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CLERK OF THE CIRCUIT COURT & COMPTROLLER
SANTA ROSA COUNTY, FLORIDA

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Clerk and Accountant of the Board of County Commissioners
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December 9, 2021

Honorable Donald C. Spencer
Santa Rosa County Clerk of Courts
6865 Caroline Street
Milton, FL 32570

Clerk Spencer,

Please find attached the final report on the audit of Keep Santa Rosa Beautiful, Inc.

Please feel free to contact me should you have any questions or wish to discuss the report.

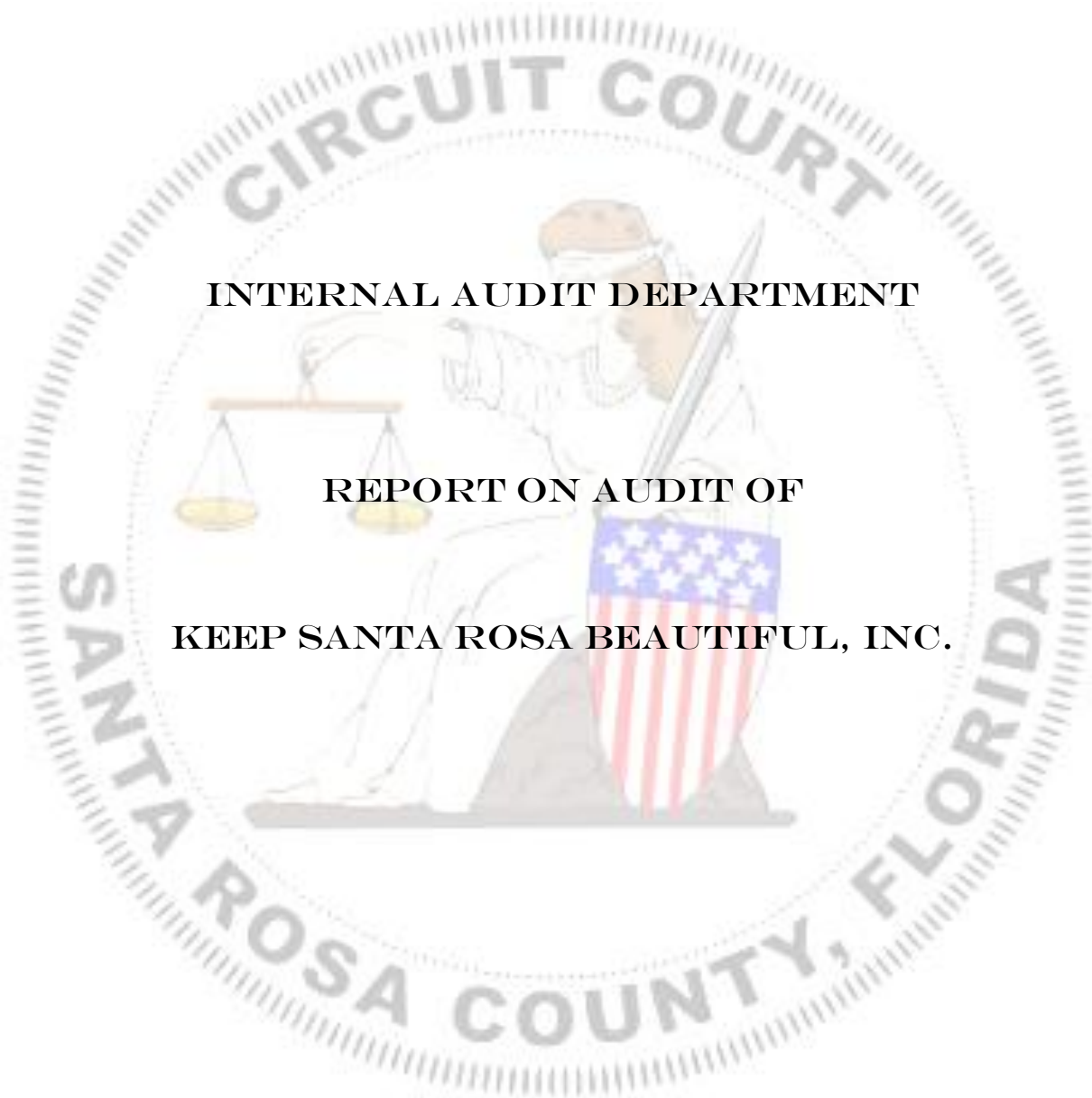
Respectfully,

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Santa Rosa County Clerk of Circuit Court
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Cc: DeVann Cook, Acting County Administrator
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Keep Santa Rosa Beautiful, Inc.
Mike Burton, Finance Director

**SANTA ROSA COUNTY
CLERK OF THE CIRCUIT COURT AND
COMPTROLLER**



INTERNAL AUDIT DEPARTMENT

REPORT ON AUDIT OF

KEEP SANTA ROSA BEAUTIFUL, INC.

REPORT NUMBER BCC 21-01

REPORT ISSUED DECEMBER 9, 2021

ISSUED BY: Samuel Scallan, Director Internal Audit

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EXECUTIVE SUMMARY

Keep Santa Rosa Beautiful, Inc. (KSRB) is a federally recognized 501(c)(3). Incorporated in Florida as a not-for-profit corporation, KSRB is dedicated to protecting and enhancing the environment through education, awareness and action. KSRB has been in business many years as a thriving community partner dedicated to a clean and green Santa Rosa County. Santa Rosa County is the largest contributor to KSRB contributing more each year than all other sources of revenue combined. The Panhandle Butterfly House and Nature Center (Butterfly House) is a program of KSRB although funds and operations of the Butterfly House are accounted for separately. Created in 1997 from a childhood dream of Jack Wetherell the Butterfly House operates under control and oversight of both an Advisory Committee and guidance provided in a Memorandum of Agreement with the University of Florida Extension Office. It has operated a successful vivarium for years located in the Navarre Beach Park on Navarre Parkway (US Hwy 98).

KSRB has seen better days. Revenues are declining and program expenses have exceeded income in each of the four years reviewed. KSRB is unable to pay its bills. There are minimal internal controls over the financial operations of KSRB and their board of directors' exercise little if any control and oversight over its finances.

KSRB and the Butterfly House

In 2019 Santa Rosa County chose to redesign the Navarre Beach Park displacing the Butterfly House from its original location. The Butterfly House Advisory Committee subsequently voted to acquire property in Bagdad and will eventually relocate to the historic Jones' House. While the property purchase was approved by the Butterfly House Advisory Committee and paid for with funds of the Butterfly House, the deed to the property is in the name of Keep Santa Rosa Beautiful d/b/a Panhandle Butterfly House.

Sensing KSRB's financial decline the Advisory Committee for the Butterfly House sought to end its affiliation with KSRB. The matter was discussed with the Chairman of KSRB in 2019 and again presented in the form of a resolution to the full KSRB board in a meeting on March 29, 2021 and again on April 6, 2021.

