

# CONNECTED - EVEN WHEN APART



2021 ANNUAL REPORT

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AND 2020

## 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.

As I write this, Florida is still experiencing disruption from the global pandemic – but Florida construction continues to build momentum, our phones are ringing, and we’re educating. We have taken decisive actions to help our members, excavators, locators, and employees thrive and stay connected, even when they are not in the office. I can confidently say that all of this preparation leaves us well positioned to lead future system enhancements as more of Florida moves online and into the cloud.

## 2021 Fiscal Performance

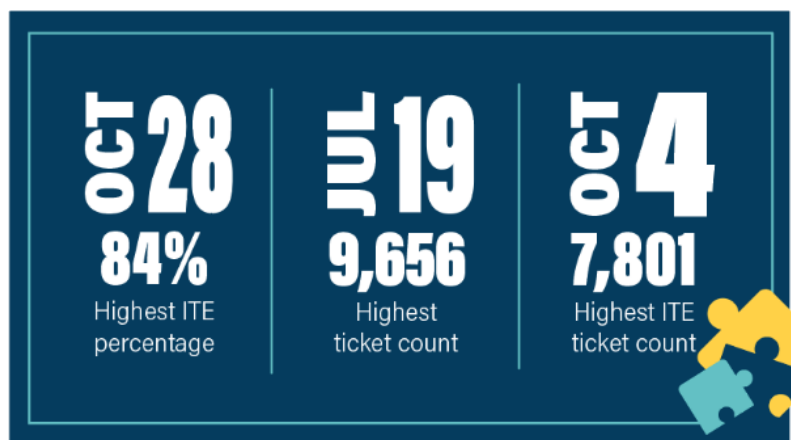
The fundamentals across our business continue to be strong. The Independent Auditor’s Report to the Board of Directors stated our financial position was accurately reported throughout the year in conformity with accounting principles generally accepted in the U.S., and there were no reportable conditions with regard to the adequacy of Sunshine 811’s system of internal controls. Our revenues stayed steady at \$8.6 million, and expenses increased slightly to \$8.3 million. By year’s end, our net assets totaled \$9.8 million.

## Connected by Technology

Being a responsible steward of technology is core to Sunshine 811’s operations and has never been more important than it was this past year. We focused on maintaining business continuity, improving our remote working capabilities, and strengthening engagement with our stakeholders.

| System reliability delivered impressive results, kept us connected

Thanks to our cloud-enabled workplace, there was barely a hiccup as we exceeded previous ticket volumes by 10.6%, processing 1,938,081 tickets. Easier online registration and Exactix video tutorials helped drive internet tickets to 1,492,322 or an increase of 15%. Averaged out, this is more than 4,000 tickets produced every day of the week!



Eight record breaking days kept our phones and agents busy all year long. We saw the highest number of tickets created (9,656) on July 19, 2021; highest total internet tickets created (7,801) on Oct. 4, 2021; and the highest internet ticket percentage of 84% on Oct. 28, 2021.



Throughout these record-breaking days, our technical operations staff worked diligently to deliver impressive service to our members and excavators with a 99.17% uptime on our critical services (Exactix, irthNet, and positive response for both systems).

### System Uptime Percentages

	2020							2021					
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	AVG
Exactix	100	100	100	100	100	100	100	100	100	100	100	100	100
Positive Response	100	100	100	100	100	100	100	100	93.17	100	100	100	99.43
irthNet	99.99	98.57	99.46	99.92	99.84	99.93	99.93	99.93	99.93	99.90	99.69	99.86	99.75
Positive Response	99.99	98.12	99.26	99.87	99.75	99.90	99.88	99.92	99.87	99.84	99.63	99.78	99.65
Total Uptime Avg	100	99.17	99.68	99.95	99.90	99.96	99.95	99.96	98.24	99.94	99.83	99.91	99.17

#### | Cloud services kept Sunshine 811 board, stakeholders, and staff together for meetings

Continued travel restrictions due to COVID concerns meant that board and committee meetings were held virtually this year. We implemented OnBoard, a comprehensive and secure board management platform, giving our directors the ability to prepare for and participate in meetings from anywhere and on any device.

#### | Corporate website redesign made information access easier

I'm pleased to announce that this year we launched our newly redesigned website (sunshine811.com). Our goal with this new website was to give visitors an easier way to learn about the 811 Process. The site's streamlined design and improved functionality deliver on many levels.

It gives homeowners, professional excavators, and facility owners access to role-specific information through the home page and navigation. The Learning Center features more in depth information, divided into categories for easier discovery. Plus, each page features a link to create online tickets and check member responses.

