607

education
hours

2,891

meetings
attended

NEW & REVISED PROGRAMS

- Point of Sale Program
- Liaison Program marketing kit
- Fresh license plate design
- Hurricane Program consisting of rapid response digital display and paid social; hurricane guide outreach; and live radio reads.
- New positive response and locate description education.

Tickets

1.75 million tickets requested

12.5 million transmissions sent

74% Internet tickets created

Financials

\$8.6 million Revenues

\$8 million Expenses

\$9.5 million Net assets



Sunshine 811's spring outreach campaign launched March 9, 2020, as COVID was just making a name for itself. Our digital and social messaging "Breaking ground can break your internet" was the number one performing ad as more people moved home to work and learn online, making the internet a prime commodity.

Digital Ads

Digital banner messages featuring hand digging, internet outage, and next steps for homeowners and contractors were placed in March to hit the peak time for excavation activity, driving both parties to take action:

23.4 million impressions

20,309 landing page conversions

Social Ads

Facebook ads echoed digital ads resulting in high exposure to new audiences.

1.5 million unique people

12.1 million impressions

16% *lower media budget to achieve better results when compared to 2019*

Website Activity



All campaigns combined (digital banners, social media, radio, internet radio) led to the largest increase in web visits over any year we have been doing the spring campaign.

56% increase in number of website visits

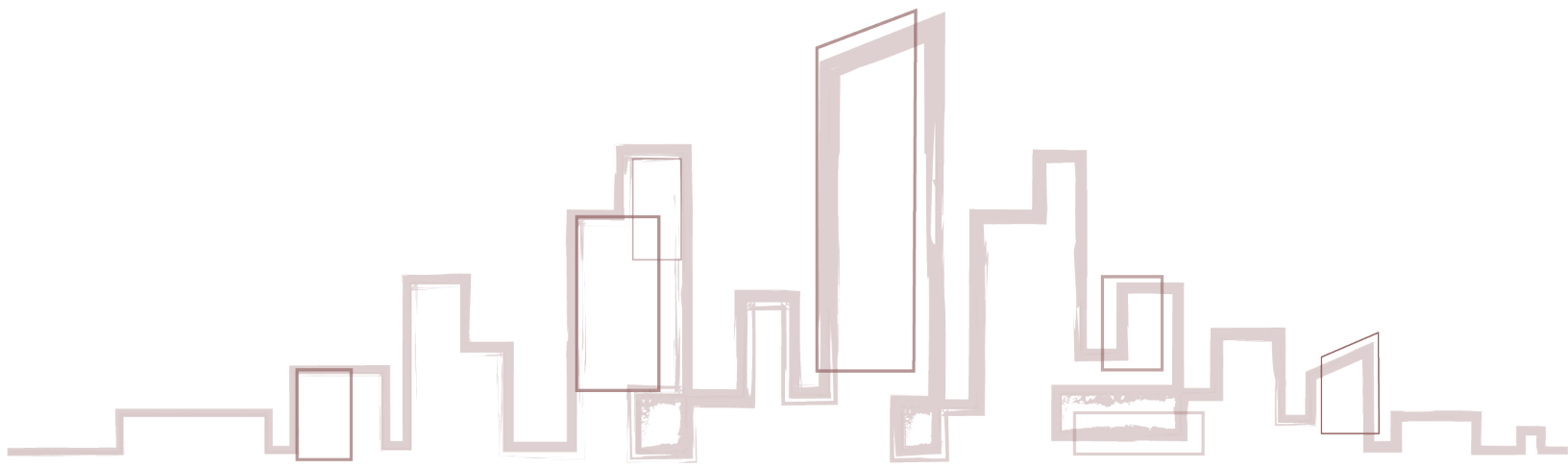
70% increase in number of visits to homeowner landing page

118% increase in number of visits to hand dig landing page

< 1% bounce rate - dramatic decrease



Resilience in Action



2020 City & County Participation

Membership

The Florida League of Cities represents more than 400 cities, towns and villages in the State. A total of 328 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

One municipality joined Sunshine 811 during 2020 year-to-date.

- City of Moore Haven
Date Active: June 1, 2020

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 during 2020.

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.