Discussions in public forums at recent BOCC meetings stem from ongoing disagreements between the Advisory Committee for the Butterfly House and KSRB's current board of directors.

Keep Santa Rosa Beautiful, Inc.

December 9, 2021

We have conducted an audit of Keep Santa Rosa Beautiful, Inc. (KSRB) a federal 501(c)(3) not-for profit corporation. The audit was conducted at the request of Santa Rosa County's Administrator and the Santa Rosa County Clerk of Courts after reviewing numerous public comments concerning the operation of KSRB and the Panhandle Butterfly House (PBH).

KSRB is a federal 501(c)(3) organization dedicated to protecting and enhancing the environment through education, awareness and action and is registered as a Florida not-for-profit corporation. Santa Rosa County has provided funding to KSRB for many years.

Our audit was conducted in accordance with generally accepted governmental auditing standards and covered the period from the date of the execution of the most recent agreement with Santa Rosa County (December 2017) through September 30, 2021. Subsequent events occurring after that date were also reviewed.

Our audit included a review of KSRB's compliance with the various requirements in the agreement including performance metrics identified. In addition, we examined the financial operations of the not-for-profit.

METHODOLOGY

We met with the executive director to arrange a mutually convenient place to work. We contacted the former accountant for KSRB and arranged to obtain an electronic back up of KSRB's accounting records maintained in QuickBooks. This enabled us to run reports as needed. We examined KSRB's check books including carbon copies of checks issued. We examined bank statements, copies of cleared checks, invoices, and support for deposits. We reviewed minutes of both KSRB's board of directors' meetings and those of the Butterfly House Advisory Committee. We interviewed current and former officers and directors of both groups. We examined the employment contract for the executive director. We reviewed W-2 forms and federal tax returns for KSRB. We obtained signature cards for the Panhandle Butterfly account from the bank where those funds are kept. Finally, we toured KSRB's nursery located on Park Avenue in Milton.

BACKGROUND

Keep Santa Rosa Beautiful

KSRB, formerly the Milton Clean and Green Community System was duly organized by the Santa Rosa Chamber of Commerce, with a supporting resolution adopted by the Milton City Council on December 13, 1983. On May 31, 2016 the Board of Directors voted to change the name to Keep Santa Rosa Beautiful, Inc. to recognize its official affiliation with Keep America Beautiful. KSRB has operated continuously since inception and receives support through federal, state and local grants, government allocations as well as private donations from businesses and individuals. According to KSRB's website its mission is:

Dedicated to protecting and enhancing our environment through education, awareness and action.

Programs of KSRB

From their website programs listed are:

Great American Clean-up
Adopt-A-Spot
International Coastal Cleanup
Rivers Cleanup
First Saturday
Clunkers Clean-up
Adopt a Highway
Green Up Nursery

Santa Rosa County allocations to KSRB go back to 2003 with payments to date totaling \$967,798.00. The county typically contributes \$60,000.00 each year and has done so for several years. For fiscal year 2020-2021, Santa Rosa County contributed \$3,000.00 on August 24, 2021.

Green Up Nursery

KSRB operates a retail nursery at its offices located on a 2 acre parcel it owns on Park Avenue in Milton. According to information obtained from their website, the nursery offers high quality plants that grow well locally (both native and well-adapted). They have a propagation house, where they root many of the plants they sell. According to their website, profits from sales of plants and items at the nursery go back into the community.



Panhandle Butterfly House

An audit of KSRB is not complete without an audit of the Panhandle Butterfly House (PBH). The Panhandle Butterfly House lists its mission as:

Increase the public's awareness of butterflies and the important role they play in the environment.

Because both organizations have similar interests in improving the environment, PBH agreed to operate under the corporate umbrella of KSRB and has done so for years. Article IX of KSRB bylaws (**Exhibit A**) address the operations of the PBH.

Article IX references a Memorandum of Agreement (MOA), effective June 12, 2013 (**Exhibit B**) entered between KSRB and UF/IFAS (the University of Florida Institute of Food and Agricultural Sciences Santa Rosa County extension) for management and oversight of the PBH. Encompassed in that agreement are UF IFAS resources and the support of hundreds of Santa Rosa County Master Gardeners.

Language in both Article IX of KSRB's bylaws and the MOA provides that the PBH operates under its own policies and procedures, with its own Advisory Committee as laid out by its own policies and procedures. In addition, KSRB bylaws provide that the PBH Advisory Committee is responsible for all operational costs including staffing, maintenance, and operations of the PBH and its programs. Language in the MOA provides that PBH will manage their finances in a separate bank account from KSRB and maintain that separation from all other KSRB banking accounts. There will be no commingling of PBH funds with any KSRB funds. This practice was in effect through the end of the period covered by this audit (September 30, 2021).

Both KSRB and PBH have a long and successful history in Santa Rosa County. As mentioned previously KSRB (formerly SRCCS), was formed in 1983. The PBH was the childhood dream of Jack Wetherell. Groundbreaking ceremonies for the original butterfly house in Navarre were held on January 15, 1997.

PBH NEW PROPERTY

The Panhandle Butterfly House lost its home at the Navarre park in 2019 when Santa Rosa County introduced plans to redesign the park. The chairman of PBH, along with the KSRB executive director and others undertook the arduous task of seeking a new home for the butterfly house. While the PBH had healthy cash reserves the Advisory Committee felt those reserves were not sufficient to buy or build a new home for the program at the time.

In 2019 the historic Jones House was considered as a possible location for the PBH. Owned by the Blackwater River Foundation, Inc. and located in historic Bagdad, the property included a house, which could be used for a museum, gift store and offices for the PBH and over 2.5 usable acres to construct the butterfly house.

The PBH Advisory Committee voted to purchase the property on August 22, 2019 and recommended that KSRB's executive director represent them and KSRB in negotiations with the Foundation.

On February 25, 2020 KSRB board signed a resolution agreeing that *Keep Santa Rosa Beautiful (DBA) The Panhandle Butterfly House* would purchase the Jones House property on Henry Street in Bagdad for \$125,000.00. The agreement called for an initial \$50,000.00 down payment and three annual payments of \$25,000.00 (with interest at 3%) due in each of the three succeeding years on October 1 of each year. The PBH dispersed \$51,417.50 from the PBH account on July 8, 2020. A mortgage was recorded that same date between *Keep Santa Rosa Beautiful (DBA) The Panhandle Butterfly House* and the Blackwater River Foundation, Inc.

IMPACT 100 AND THE BUTTERFLY HOUSE

In 2020 the Pensacola Bay Area Impact 100, a philanthropic woman's organization, awarded a grant for \$106,000 to construct a new vivarium (butterfly house). Periodic payments were made by Impact 100 directly to the manufacturer. The vivarium was constructed in Edgerton, Wisconsin, disassembled and is awaiting shipment pending construction of the foundation at the Jones House property location.