#### | Webinars prompted "Face-to-Face" education, discussion

Last year, our safety education liaisons moved a majority of their classes and meetings online. This year they continued that practice with webinar versions of our core course Practical Solutions for Safe Digging, Enforcing Chapter 556, and other specific topics. In total, the liaisons provided 4,630 hours of education with 6,374 attending meetings. We also distributed our Point-of-Sale displays and cards to 80 garden and irrigation suppliers.



| Accounting in the cloud offered flexibility, increased efficiencies

Sunshine 811 moved away from its outdated client server architecture and focused on a cloud strategy for managing the accounting and finance functions. The resulting conversion to the new accounting system housed everything under one program. This meant our Accounting Department experienced reduced time and more transparency in the receivables, payables, and collections processes; increased efficiencies with monthly billing; and greater flexibility for a remote environment.

| Cloud membership program gave associate members control over their accounts

The associate membership program got a facelift this year when we expanded its benefits and put account management into the hands of our associate members. Through MembershipWorks, our associate members can now manage their accounts and company profiles online. New this year, associate members can provide thought leadership through guest posts to the *Latest News* section of our website and monthly Excavation Task Force meetings.

### Expanding Awareness

COVID made "home" the centerpiece of American life in 2020, leading to increased interest in DIY projects, with professional work continuing to grow. Entering 2021, we wanted to follow this trend and find new ways to get in front of pros and DIYers who might be digging soon.

The strategy involved running three concurrent campaigns seeking broad awareness, targeted awareness, and more frequent exposure to the most curious online users. Through a mix of advertising tactics, we garnered 38 million total campaign impressions, two record-breaking days, and online ticket increases each month as well as year-over-year.

### True to Our Mission

Since they were written, Sunshine 811's mission and vision remind us daily that our top priorities are to provide communications and education options to our stakeholders, allowing them to work together to prevent damages to underground facilities.

I am proud of the work Sunshine 811's staff has done to bring us to this point, and I am grateful to you, our members and stakeholders, for your continued support.

I am excited about our ability to emerge stronger as the world recovers from the effects of the global public health crisis, and the possibilities ahead as we accelerate our digital transformation journeys.



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

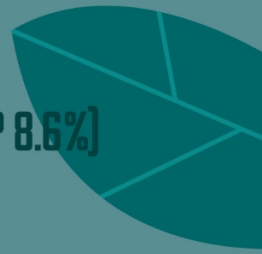
Mark Sweet  
Executive Director  
Sunshine 811

# TICKETS

**1.9 MILLION** TICKETS (UP 10.6%)

**13.9 MILLION** TRANSMISSIONS (UP 8.6%)

**1.5 MILLION** ITE TICKETS (UP 15%)



# FINANCIALS

REVENUES **\$8.6 MILLION**

EXPENSES **\$8.3 MILLION**

NET ASSETS **\$9.8 MILLION**



# SYSTEM AVAILABILITY

**99.17%** TOTAL SYSTEM

**100%** EXACTIX

**99.43%** EXACTIX POSITIVE RESPONSE

**99.70%** IRTHNET/POSITIVE RESPONSE



# SPRING AWARENESS CAMPAIGN

**38 MILLION** TOTAL CAMPAIGN IMPRESSIONS

**47% INCREASE** IN CONTRACTOR LANDING PAGE VISITS (12,600 VS. 8,500)

**7% INCREASE** IN UNIQUE USERS AND NEW USERS

**46%** YOUTUBE VIEW RATE COMPARED TO 31.9% AVERAGE



# WEBSITE PAGEVIEW INCREASES

**238%** EXCAVATOR INSTRUCTIONS

**270%** MY.SUNSHINE811.COM

**192%** HOMEOWNER PAGE

**57%** POSITIVE RESPONSE INFO

**48%** OVERALL WEB VISITS

**38%** ITE APPLICATION



**4,630** EDUCATION HOURS

**6,374** PEOPLE EDUCATED





# 2021 CITY AND COUNTY PARTICIPATION

## **Municipality Participation**

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. No new municipalities became active members nor submitted a membership application during 2020-21.

## **County Participation**

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 2020-21.

## **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.

# OFFICERS & COMMITTEE CHAIRS



**LORENZO JONES**

*Chairman*  
TECO



**MIKE BORG**

*Vice Chair*  
City of Lakeland Water



**DINO FARRUGGIO**

*Secretary*  
AT&T



**SHAWN DEUTSCHER**

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



**LISA JACKSON**

*Finance Committee  
Vice Chair*  
Hillsborough County  
Public Utilities Dept.