Sunshine 811 Officers & Committee Chairs



Lorenzo Jones
Board Chair
TECO



Michael Borg
Board Vice Chair
Lakeland Water



Shawn Deutscher
*Treasurer & Finance
Committee Chair*
Williams/Gulfstream
Natural Gas System



Terrill Booker
Secretary
Lake Apopka
Natural Gas



Lisa Jackson
Assistant Treasurer
Hillsborough County
Public Utilities
Department



Michelle Johnson
Assistant Secretary
Duke Energy



Bruce Kershner
*Legislative Ad Hoc
Committee Chair*
R. Bruce Kershner Co.



Steven Marshall
*Operations Committee
Chair*
Spectrum



Pedro Vigil
*Damage Prevention
Committee Chair*
Miami-Dade Water &
Sewer Department

Sunshine 811 Directors



Mike DeGraw
CenturyLink



Warren DiNapoli
JEA



Oscar Estrada
City of Tampa Water
Department



Dino Farruggio
AT&T



Russell Harris
TECO Peoples Gas



Joe Heatherly
FPL



John Lambert
Reedy Creek Energy
Services



Dave Parham
FGT



Tiny Reese
S&N Communications



Carlos Solis
Pinellas County Utilities



Patrick Thompson
USIC



Wayne Flowers
Sunshine 811
Legal Counsel
Lewis, Longman &
Walker, PA

Resilience in Action

Not pictured
Vernon Burrell, Frontier Communications

Financials

Resilience in Action

September 3, 2020

To the Board of Directors of
Sunshine State One-Call of Florida, Inc.

In planning and performing our audit of the financial statements of Sunshine State One-Call of Florida, Inc. (the Organization) as of and for the year ended May 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Organization's internal control to be a significant deficiency:

Information Technology Security Controls

During our testing of information technology controls, we noted the lack of password requirements. It is recommended that management enforce minimum password requirements including, but not limited to, preventing reuse of recent passwords, minimum and maximum age, minimum characters, and complexity settings. We also recommend implementing account lockout after multiple failed attempts to help mitigate against a brute force attack.

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Gainesville, FL 32607-2063

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2477 Tim Gamble Place, Suite 200

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We further noted that security logging is not currently enabled on Great Plains. We recommend enabling security logging for forensic purposes to allow tracking of failed login attempts.

We also noted the service desk software is not used for all requests. We recommend requiring it for all requests including changes to user access. This will increase accountability by providing an audit trail, allow better tracking of issue resolution, and persist beyond the retention policy of an individual mailbox.

Comments and Recommendations

During our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. Listed below are our comments and suggestions regarding those matters:

Journal Entries Review and Approval

During our testing of journal entries, we noted that there was no written evidence of the journal entries review after they had been entered into the system. We recommend management establishing a process of a second person review of all journal entries and to ensure that this review is documented. Further, due to the small size of the accounting department, to strengthen segregation of duties, we further recommend establishing procedures for the Executive Director to review all journal entries on a regular basis as an oversight function.

Fixed Asset Capitalization Threshold

During our testing of fixed assets, we noted the Organization's capitalization threshold was \$1,500 for property and equipment with a useful life over one year. Since the Organization has a financial statement audit performed annually, we recommend increasing the capitalization threshold to \$5,000, in line with the IRS De Minimis Capitalization Rule.

The identified significant deficiency is not considered to be a material weakness. The existence of the significant deficiencies, comments, and suggestions may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of Sunshine State One-Call of Florida, Inc. (the Organization) as of and for the year ended May 31, 2020, and have issued our report thereon dated September 3, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 8, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We have applied safeguards related to our preparation of the Organization's financial statements, schedule of expenditures of federal awards, data collection form, and IRS Form 990, including, but not limited to, an assessment of management's skill, knowledge, and experience.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Sunshine State One-Call of Florida, Inc. is included in Note 1 to the financial statements. As described in Note 1(q) to the financial statements, during the year, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are depreciation disclosed in Note 4 and the allowance for doubtful accounts disclosed in Note 1(f) to the financial statements. We evaluated the key factors and assumptions used to develop these estimates and determined they are considered reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Organization's financial statements relate to:

- Fixed assets described in Note 4 to the financial statements.
- Liquidity and availability of financial assets in Note 2 to the financial statements.
- Investments and fair value disclosures in Note 3 to the financial statements.
- Subsequent events related to the COVID-19 pandemic in Note 9 to the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Below are the uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- \$12,300 decrease of current year accrued audit fees and \$12,300 increase in beginning net assets related to the prior year accrued audit fees.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such material misstatements noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

To the Board of Directors of
Sunshine State One-Call of Florida, Inc.
September 3, 2020
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Representations Requested from Management

We have requested certain written representations from management in the management representation letter dated September 3, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

This communication is intended solely for the information and use of the Board of Directors and management of Sunshine State One-Call of Florida, Inc. 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 "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

JAMES MOORE & CO., P.L.

**SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811**

FINANCIAL STATEMENTS

MAY 31, 2020 AND 2019

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
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MAY 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sunshine State One-Call of Florida, Inc.:

Report on Financial Statements

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 statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

- 1 -

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Opinion

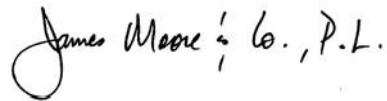
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 as of May 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note (1)(q) to the financial statements, during the year ended May 31, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These statements, as amended, establish new principles regarding the recognition of revenue and establish the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 for the year ended May 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on August 7, 2019.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J".

Daytona Beach, Florida
September 3, 2020

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
MAY 31, 2020 AND 2019

	2020	2019
ASSETS		
Assets		
Cash and cash equivalents	\$ 2,959,731	\$ 2,364,666
Accounts receivable, net	1,427,590	1,423,140
Prepaid and other assets	314,353	450,577
Investments	3,277,863	3,358,801
Property and equipment, net	2,260,148	1,909,842
Deposits	9,459	22,151
Total Assets	\$ 10,249,144	\$ 9,529,177
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 110,959	\$ 61,817
Accrued liabilities	632,073	496,015
Deferred revenue	35,050	42,779
Total liabilities	778,082	600,611
Net assets		
Without donor restrictions		
Unrestricted	7,210,914	7,018,724
Invested in property and equipment	2,260,148	1,909,842
Total net assets	9,471,062	8,928,566
Total Liabilities and Net Assets	\$ 10,249,144	\$ 9,529,177

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

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED MAY 31, 2020 AND 2019

	2020	2019
Unrestricted revenue and other support		
Member fees	\$ 8,456,786	\$ 7,991,834
Investment income	114,667	82,875
Miscellaneous income	5,943	3,905
Total revenue	8,577,396	8,078,614
Program service expenses		
Program	6,070,001	4,893,470
Supporting	1,964,899	2,948,184
Total expenses	8,034,900	7,841,654
Other revenues (expenses)		
Gain on sale of assets	-	16,200
Total other revenues (expenses)	-	16,200
Change in net assets	542,496	253,160
Net assets, beginning of year	8,928,566	8,675,406
Net assets, end of year	\$ 9,471,062	\$ 8,928,566

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

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2020

	Program Services	General & Administrative	Total Expenses
Salaries and wages	\$ 4,091,110	\$ 1,056,030	\$ 5,147,140
Computer and software maintenance	566,661	129,263	695,924
Advertising	477,425	1,292	478,717
Communication	302,142	184,131	486,273
Legal and professional fees	-	150,029	150,029
Repairs and maintenance	110,375	67,170	177,545
Equipment rent expense	6,429	6,173	12,602
Office expenses	52,900	71,549	124,449
Meetings and seminars	1,270	106,379	107,649
Insurance	20,259	70,392	90,651
Utilities	42,028	11,623	53,651
Travel	18,144	580	18,724
Property taxes	25,813	6,453	32,266
Income taxes	-	15,650	15,650
Bad debt expense	14,186	-	14,186
Miscellaneous expenses	-	2,870	2,870
Depreciation and amortization	341,259	85,315	426,574
Total functional expenses	\$ 6,070,001	\$ 1,964,899	\$ 8,034,900

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

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2019

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 4,015,362	\$ 1,037,279	\$ 5,052,641
Computer and software maintenance	191,659	434,895	626,554
Advertising	507,993	1,645	509,638
Communication	59,017	387,200	446,217
Legal and professional fees	-	148,929	148,929
Repairs and maintenance	-	131,297	131,297
Equipment rent expense	5,524	6,028	11,552
Office expenses	28,639	99,887	128,526
Meetings and seminars	3,332	109,843	113,175
Insurance	-	90,140	90,140
Utilities	-	56,180	56,180
Travel	43,731	106	43,837
Property taxes	-	29,343	29,343
Income taxes	-	14,700	14,700
Bad debt expense	38,213	-	38,213
Miscellaneous expenses	-	11,135	11,135
Depreciation and amortization	-	389,577	389,577
Total functional expenses	<u>\$ 4,893,470</u>	<u>\$ 2,948,184</u>	<u>\$ 7,841,654</u>