SOURCES OF INCOME FOR KEEP SANTA ROSA BEAUTIFUL AND THE PANHANDLE BUTTERFLY HOUSE

Keep Santa Rosa Beautiful-Sources of Income

KSRB receives support through federal, state and local grants, government allocations as well as public and private donations from businesses and individuals.

KSRB (including income from the Green-Up Nursery) receives the majority of its funds from state and local government grants/allocations.

See the following page for a breakdown.

December 9, 2021

KSRB Revenue Sources 4 Yr. Comparison	2018	2019	2020	2021 thru 9/30/21
Corporate/Government				
Care Act Grant			10,546.50	
Santa Rosa County	60,000.00	60,000.00	60,000.00	3,000.00
Fl Dept of Transportation		11,853.61	11,074.68	
City of Milton		14,500.00		10,875.00
Corp/Government Other	20,813.02			
Total Corporate/Government	80,813.02	86,353.61	81,621.18	13,875.00
Individuals , Business Contributions				
Individuals , Business Contributions	500.00			2,450.00
Direct Public Support - Other	7,250.00	1,550.00		
Total Individual, Business, Direct Supp	7,750.00	1,550.00	-	2,450.00
Program Income				
Membership Dues	2,023.44			
Program Income - Other			2,316.45	50.00
Green up Plant Sales	13,816.77	12,153.55	888.12	832.70
Total Program Income	15,840.21	12,153.55	3,204.57	882.70
Total Income	\$ 104,403.23	\$ 100,057.16	\$ 84,825.75	\$ 17,207.70

Santa Rosa County is the largest contributor contributing more to the association than all others combined. Santa Rosa County accounting records as far back as 2003 report allocations to KSRB with payments to date totaling \$967,798.00. The county typically contributes \$60,000.00 each year and has done so for several years. Public and private donations make up the smallest percentage of income. KSRB total revenues have declined in each of the four years we reviewed.

Green-Up Nursery -Sources of Income

The Green-Up Nursery’s income comes almost exclusively from the sale of plants.

Green Up Nursery Account Revenue Sources Four Year Comparison	2018	2019	2020	2021 thru 9/30/21
Income				
Program Income	\$ 13,559.11	\$ 10,209.80	\$ 653.95	\$ 416.35
Grants	7,250.00	-	-	-
Total Income	\$ 20,809.11	\$ 10,209.80	\$ 653.95	\$ 416.35

The Green-up Nursery’s revenues have declined in each of the four years covered by this review.

Keep Santa Rosa Beautiful, Inc.

December 9, 2021

Panhandle Butterfly House-Sources of Income

Income generated by the Panhandle Butterfly House comes from program income as well as corporate, public, and private donations.

Panhandle Butterfly House revenue Sources 4 Yr Comparison	Jan - Dec 2018	Jan - Dec 2019	Jan - Dec 2020	Jan - Sept 2021
Business/Corporate donations	\$ 2,810.52	\$ -	\$ -	\$ -
Club donations	737.50	-	-	-
Corporate/business grants	-	-	-	100.00
Individual donations	2,983.48	-	-	1,174.80
Interest-savings/short term inv	1.79	11.21	4.59	-
Inventory sales - gross	15,324.67	-	-	-
Miscellaneous revenue	295.40	-	-	-
Plant Sales	2,308.13	2,121.19	3,038.46	-
Program related revenue - net	615.49	-	-	-
Brick Donation Revenue	-	454.20	-	-
Daily donations	26,634.96	3,274.29	29,348.11	3,783.01
Fundraising	-	-	2,551.74	11,491.56
Tour Donations	3,236.77	-	-	-
Total Income	\$ 54,948.71	\$ 5,860.89	\$ 34,942.90	\$ 16,549.37

FINDINGS

Financial Operations for Keep Santa Rosa Beautiful and the Panhandle Butterfly House

Following is a combined (KSRB Operating Account and Green-Up) profit and loss summary for each of the years covered by this review. KSRB has lost money each year. The balance in the KSRB Operating Account and Green-up Nursery Account as of September 25, 2021 was \$1,721.66. KSRB has placed both pieces of real estate it owns up for sale. KSRB is unable to pay its bills.

See the four-year comparison on the following page.

Santa Rosa County Clerk of Courts
Internal Audit Department
Audit of Keep Santa Rosa Beautiful & Panhandle Butterfly House
Keep Santa Rosa Beautiful Operating and Green-up Accounts
Four Year Comparison Statement of Income and Expense*