**MICHELLE JOHNSON**

*Assistant Secretary*  
Duke Energy



**BRUCE KERSHNER**

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



**STEVEN MARSHALL**

*Operations Committee  
Chair*  
Charter Communications



**PEDRO VIGIL**

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



# DIRECTORS



**TERRILL BOOKER**

*Director*  
Lake Apopka  
Natural Gas



**WARREN DINAPOLI**

*Director*  
JEA



**OSCAR ESTRADA**

*Director*  
City of Tampa Water



**RUSSELL HARRIS**

*Director*  
TECO Peoples Gas



**JOE HEATHERLY**

*Director*  
FPL



**JOHN LAMBERT**

*Director*  
Reedy Creek  
Energy Services



**DAVE PARHAM**

*Director*  
FGT



**TINY REESE**

*Director*  
S&N Communications



**WAYNE FLOWERS**

Sunshine 811  
Legal Counsel  
Lewis, Longman &  
Walker, PA

**Not pictured**

**Vernon Burrell**, Frontier Communications - **Brian Butler**, Lumen - **Carlos Solis**, Pinellas County Utilities

CONNECTED - EVEN WHEN APART



FINANCIALS

September 29, 2021

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, 2021, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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, 2021, and have issued our report thereon dated September 29, 2021. Professional standards require that we advise you of the following matters relating to our audit.

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Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

Website: [www.jmco.com](http://www.jmco.com) | Email: [info@jmco.com](mailto:info@jmco.com) | Member of AGN International with offices in principal cities worldwide

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 17, 2021, 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 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. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended May 31, 2021. 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(e) 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.
- Uncertainties related to the COVID-19 pandemic in Note 8 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. There were no such misstatements noted.

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 29, 2021  
Page 4

### **Representations Requested from Management**

We have requested certain written representations from management in the management representation letter dated September 29, 2021.

### **Management's Consultations with Other Accountants**

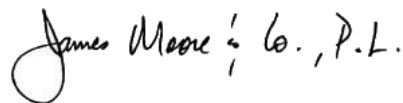
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **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" and "M".

JAMES MOORE & CO., P.L.

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

**FINANCIAL STATEMENTS**

**MAY 31, 2021 AND 2020**

**SUNSHINE STATE ONE-CALL OF FLORIDA, INC.**  
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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 statements of financial position as of May 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***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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Tallahassee, FL 32308-4386

Telephone: 850-386-6184

***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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*James Moore & Co., P.L.*

Daytona Beach, Florida  
September 29, 2021

**SUNSHINE STATE ONE-CALL OF FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MAY 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 3,859,379	\$ 2,959,731
Accounts receivable, net	1,256,871	1,427,590
Prepaid and other assets	361,456	314,353
Investments	2,718,590	3,277,863
Property and equipment, net	2,196,371	2,260,148
Deposits	87,805	9,459
<b>Total Assets</b>	<b>\$ 10,480,472</b>	<b>\$ 10,249,144</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 110,959
Accrued liabilities	691,270	632,073
Deferred revenue	35,714	35,050
Total liabilities	726,984	778,082
<b>Net assets</b>		
Without donor restrictions		
Unrestricted	7,557,117	7,210,914
Invested in property and equipment	2,196,371	2,260,148
Total net assets	9,753,488	9,471,062
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,480,472</b>	<b>\$ 10,249,144</b>

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

**SUNSHINE STATE ONE-CALL OF FLORIDA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

	2021	2020
<b>Unrestricted revenue and other support</b>		
Member fees	\$ 8,548,421	\$ 8,456,786
Investment income	5,146	114,667
Miscellaneous income	14,284	5,943
Total revenue	8,567,851	8,577,396
<b>Program service expenses</b>		
Program	6,340,507	6,070,001
Supporting	1,944,918	1,964,899
Total expenses	8,285,425	8,034,900
<b>Change in net assets</b>	282,426	542,496
<b>Net assets, beginning of year</b>	9,471,062	8,928,566
<b>Net assets, end of year</b>	\$ 9,753,488	\$ 9,471,062

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, 2021**

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 4,284,853	\$ 1,084,580	\$ 5,369,433
Computer and software maintenance	471,815	117,921	589,736
Advertising	448,138	545	448,683
Communication	478,683	263,964	742,647
Legal and professional fees	-	148,179	148,179
Repairs and maintenance	202,070	66,022	268,092
Equipment rent expense	3,522	4,871	8,393
Office expenses	37,965	79,685	117,650
Meetings and seminars	-	10,957	10,957
Insurance	19,115	72,581	91,696
Utilities	34,332	10,466	44,798
Travel	4,303	271	4,574
Property taxes	27,810	6,953	34,763
Income tax expense (benefit)	-	(2,940)	(2,940)
Bad debt expense	4,446	-	4,446
Depreciation and amortization	323,455	80,863	404,318
 Total functional expenses	 <u>\$ 6,340,507</u>	 <u>\$ 1,944,918</u>	 <u>\$ 8,285,425</u>