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

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 542,496	\$ 253,158
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	426,574	389,577
Bad debt expense	14,186	38,213
Gain on investments	-	(72,916)
Gain on sales of assets	-	(16,200)
Changes in operating assets and liabilities:		
Accounts receivable, net	(18,636)	(153,211)
Prepaid and other assets	148,916	99,132
Accounts payable and accrued liabilities	185,200	50,264
Deferred revenue	(7,729)	4,192
Total adjustments	748,511	339,051
Net cash provided by (used in) operating activities	1,291,007	592,209
Cash flows used in investing activities		
Purchases of investments	(889,721)	-
Proceeds from sale of investments	970,659	-
Purchases of property and equipment	(776,880)	(696,469)
Net cash used in investing activities	(695,942)	(696,469)
Net increase (decrease) in cash and cash equivalents	595,065	(104,260)
Cash and cash equivalents, beginning of year	2,364,666	2,468,926
Cash and cash equivalents, end of year	\$ 2,959,731	\$ 2,364,666
Supplemental disclosure of cash flow information:		
Cash paid during the year for income taxes	\$ 15,650	\$ 17,150

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

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020 AND 2019

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Sunshine State One-Call of Florida, Inc. d/b/a Sunshine 811 (the Organization), which affect significant elements of the accompanying financial statements:

(a) **Organization and purpose**—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.

(b) **Basis of accounting**—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 (U.S. GAAP), which recognizes revenue when earned and expenses when incurred.

(c) **Basis of presentation**—Net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Organization and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There are no net assets with donor restrictions as of May 31, 2020 and 2019.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by laws.

Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(d) **Cash and cash equivalents**—Cash and cash equivalents include cash on hand, cash in banks, and investments in highly liquid debt instruments with an initial maturity of three months or less at the time of purchase.

(e) **Accounts receivable**—Accounts receivable consists 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, 2020, 2019, and 2018, the Organization recorded an allowance for doubtful accounts of \$25,000. Actual write-offs may exceed the allowance.

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020 AND 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Investments**—Investments are stated at fair value, with the exception of certificates of deposit which are recorded at cost plus accrued interest, which approximates fair value. To calculate realized gain or loss on the disposition of investments and unrealized gains and losses, cost is determined by specific identification. All gains and losses and ordinary income from investments are accounted for as unrestricted revenue unless it is restricted for a specified purposes by a donor. Investments in shares of registered investment companies are valued at quoted market prices, which represent the value of shares held by the Organization at year-end. Money market and short-term investments are carried at the fair value established by the issuer.

(g) **Property and equipment**—The Organization’s policy requires that all property and equipment purchased or donated with a value or cost of \$1,500 or more to be capitalized. Purchased property and equipment is capitalized at cost. Donation of property and equipment are recorded as contributions at their estimated fair value. 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. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years, as listed below. Assets donated with explicit restrictions are reported as contributions with donor restrictions. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Buildings and improvements	5 - 40 years
Communication equipment	5 - 7 years
Vehicles	5 years
Furniture, fixtures, and office equipment	3 - 15 years
Computers and software	3 - 10 years

(h) **Deferred revenue**—Deferred revenue is recorded when the Organization receives membership payments in at the start of the membership term. Revenue is recognized ratably over the term of the membership. At May 31, 2020, 2019, and 2018, deferred revenue totaled \$35,050, \$42,779, and \$40,237, respectively.

(i) **Advertising**—The Organization expenses advertising costs as incurred. Advertising and promotion expenses for the years ended May 31, 2020 and 2019, were \$478,717 and \$509,638, respectively.

(j) **Expense allocation**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

(k) **Reclassifications**—Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020 AND 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **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 ended May 31, 2020 and 2019. The Organization incurred federal income tax expense in the amount of \$15,650 and \$14,700 for the years ended May 31, 2020 and 2019, respectively, as a result of lobbying expense paid by the Organization.