	<u>Jan - Dec 2018</u>	<u>Jan - Dec 2019</u>	<u>Jan - Dec 2020</u>	<u>Jan - Sept 2021</u>
Income				
Contributions & Grants				
Direct Public Support				
Corporate Contributions	\$ 64,675.00	\$ -	\$ -	\$ -
Individ, Business Contributions	16,638.02	0.00	0.00	2,450.00
Direct Public Support - Other	7,250.00	1,550.00	0.00	0.00
Total Direct Public Support	88,563.02	1,550.00	0.00	2,450.00
Governmental Grants	0.00	86,353.61	81,621.18	13,875.00
Total Contributions & Grants	88,563.02	87,903.61	81,621.18	16,325.00
Program Income				
Membership Dues	2,023.44	0.00	0.00	0.00
Program Income -	13,816.77	12,153.55	2,316.45	50.00
Total Program Income	15,840.21	12,153.55	2,316.45	50.00
Sales for Plants Green UP	0.00	0.00	888.12	832.70
Total Income	\$ 104,403.23	\$ 100,057.16	\$ 84,825.75	\$ 17,207.70
Expense				
05 - Payroll Expenses				
Commission	0.00	0.00	2,448.56	0.00
Salary	50,358.33	50,624.44	30,000.00	5,000.00
Wages	0.00	0.00	19,000.08	22,140.19
05 - Payroll Expenses - Other	-1,134.43	0.00	0.00	0.00
Total 05 - Payroll Expenses	49,223.90	50,624.44	51,448.64	27,140.19
Total 10 - Payroll Tax	5,787.13	3,872.79	3,749.24	4,268.91
11 - Fees for Services				
Accounting Fees	2,275.00	2,475.00	5,300.00	0.00
11 - Fees for Services - Other	1,000.00	0.00	0.00	395.57
Total 11 - Fees for Services	3,275.00	2,475.00	5,300.00	395.57
12 - Advertising	20.00	0.00	2,152.00	0.00
13 - Office Expense				
Bank Fees	3,596.33	1,644.23	78.20	0.00
Equipment Lease	0.00	1,830.17	647.41	0.00
Gift or client relations	127.32	281.39	0.00	0.00
Office Supplies	0.00	932.00	1,089.62	2,245.64
Postage, Mailing Service	0.00	84.19	243.47	0.00
Printing and Copying	1,131.23	1,187.85	1,287.04	895.72
Supplies -- Program Services	8,397.55	6,143.29	1,055.58	0.00
Telephone, Telecommunications	3,283.43	2,274.08	2,093.37	372.53
13 - Office Expense - Other	0.00	0.00	377.60	215.64
Total 13 - Office Expense	16,535.86	14,377.20	6,872.29	3,729.53
14 - Information Technology	199.98	848.81	320.85	18.99
16 - Occupancy				
Equip Rental and Maintenance	1,390.49	0.00	0.00	0.00
Property Insurance	3,267.14	3,639.19	2,348.79	3,472.00
Property Taxes	265.52	259.58	0.00	0.00
Repairs & Maintenance	1,849.99	362.50	14,590.84	903.79
Utilities	4,039.86	4,893.23	4,367.39	4,550.59
Total 16 - Occupancy	10,813.00	9,154.50	21,307.02	8,926.38
Auto & Truck Expense/Vehicle Allowe	5,980.20	4,295.00	6,050.49	4,500.00
Conference, Convention, Meeting	0.00	1,321.89	397.38	0.00
Events	0.00	0.00	266.92	0.00
Lodging	0.00	702.14	0.00	0.00
Rental Car	0.00	-125.98	0.00	0.00
Total Travel	0.00	4,871.16	5,750.00	0.00
17 - Travel and Meetings - Other	1,528.11	0.00	0.00	0.00
Total 17 - Travel and Meetings	7,508.31	6,193.05	6,714.79	4,500.00
20 - Interest	0.00	15.71	0.00	0.00
22 - Depreciation	7,974.00	1,500.00	0.00	0.00
23 - Insurance - Liability,	0.00	437.00	437.00	0.00
Business Registration Fees	0.00	191.35	122.50	0.00
License & Tags	0.00	0.00	203.55	30.00
Membership Dues	664.59	175.00	0.00	0.00
Program Services				
Greenup Supplies				
Fuel	0.00	733.16	72.24	0.00
Nursery Materials	0.00	0.00	14.77	859.09
Plants	11,555.25	13,112.69	3,716.52	0.00
Program Service Fees	2,362.18	0.00	0.00	0.00
Greenup Supplies - Other	1,042.46	0.00	0.00	0.00
Total Greenup Supplies	14,959.89	13,845.85	3,803.53	859.09
Sales Tax	0.00	1,339.59	257.46	116.86
Total Program Services	14,959.89	15,185.44	4,060.99	975.95
Total 24 - Other Expenses	15,624.48	15,551.79	4,387.04	1,005.95
Penalties	0.00	182.12	0.00	0.00
Total Expense	116,961.66	105,232.41	102,688.87	49,985.52
Net Ordinary Income	-12,558.43	-5,175.25	-17,863.12	-32,777.82
Ask My Accountant	800.22	0.00	0.00	0.00
Other Income	-800.22	0.00	0.00	0.00
Net Income (Loss)	\$ (13,358.65)	\$ (5,175.25)	\$ (17,863.12)	\$ (32,777.82)

*Information provided represents information taken directly from from KSRB's accounting system.

Panhandle Butterfly House

As mentioned previously, the Panhandle Butterfly House was the childhood dream of Jack Wetherell. Established on January 15, 1997, the PBH house has seen growth in both the number of volunteers and the number of visitors receiving all its income from the community. It hit a roadblock in 2019 when the county introduced plans to redesign the Navarre Park. They subsequently acquired the historic Jones House in Bagdad. The balance in the PBH checking and savings accounts on September 30, 2021 was \$41,398.63.

See the profit and loss summary for the Panhandle Butterfly Account for each of the years covered by this review on the following page.

Keep Santa Rosa Beautiful, Inc.

December 9, 2021

Santa Rosa County Clerk of Courts					
Internal Audit Department					
Audit of Keep Santa Rosa Beautiful & Panhandle Butterfly House					
Panhandle Butterfly House					
Four Year Comparison Statement of Income and Expense w Manual Postings*					
		Jan - Dec 2018	Jan - Dec 2019	Jan - Dec 2020	Jan - Sept 2021
Income					
	Business/Corporate donations	\$ 2,810.52	\$ -	\$ -	\$ -
	Club donations	737.50	-	-	-
	Corporate/business grants	-	-	-	100.00
	Individual donations	2,983.48	-	-	1,174.80
	Interest-savings/short term inv	1.79	11.21	4.59	-
	Inventory sales - gross	15,324.67	-	-	-
	Miscellaneous revenue	295.40	-	-	-
	Plant Sales	2,308.13	2,121.19	3,038.46	-
	Program related revenue - net	615.49	-	-	-
	Brick Donation Revenue	-	454.20	-	-
	Daily donations	26,634.96	3,274.29	29,348.11	3,783.01
	Fundraising	-	-	2,551.74	11,491.56
	Tour Donations	3,236.77	-	-	-
Total Income		\$ 54,948.71	\$ 5,860.89	\$ 34,942.90	\$ 16,549.37
Cost of Goods Sold		(6,337.44)			-
Gross Profit		\$ 48,611.27	\$ 5,860.89	\$ 34,942.90	\$ 16,549.37
Expense					-
	Advertising & marketing	3,153.09	223.77	365.08	-
	Bank & Payment Processing Fees	341.85	11.90	-	-
	Postage & shipping	-	55.00	11.00	-
	Supplies				-
	Administration supplies	2,283.90	-	-	111.70
	Butterflies & related supplies	16,272.00	-	-	-
	Event/Outreach supplies	520.46	-	-	-
	Garden supplies	2,570.79	-	-	-
	House & tour supplies	302.27	-	-	-
	Market supplies	632.47	-	-	-
	Volunteer supplies	557.78	-	-	-
	Supplies - Other	-	35.92	300.03	333.92
	Total Supplies	23,139.67	35.92	300.03	445.62
	Computer & technology	445.63	-	677.27	119.75
	Insurance - Property	-	-	1,854.37	399.06
	Property Tax	-	-	-	39.36
	Utilities	-	-	444.38	3,550.79
	Volunteer luncheon	800.26	-	-	-
	Corporate Filing/Legal	73.24	-	-	352.00
	Events & Outreach	-	-	3,404.58	1,146.86
	Fundraising	-	-	-	5,636.31
	Membership dues - organization	475.00	150.00	125.00	125.00
	Adjust Inventory	1,623.08	-	-	-
	Purchase for Resale	-	-	75.21	265.09
	Other-Unclassified	-	-	-	5,400.00
	Facility Improvement	807.22	280.00	-	12,601.21
	Facility maintenance	1,472.85	-	-	686.92
	Security	60.00	-	368.42	400.00
	Insurance - non-employee	1,369.45	-	-	-
	Gross Salary	1,000.00	6,000.00	-	-
	Total Payroll Tax	-	465.00	-	-
Total Expense		34,761.34	7,221.59	7,625.34	31,167.97
Net Income		\$ 13,849.93	\$ (1,360.70)	\$ 27,317.56	\$ (14,618.60)

December 9, 2021

Green-Up Nursery Operations

As mentioned previously, KSRB operates a retail nursery on 2 acres it owns in Milton. Financial operations are accounted for in a separate bank account. According to their website, profits from sales of plants and items at the nursery go back into the community.