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**

	<b>Program Services</b>	<b>General &amp; Administrative</b>	<b>Total Expenses</b>
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 tax expense (benefit)	-	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
<b>Total functional expenses</b>	<b>\$ 6,070,001</b>	<b>\$ 1,964,899</b>	<b>\$ 8,034,900</b>

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

**SUNSHINE STATE ONE-CALL OF FLORIDA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 282,426	\$ 542,496
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	404,318	426,574
Bad debt expense	4,446	14,186
Gain on investments	-	-
Gain on sales of assets	-	-
Changes in operating assets and liabilities:		
Accounts receivable, net	166,273	(18,636)
Prepaid and other assets	(125,449)	148,916
Accounts payable and accrued liabilities	(51,762)	185,200
Deferred revenue	664	(7,729)
Total adjustments	398,490	748,511
Net cash provided by (used in) operating activities	680,916	1,291,007
<b>Cash flows used in investing activities</b>		
Purchases of investments	(1,329,033)	(889,721)
Proceeds from sale of investments	1,888,306	970,659
Purchases of property and equipment	(340,541)	(776,880)
Net cash provided by (used in) investing activities	218,732	(695,942)
<b>Net increase (decrease) in cash and cash equivalents</b>	899,648	595,065
<b>Cash and cash equivalents, beginning of year</b>	2,959,731	2,364,666
<b>Cash and cash equivalents, end of year</b>	\$ 3,859,379	\$ 2,959,731
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for income taxes	\$ 8,335	\$ 12,950

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**  
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(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, 2021 and 2020.

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, 2021, 2020, and 2019, the Organization recorded an allowance for doubtful accounts of \$25,000. Actual write-offs may exceed the allowance.



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(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 \$5,000 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, 2021, 2020, and 2019, deferred revenue totaled \$35,714, \$35,050, and \$42,779, respectively.

(i) **Advertising**—The Organization expenses advertising costs as incurred. Advertising and promotion expenses for the years ended May 31, 2021 and 2020, were \$448,683 and \$478,717, 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.

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(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, 2021 and 2020. The Organization incurred federal income tax expense (benefit) in the amount of \$(2,940) and \$15,650 for the years ended May 31, 2021 and 2020, respectively, as a result of lobbying expense paid and refunds received during 2021 for prior year overpayments.

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 29, 2021, the date the financial statements were available to be issued. 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.

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**(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, 2021:

Cash and cash equivalents	\$	3,859,379
Investments		2,718,590
Accounts receivable		1,256,871
		7,834,840
	\$	7,834,840

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.

**(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.

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

*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, 2021 and 2020, 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. There have been no changes in Level 1, Level 2, and Level 3; there were no purchases, issues, or transfers in or out of Level 3; and no changes in valuation techniques for these assets or liabilities for the years ended May 31, 2021 and 2020.

*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.

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>
<b>May 31, 2021:</b>				
Registered investment companies:				
Brokered certificates of deposit	\$ -	\$ 2,718,590	\$ -	\$ 2,718,590
Total assets in fair value hierarchy	<u>\$ -</u>	<u>\$ 2,718,590</u>	<u>\$ -</u>	<u>\$ 2,718,590</u>
<b>May 31, 2020:</b>				
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>

Investment income on the above investments for the years ended May 31, 2021 and 2020, were \$5,146 and \$114,667, respectively.

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(4) **Property and Equipment:**

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

	<u>2021</u>	<u>2020</u>
Land	\$ 249,956	\$ 249,956
Buildings and improvements	1,740,538	1,597,398
Communication equipment	199,504	199,504
Vehicles	145,797	145,797
Furniture, fixtures, and office equipment	495,619	517,767
Computers and software	<u>3,923,093</u>	<u>5,242,548</u>
	6,754,507	7,952,970
Less: Accumulated depreciation	<u>(4,558,136)</u>	<u>(5,692,822)</u>
Property and equipment, net	<u>\$ 2,196,371</u>	<u>\$ 2,260,148</u>

Depreciation expense for the years ended May 31, 2021 and 2020, were \$404,318 and \$426,574, respectively.

(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, 2021 and 2020, were \$121,790 and \$106,785, respectively. In addition, the Organization made safe harbor contributions of 3% of gross compensation for the years ended May 31, 2021 and 2020, were \$107,408 and \$111,519, respectively.

(6) **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.

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**(7) 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.

**(8) Risks and Uncertainties – COVID-19:**

During the year ended May 31, 2021, 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 29, 2021, management believes that an impact on the Organization's financial position and results of future operations is reasonably possible.