The Organization files income tax returns in the U.S. federal jurisdiction. Tax returns for the Organization for the past three years are subject to examination by tax authorities. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(m) **Revenue recognition**—The Organization bills members on an assessment-based billing system. All members who have more than twelve months of billing history 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. The Organization also offers an Associate Membership which offers additional benefits. This membership is billed annually and recognized over a 12-month period. All of membership revenue is recognized as performance obligations are satisfied, which is ratably over the membership term.

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

(o) **Subsequent events**—Management has evaluated subsequent events through September 3, 2020, the date the financial statements were available to be issued. Other than as described in Note (9), there have been no subsequent events identified requiring recognition or disclosure.

(p) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of existing accounting guidance during the year. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021, and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020 AND 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

(q) **Adoption of new accounting standards**—In May 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (ASC 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The rules establish a core principle requiring the recognition of revenue to depict the transfer of promised goods or services to customers in an amount reflecting the consideration to which the entity expects to be entitled in exchange for such goods or services. The Organization adopted ASC 606 as of June 1, 2019.

In accordance with ASC 606, the modified retrospective method was applied that requires the cumulative effect of applying the standard at the date of initial application. Results for reporting periods beginning after June 1, 2019, are presented under ASC 606. In implementing ASC 606, there was no impact to opening net assets. As such, no retrospective analysis of account balance changes was required.

In June 2018, the FASB issued Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify whether a transaction should be considered a contribution or an exchange transaction and to determine whether a contribution is conditional. The Organization adopted ASC 958 as of June 1, 2019. There were no material impacts to the financial statements as a result of implementing ASC 958.

(2) **Liquidity and Availability:**

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. The Organization has operating fund and dedicated reserve fund policies with target balances of financial assets of \$1,000,000 and \$4,000,000, respectively, to provide for the payment of regular monthly operating expenses, capital asset purchases and replacement, and emergency business restoration expenses. 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.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of May 31, 2020:

Cash and cash equivalents	\$ 2,959,731
Investments	3,277,863
Accounts receivable	1,427,590
	<u>\$ 7,665,184</u>

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.

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020 AND 2019

(3) **Investments:**

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's financial instruments consist principally of cash and cash equivalents, certificates of deposit, grants and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants.

Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Investments held by the Organization at May 31, 2020 and 2019, consisted of brokered certificates of deposit with maturities of less than two years from the latest balance sheet date and are unrestricted. The fair value of the brokered certificates of deposit was determined based on Level 2 inputs. Investments held by the Organization at May 31, 2019, also included certificates of deposit of \$250,000, which are recorded at cost plus accrued interest, which approximates fair value. There have been no changes in Level 1, Level 2, and Level 3, and no changes in valuation techniques for these assets or liabilities for the years ended May 31, 2020 and 2019.

Brokered certificates of deposit – The carrying value of brokered certificates of deposit purchased approximates the fair value for these instruments. The fair value of brokered certificates of deposits purchased is primarily based on interest rate yield curves, new issuance data, as well as other economic and market factors.

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020 AND 2019

(3) **Investments:** (Continued)

At May 31, investments consisted of the following:

<u>Description</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Fair Value</u>
May 31, 2020:				
Registered investment companies:				
Brokered certificates of deposit	\$ -	\$ 3,277,863	\$ -	\$ 3,277,863
Total assets in fair value hierarchy	<u>\$ -</u>	<u>\$ 3,277,863</u>	<u>\$ -</u>	<u>\$ 3,277,863</u>
May 31, 2019:				
Registered investment companies:				
Brokered certificates of deposit	\$ -	\$ 3,108,801	\$ -	\$ 3,108,801
Total assets in fair value hierarchy	<u>\$ -</u>	<u>\$ 3,108,801</u>	<u>\$ -</u>	<u>\$ 3,108,801</u>

Investment income on the above investments for the years ended May 31, 2020 and 2019, were \$114,667 and \$82,875, respectively.

(4) **Property and Equipment:**

Property and equipment at May 31, consists of the following:

	2020	2019
Land	\$ 249,956	\$ 249,956
Buildings and improvements	1,597,398	1,563,176
Communication equipment	199,504	199,504
Vehicles	145,797	145,797
Furniture, fixtures, and office equipment	517,767	517,767
Computers and software	5,242,548	4,154,890
Software in development	-	345,000
	<u>7,952,970</u>	<u>7,176,090</u>
Less: Accumulated depreciation	<u>(5,692,822)</u>	<u>(5,266,248)</u>
Property and equipment, net	<u>\$ 2,260,148</u>	<u>\$ 1,909,842</u>

Depreciation expense for the years ended May 31, 2020 and 2019, were \$426,574 and \$389,577, respectively.