As mentioned previously, nursery revenues have declined in each of the four years reviewed. The nursery has lost money every year covered by this audit.

Green-Up Nursery Operation

	2018	2019	2020	2021
Income				thru 9/30/21
Program Income	\$ 13,559.11	\$ 10,209.80	\$ 653.95	\$ 416.35
Grants	7,250.00	-	-	-
Total Income	\$ 20,809.11	\$ 10,209.80	\$ 653.95	\$ 416.35
Expenses				
Salary	\$ 22,314.83	\$ -	\$ -	\$ -
Plants	\$ 10,918.50	9,513.38	2,171.86	-
Furniture and Equipment	\$ 3,875.00	-	-	-
Supplies -- Program Services	\$ 3,369.00	-	-	-
Auto & Truck Expense	\$ 2,793.20	-	-	-
Bank Fees	\$ 2,241.49	1,644.23	44.20	-
Program Service Fees	\$ 1,746.69	-	-	-
Telephone, Telecommunications	\$ 1,679.60	-	-	244.85
Sales Tax	\$ -	1,259.16	256.12	39.93
Property Insurance	\$ 1,282.00	\$ -	\$ -	-
Utilities	\$ 914.18	-	-	-
Accounting Fees	\$ 750.00	\$ -	\$ -	-
Repairs & Maintenance	\$ 534.00	-	-	-
Printing and Copying	\$ 471.84	-	-	-
Information Technology	\$ -	279.93	-	-
Equip Rental and Maintenance	\$ 130.50	478.09	394.29	-
Gift or client relations	\$ 127.32	-	-	-
Membership Dues	\$ 110.00	-	-	-
Licence & Tags			50.00	-
Total Expenses	\$ 53,258.15	\$ 13,174.79	\$ 2,916.47	\$ 284.78
Net Profit (Loss)	\$ (32,449.04)	\$ (2,964.99)	\$ (2,262.52)	\$ 131.57
Commissions Paid to Exec Dir and Nursery Emp. Charged to Op Act	1,695.05		2,034.25	
Salary of Nursery Employee charged to the Operating Account		19,775.00	18,984.00	10,283.00
True Net Profit (Loss) from Green Up Nursery	\$ (32,449.04)	\$ (22,739.99)	\$ (21,246.52)	\$ (10,151.43)

Note: Transfers to and from the Operating Account have been omitted to reflect a true Profit (Loss)

Overall operations have declined every year covered by our review to the point that the nursery has ceased operations. The employee hired to maintain the nursery was terminated in June of this year and the green houses are empty or overgrown with weeds (See Exhibit C).

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In addition to an annual salary for the executive director and \$6,000.00 annual expense allowance, the executive director of KSRB and the employee hired to maintain the nursery received commissions from plant sales at the end of 2018, 2019 and 2020. The employment contract for the executive director provides for 10% commissions on gross sales. KSRB's board increased that percentage to 12%. Keep in mind that the executive director deposits income from plant sales, prepares the annual calculation for his commission, writes and signs the check.

The person hired to operate the nursery was hired by the executive director several years ago and was paid \$19,000.00 per year. In addition, he received a commission from the sale of plants at the nursery (7.5%). He was employed without a contract. His employment was terminated in June of this year.

Deliverables -Programs of KSRB

During the BOCC meeting on September 14, 2021 the executive director for KSRB listed statistical information for accomplishments of their program for 2019. Despite repeated requests for similar information for 2020 and 2021, none were provided.

Transparency and Accountability-KSRB Website

The names and contact information of the executive director and board members are not listed on KSRB's website. No financial information is posted, no budget or copies of KSRB's tax returns are posted. Bylaws are not posted nor a strategic or business plan. Website links to KSRB programs are either broken or take the visitor to another group's website. The link to the Panhandle Butterfly House and Nature Center takes you to their website.

Federal Tax Identification Number

The federal tax identification number on the Miscellaneous Appropriations Agreement executed with Santa Rosa County is different than the one reported by KSRB on their corporate registration with the State of Florida and the one on KSRB's federal tax returns. It is unclear what organization Santa Rosa County has contracted with.

KSRB Lacks Basic Internal Controls

In any small not-for-profit organization such as KSRB it is often difficult to ensure adequate separation of duties. The concept of separation of duties ensures that no one person controls every aspect of an accounting transaction, including income or expenses. The executive director who is responsible for day-to-day operations is typically not involved in the financial aspects of the organization. Rather, the treasurer normally handles all aspects of the accounting for the organization. The treasurer collects funds and makes deposits. They process invoices and issue checks. While these practices themselves are not ideal, they do separate financial facets from operational ones. Another control provides that the one who prepares the check is not a signer on

December 9, 2021

the checks. Finally, someone independent from the treasurer normally reviews transactions and compares invoices to checks drawn and to those clearing on the monthly bank statement.

Within KSRB there are virtually no internal controls over the financial operations of the association. There are no policies or procedures. There are no dual controls over cash. The executive director collects funds and makes deposits. Goods and services are ordered by the executive director who processes invoices, issues checks with one signature, the executive director. According to the chairman of KSRB, the board at some time placed a limit on the amount a check may be issued by the executive director however he wasn't sure what that amount is. The executive director issues and signs his own salary, expense and commission checks. The executive director calculates his own commission check. The treasurer for KSRB does not handle receipts, process invoices for payment or sign checks.

Documentation to support accounting transactions for both revenue and expenses is lacking. See *KSRB Accounting and Documentation* below.

KSRB has no business plan. There are no written policies or procedures to guide them in financial and day-to-day business or recordkeeping operations.

Bills (invoices) are routinely paid late, and late fees have been assessed and paid. The 2020 federal Form 990 tax return has not been filed. KSRB will incur penalties for late filing.

The Greenup Nursery has no inventory tracking system and no valid sales reporting system. Tickets are written each time plants are sold however they are not batched and reconciled to deposits. Funds are kept in a bag and a deposit made periodically. Tickets are not batched to match deposit amounts, rather, they are batched and stored by month. There is no way to reconcile revenues from the Green-Up Nursery to deposits of funds from plant sales.

For the period under review, one accountant withdrew in June 2019 over concerns of how KSRB operated and the lack of coordination and information from the executive director. The second accountant withdrew in March 2021 for the same reasons. No accounting of KSRB or PBH has been done since that time.

Board Responsibility for Control and Oversight-An Integral Part of Internal Controls

In any small not for profit organization such as KSRB the board of directors' role is that much more important and can add a layer of oversight and accountability to financial and operational processes. Given the lack of controls mentioned previously such oversight is critical.

Board of Directors

KSRB's bylaws require that the board meet not less than bimonthly. The board met only twice in 2020, in January and February. Bylaws for KSRB provide that the board shall be comprised of not less than 10 or more than 25 members. As of the date of this report the board was comprised of only 9 officers and directors.

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KSRB's board of directors' exercise little to no financial oversight of the corporation. Financial reports including a check register are not presented to the board. The executive director can effectively make expenditure of any amount. Financial reports are not provided at meetings of the board, rather, a verbal announcement of the current bank balance in each of KSRB's two bank accounts is provided by the executive director. Monthly profit and loss statements are not provided. No list of checks issued is provided. We noted in minutes of their meeting on March 30, 2021 that a board member was chastised by the chairman for asking for specific financial information from the executive director explaining that he "works under the direction of the executive board".

Treasurer

As mentioned previously, the treasurer does not handle receipts, make deposits, process invoices for payment, issue or sign checks. The treasurer for the association is in name only. During our interview with her she explained that her role is to monitor the financial matters of KSRB. It is unclear how that is accomplished. No accounting records or ledgers have been produced since February 2021.

Secretary

It is unclear what role the secretary of the association has. The secretary does not prepare minutes of meetings. Minutes are prepared by the executive director. The secretary does sign minutes of meetings and has signed minutes of meetings they did not attend. Based on interviews of those present at meetings, minutes are not always complete, omitting key discussions and often depicting a biased view of actions taken. For example, minutes are not always accurate. Minutes from the August 28, 2018 reflect approval of minutes of the September meeting. Minutes of executive board meetings are not kept. We have no confidence that minutes accurately reflect transactions and decisions of the board.

Chairman

The current chairman of KSRB has been in that position for many years. During KSRB's board meeting held August 27, 2019 the board called for a vote of no confidence in the chairman. This motion came from concerns raised by board members over learning that the accountant for KSRB had resigned two months prior. In her resignation letter, the accountant reported that she was not receiving necessary information to prepare financial statements including any detail on what the debit card was being used for, no receipts were provided and no documentation for expenses or sales were being provided. Other anomalies were also revealed. The initial vote of no confidence included both the executive director and chairman. The final motion for a vote of no confidence however pertained only to the chairman. Although not reported in the minutes of that meeting, the

Keep Santa Rosa Beautiful, Inc.

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motion passed. The chairman did not step down. The KSRB board subsequently reelected the chairman to his position at the subsequent meeting held in September.

Audits

No audit of KSRB has ever been performed that we are aware of.

KSRB Accounting and Documentation

As mentioned previously, KSRB currently does not have an accountant (the second time during the period covered by this audit) and no accounting has been performed since February 2021.

As part of our review, we examined the accounting records of KSRB and the PBH. We attempted to match checks issued and debits made to invoices that would document the expense.

For KSRB accounts, for the calendar year January through September 30, 2021, we were able to locate invoices for 23 out of 153 checks or debits made.

For the 2020 calendar year we were able to locate invoices for 27 out of 336 checks or debits made. For the 2019 calendar year we were able to locate invoices for 89 out of 399 checks or debits made. For the 2018 calendar year we were able to locate invoices for 97 out of 353 checks or debits made.

Documentation that would support deposits to the accounts for KSRB, including that from plant sales was lacking. KSRB does not prepare an end of day sales summary of funds being deposited. We located check stubs from deposits of corporate donations and government allotments however, deposit summaries for other income including donations from the public were not prepared.

For plant sales, tickets are written each time plants are sold. Collections are kept in a bag and a deposit made periodically. Tickets are not batched to match deposits, rather, they are stored by month. There is no daily summary report where ticket numbers are listed to support the deposit being made. There is no way to reconcile revenues from the Green-Up Nursery to deposits of funds from plant sales. KSRB does not use any sort of inventory control system for plants.

Documentation for payments paid from the PBH account fared better. For the calendar year from January through September 30, 2021 we were able to locate invoices for 45 out of 70 checks or debits made.

For the 2020 calendar year we were able to locate invoices for 28 out of 35 checks or debits made. For the 2019 calendar year we were able to locate invoices for 2 out of 6 checks or debits made. For the 2018 calendar year we were able to locate invoices for 103 out of 158 checks or debits made.

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Given the lack of supporting documentation for entries in the accounting system, inadequate segregation of duties over the accounting process and the lack of minimum oversight or control by the governing body, we make no assertions regarding the accuracy of financial statements presented herein.

Panhandle Butterfly House and KSRB Separate or Combined

Several years ago, members of the PBH Advisory Committee became concerned with KSRB's financial viability. In January 2019, the then current chairman of the PBH Advisory Committee, a standing committee of KSRB, approached the chairman of KSRB with a proposal to separate the two operations. Not a lot is known about this meeting, but the matter was not pursued.

The matter was again presented, this time to the full KSRB board at their meeting on March 30, 2021 when members of the PBH Advisory Committee who also serve on KSRB's board of directors approached KSRB formally and presented a written resolution to accomplish the separation. The resolution called for PBH Advisory Board to form its own corporation and to transfer ownership of the Jones House as well as the PBH checking account. Concerns were raised that the PBH was not a 501(c)(3). Based on conversations with those present at the meeting, the board advised that any consideration of transferring assets to the PBH would require them to obtain 501(c)(3) status as a qualified charity. Minutes of that meeting indicated that the resolution did not pass.

The matter was brought back to the KSRB board the following week at the meeting held on April 6, 2021. A revised resolution was presented. This version made it clear that transfer of property to the newly formed corporation would not occur unless it was a valid 501(c)(3) organization. Members of the PBH Advisory Committee who also served on the board of KSRB voted for the resolution while the majority of KSRB's board voted against. The motion failed 4-6.

A motion did pass however giving the PBH Advisory Committee one year to complete the vivarium on their newly acquired property in Bagdad (the Jones House) to show they could follow through on their committee plans.

However, within six weeks of that meeting, KSRB removed the chairman of the PBH Advisory Committee, abolished the Committee, ended the Memorandum of Agreement with UF IFSAS, removed the PBH treasurer as a signer on PBH checking and savings accounts, added KSRB's treasurer to the accounts and introduced plans to sell both of KSRB's properties and move KSRB operations into the Jones House, the property purchased with PBH funds.

KSRB's board ended the MOA with UF IFAS at the May 25, 2021 meeting. The IFAS coordinator was absent at that meeting. Attempts by some members of the board to postpone the vote until she could attend failed. It appears that KSRB needed to end the MOA in that language in the agreement made clear that PBH finances are separate and apart from those of KSRB. Ending the MOA removes that restriction.

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In reviewing actions taken at KSRB board meetings as well as the presentation made at the September 14 Board of County Commissioners (BOCC) meeting it has become apparent that KSRB wishes to absorb the Panhandle Butterfly House into its own operations, take control of its funds in the checking and savings accounts and move into the Jones House to be used for its own operations.

First Payment on Mortgage Not Made

As mentioned previously, the purchase of the Jones House on Henry Street in Bagdad included a mortgage calling for three annual payments of \$25,000.00 (with interest at 3%) due in each of the three succeeding years on October 1 of each year. The first payment was due on October 1, 2021. At their monthly meeting held on May 17, 2021, the PBH Advisory Committee voted to make the first payment by June 15, 2021 to save on the incurring interest. By that time, the treasurer for the PBH had been removed as a signer on the account. The account was and is now controlled by KSRB.