SUNSHINE STATE ONE-CALL OF FLORIDA, INC.
D/B/A SUNSHINE 811
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020 AND 2019

(5) 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, 2020 and 2019, were \$106,785 and \$108,711, respectively. In addition, the Organization made safe harbor contributions of 3% of gross compensation for the years ended May 31, 2020 and 2019, were \$111,519 and \$107,426, respectively.

(6) 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:

For Year Ending May 31,	Amount
2021	\$ 5,816

Rent expense relating to these leases amounted to \$4,647 and \$4,647 for the years ended May 31, 2020 and 2019, respectively.

(7) Concentration of Credit Risk:

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

The Organization manages deposit concentration risk by placing cash, money market accounts, certificates of deposit with financial institutions believed to be creditworthy, and brokered certificates of deposit with brokerage firms. The Organization requires funds to be maintained in accounts insured under the Federal Deposit Insurance Corporation (FDIC) or backed by the full faith and credit of the United States Government. At times, amounts on deposit may exceed insured limits set by the FDIC due to anticipated operating cash flow needs of the Organization or accrued interest. To date, no losses have been experienced in any of these accounts. The Organization maintains investments with a brokerage firm. The funds with the brokerage firm are insured up to \$500,000 by the Securities Investor Protection Corporation.

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, 2020 AND 2019

(8) 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 Organization'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.

(9) Subsequent Events:

During the year ended May 31, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of September 3, 2020, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.



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September 4, 2020

To the Board of Directors of
Sunshine State-One Call of Florida, Inc.

As part of James Moore's audit of the fiscal year ending May 31, 2020 financial statements of Sunshine State One-Call of Florida, Inc., d/b/a Sunshine 811, certain opportunities for improvement were identified. The management of the Organization has developed the following plan to implement these suggestions.

Information Technology Security Controls

The Technical Operations Manager has developed a password policy to ensure adequate safeguards over the Organization's IT infrastructure. The password policy the Organization plans to implement will be phased into the Organization to provide employees time to adapt to the changes. Phase 1 will include a minimum of eight (8) character passwords expiring every 90 days with the last three passwords not being useable. Phase 2 will increase the password reset window to 120 days and implement password complexity including at least one character from three of the following four categories: uppercase letter, lowercase letter, number, and/or special characters. Phase 3 will increase the minimum number of characters to ten (10) and remove password aging requirements. The Organization also intends to implement multi factor authentication for systems where it is appropriate. It is the Organization's belief that this password approach meets or exceeds the NIST Special Publication 800-63B-Digital Identity Guidelines. The one part of the standard the Organization has not fully planned for at this point is the ability to verify and reject passwords that may appear in dictionaries or compromised password lists. This option is being investigated for future implementation. The Organization plans to start Phase 1 of the password policy by the end of October 2020. The speed that we proceed through the phases will be based heavily on the impact that each change has on our users ability to login each day and the impact that the password changes have on the technical support demand required to support each phase.

The Organization has implemented security logging in Great Plains for forensic purposes and to allow tracking of failed login attempts. The Organization agrees with the comments regarding the logging of all service desk requests through a software system to provide for accountability and an audit trail as well as to allow for better tracking of issue resolution.

Journal Entries Review and Approval


The Organization's accounting section consists of three employees, two accountant level positions and one Controller. Almost all manual journal entries are produced by the Controller during the month end process. Journal entries that are produced by the two accountant level positions will be reviewed by the Controller and all the journal entries produced by the accounting section will be reviewed by the Executive Director.

Fixed Asset Capitalization

The Organization plans to review its capitalization policy and increase the threshold from \$1,500 to \$5,000. The Organization intends to review its current listing of property, plant, and equipment to identify assets and remove any fixed assets and depreciation that no longer meet this requirement.

We have sincerely appreciated the opportunity to address the areas for improvement.

Sincerely,



Mark Sweet
Executive Director
Sunshine State One-Call of Florida, Inc.