That payment has not been made.

According to the terms of that mortgage note, failure to fulfill the covenant to pay each and every installment of principal and interest when due constitutes a broken covenant and all moneys shall become immediately due and payable at the option of the mortgagee. Representatives of the Blackwater River Foundation, Inc would not speak with us concerning the matter.

OTHER MATTERS

Refund to PayPal Account

The executive director ordered a window air conditioner online paying for it through PayPal. KSRB issued a check to PayPal for the cost. The air-conditioner was not shipped and the order cancelled. The company refunded the purchase price to the PayPal account, but those funds were never credited back to KSRB. In discussing the matter with the executive director, he explained that he used the credit in the PayPal account to make purchases of supplies for the nursery.

Lawsuit about Money Mentioned in BOCC Meeting September 14, 2021

During the BOCC meeting held on September 14, 2021, there was discussion regarding a lawsuit between the former chairman of the PBH and KSRB. We looked into the matter and learned that the chairman of the Advisory Committee for the PBH had used her own funds for ceiling fans for the Jones House (the new location of the butterfly house) and sought reimbursement from the PBH account. KSRB management refused to reimburse her from the PBH account (which KSRB now controls). A review of PBH Advisory Committee minutes indicate this transaction was approved by them. In reviewing accounting transactions and minutes of meetings of numerous Advisory Committee of the PBH we note that reimbursing members for use of their personal funds to make purchases for the PBH was a standard practice of that committee.

Executive Director Refers to Illegal Expenditures

During interviews with executive director, we were informed that the PBH had made illegal expenditures of their funds. He referred to expenditures made to incorporate the PBH as a Florida not-for-profit corporation and to obtain tax exempt status with the Internal Revenue Service as a 501(c)(3) organization. At the March 30, 2021 and April 6, 2021 meeting of the board, KSRB board members made it clear that they would not entertain any suggestion of transferring the Jones House or PBH funds to them unless they were a qualified 501(c)(3) organization. Expenditures to accomplish this were made from the PBH account by the PBH treasurer, a duly authorized signer on that account.

Suspected Misappropriation of Funds by Executive Director

In 2015, KSRB funds were used to pay for concert tickets and gas for a trip to Orange Beach for the Executive Director and one other. The matter was brought to the attention of the chairman of KSRB by the treasurer at the time. A board meeting was held. Based on interviews from those present at the meeting, the executive director explained that use of KSRB's debit card was merely an oversight and that he fully intended to repay the funds. No disciplinary action was taken. From conversations with the accountant at the time, there is no record that the funds were ever repaid. The chairman chose not to pursue the matter. As a result, three members of KSRB's board of directors, including the treasurer, resigned. Several years later other members of the board of KSRB found out about the incident. The matter was subsequently discussed with the local office of the FBI and the City of Milton Police Department. From what we understand in discussing the matter with the Milton Police Department detective in charge of the case, the amounts were minor to the point that both agencies chose not to pursue the matter.

Signature Cards Changed Without Action of the Board

In their attempts to take over the PBH financial operations, signature cards at the bank where the PBH Advisory Committee kept their funds were changed in early May of this year. A new signer on the account was added (the current treasurer for KSRB).

The bank provided us with a letter signed by the chairman of KSRB indicating that the chairman and executive board of KSRB had authorized the bank to add that person as a signer on the account. At the same time, the current treasurer for the PBH was removed as a signer on the account but there is no reference to this action in the letter provided by the bank. KSRB's board met on April 6 and April 27, 2021. There was no motion or action taken and no reference to changing signers on the PBH checking and savings account. No meetings of the executive board were held. These changes were made without a vote or resolution by KSRB.

Executive Director Employment Contract

The contract between KSRB and the executive director calls for \$25,000 salary, a \$6000 annual expense allowance for insurance, phone, etc. and 10% commissions on sales of plants in the Greenup nursery. At their meeting on January 30, 2018, the KSRB board voted to increase the salary of the executive director to \$30,000.00 and sales commission was increased to 12.5%. The monthly expense allowance stayed at \$500.00 per month. The salary for the Green-Up Nursery employee was increased to \$19,000.00 with a 7.5% commission.

The expense allowance is not reported as income on KSRB's W-2 form issued to the executive director.

KSRB and the Sunshine Law

Per information provided by the interim county attorney and based on her research of Florida law including Florida Attorney General Opinions, KSRB is not subject to the Florida sunshine law.

See Management's response to this report following.

End of Report

JOHN H. ADAMS

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OF COUNSEL

E. DIXIE BEGGS
1908 - 2001

BERT H. LANE
1917 - 1981

December 8, 2021

VIA EMAIL

Samuel S. Scallan
Director, Internal Audit
Santa Rosa County Clerk of Circuit Court
6495 Caroline Street, Suite B
Milton, Florida 32570
scallans@santarosaclerks.com

Re: Audit – Keep Santa Rosa Beautiful
Our File No. 22144-80517

Dear Mr. Scallan:

I represent Keep Santa Rosa Beautiful, Inc. herein “KSRB” and write in regard to your “report of Audit of Keep Santa Rosa Beautiful, Inc.” dated November 10, 2021. As you are aware, KSRB is a Florida non-profit corporation that has in the past received funding from Santa Rosa County and other governmental sources. KSRB also conducts numerous private activities that are not related or tied to the matters for which it received or receives funding from Santa Rosa County.

As an initial matter, KSRB does not dispute and agrees that the County has the authority to examine the use of funds received by KSRB from the County. KSRB desires to be a good partner with Santa Rosa County for the good work KSRB does in Santa Rosa County. To that end, I note that your “report of audit” did not identify one instance of malfeasance on behalf of KSRB including with respect to the funds contributed to KSRB by Santa Rosa County.

I am aware of no authority that authorizes the Clerk of Santa Rosa County to audit all facets of a private not for profit corporation as you have done in your report. Your report comments on private disputes between members of KSRB and its former board members, a business relationship between KSRB and another nonprofit, a small claims lawsuit concerning a few hundred dollars, and what you classify as “suspected misappropriation funds by executive director” which concerned an incident that occurred 6 years ago and involved \$196 which has now long been resolved. These attempts to audit activities well beyond the scope of funds contributed to KSRB by Santa Rosa County constitutes government overreach. Because KSRB desires to continue to

be a good partner with Santa Rosa County, KSRB is providing a response to your “report of Audit”, but it should not be interpreted that this response is an acknowledgement that the Clerk has authority to audit facets of KSRB which do not relate to funding received from Santa Rosa County.

In your “report of audit” you state that the audit was conducted as a result of “*reviewing numerous public comments concerning the operation of KSRB and the Panhandle Butterfly House*”. While these complaints are not enumerated in your “report of audit”, I would note that it is my understanding that the “genesis” of most of these complaints against KSRB result from a dispute between KSRB and Jenny Weber over Ms. Weber’s misappropriation of KSRB’s personal and intellectual property. Ms. Weber is a former board member of KSRB who owed and owes certain duties to KSRB. Ms. Weber’s actions will likely result in KSRB filing suit against her in the appropriate Court which I anticipate will be the United States District Court for the Northern District of Florida. A private dispute, such that between KSRB and Ms. Weber, does not create authority within the Clerk’s office to commence an expansive audit of matters not related to the funding received by KSRB from the County.

I am also aware of Complaints raised by Jerry Couey concerning complaints that members of the KSRB Board of Directors were violating the Sunshine Law. I would note that in your “report of Audit” it appears it is the legal opinion of the interim County Attorney, KSRB “*is not subject to the Florida Sunshine Law*”. I concur with this legal opinion.

If there are other complaints which generated the request or legal authority of which you are aware that supports the Clerk’s authority to audit private entities in facets not related to funding received by the County, I would appreciate you or your attorney sharing same with me. I certainly could be unaware of same. With regard to your report, I would provide the following response from KSRB.

I. Background

Regarding the background section of your “report of audit”, I would point out that the Panhandle Butterfly House and any assets affiliated therewith are owned by KSRB. While there may have been a separate advisory board for the Panhandle Butterfly House, the assets which comprise the butterfly function of KSRB and the actions of any advisory committee are owned by and subject to Board of Directors of KSRB.

II. Findings

A. Financial Operations.

In your financial operations, you note that KSRB has “lost money each year”. KSRB is a non-profit entity governed by its by-laws. It is not an entity whose mission is to make a profit, by the very definition of its corporate status. As you note, certain of the operations of KSRB and its butterfly house had to change in 2018 when the butterfly house was forced to move from Navarre Park. The difficulty of this transition was made more difficult by the COVID 19 pandemic.

B. Panhandle Butterfly House and KSRB Separate or Combined.

You spend much of your report addressing the current dispute between KSRB and those former board members who attempted to take control of the personal, real and intangible property of KSRB which constitute the Panhandle Butterfly House. It is unclear to me the relevance of your analysis on this legal issue to the funding the County has provided and may provide in the future. It is further unclear what interest if any the County has in these private operations of KSRB.

C. First Payment on Mortgage not Made.

With regard to KSRB's mortgage with the Blackwater River Foundation, it is unclear what if anything this had to do with the scope of the County's audit into funding it has made to KSRB. You cite certain provisions of the note and appear to give a legal opinion on what you perceive to be a default under the note and mortgage and the resulting remedies. Private parties accommodate each other all of the time regarding notes and mortgages and the payments due thereunder, particularly during a pandemic. These private relationships are not the government's concern which is likely why the Blackwater River Foundation, Inc. would not talk to you.

D. Internal Controls

I note that a large portion of your report focuses on what you perceive to be a lack of internal controls at KSRB. I agree with your assessment that "*in any small not-for-profit organization it is often difficult to ensure adequate separation of duties*". Most small not-for-profit organizations such as KSRB are unable to implement the extensive internal controls which are implemented by large organizations with larger budgets. I note that in your suggestions concerning internal controls, you don't note any incident of theft or malfeasance. Therefore, it is clear you are not suggesting your perceived lack of internal controls have resulted in any theft or any loss. It is also important to note that KSRB's 2020 Form 990 was filed with no penalties.

The Board of Directors of KSRB will review your suggestions concerning internal controls and make recommendations and changes as the Board deems appropriate.

E. Board Responsibility for Control

You note in this section of your report that the Board only met twice in 2020, in January and February. I am sure you will agree that the COVID Pandemic affected the ability of board of nonprofits to meet and the ability of board to add new members. Similar to your suggestions concerning internal controls, the Board will take suggestions into consideration and make recommendations and changes as the Board deems appropriate.

F. KSRB Accounting and Documentation

The Board will take suggestions into consideration and make recommendations and changes as the Board deems appropriate. However it is important to note that KSRB provided invoices and other documents for amounts paid. This documentation was offered to you. With regard to plant sales, every plant sold at the nursery has a sales ticket, and if the sale is made by

credit card, the card receipt is attached to the sale ticket. The deposits on the bank statements reflect sales but you did not review those. Further, there have been limited plant sales since March of 2020 because of COVID 19.

G. Deliverables – Programs of KSRB

On or about September 14, 2021, KSRB's executive director reported to the Board of County Commissioners concerning clean ups executed for 2021. Because of the COVID 19 Pandemic, cleans ups for 2020 were almost nonexistent.

H. Transparency and Accountability – KSRB Website

The Board will consider your thoughts on its website and make recommendations and changes as the Board deems appropriate. However, it is important to note that the website provides contact information whereby third parties can contact KSRB for more information.

I. Federal Tax Identification Number.

Any issues concerning the Tax ID number on any contract that KSRB has with the County can be easily remedied.

J. Other Matters.

With regard to the refund to paypal account for a window air conditioner listed in your "Report of Audit", those funds have been used for other purposes and this is a non-issue. Documentation was provided to you reflecting KSRB's use of this refund to purchase trash grabbers and a few miscellaneous items.

It also appears you provide your legal opinion on the litigation that Ms. Weber filed in small claims court against KSRB. It is unclear why the County is weighing in on this private dispute. KSRB has claims against Ms. Weber which need to be addressed in relation to Ms. Weber's claims. As noted above, those claims will likely be addressed in the United States District Court for the Northern District of Florida. These claims include the claim that Ms. Weber and others used funds of KSRB to establish a non-profit corporation by which they sought to take custody and control of the personal and intangible property of KSRB. These incidents lead to the signature cards being changed, on advice of counsel, to prevent Ms. Weber's group from absconding with other assets which were owned by KSRB. Again, it is unclear how these actions are related to the funding from Santa Rosa County.

Finally, to the extent the wages of KSRB's executive director are not reported properly on his W-2, the Board will review and address. However, that is not a matter related to the funding KSRB receives from Santa Rosa County.

December 8, 2021

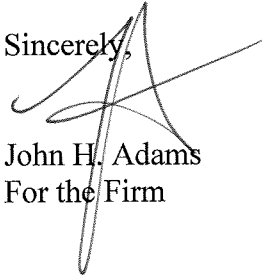
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K. Conclusion

As previously stated, KSRB desires to continue its decades of service to Santa Rosa County and its citizens. While KSRB has certainly encountered roadblocks such as the relocation of the butterfly house, the COVID 19 pandemic and the attempted misappropriation of its assets by its now former board members, KSRB continues to fulfill its mission to keep Santa Rosa County a beautiful place to live, work and play.

If you would like to discuss this report, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "John H. Adams". The signature is stylized with a large, sweeping "A" and a long horizontal stroke extending to the right.

John H. Adams
For the Firm

JHA/jnc

cc: Keep Santa Rosa Beautiful, Inc. (via email)

ARTICLE IX

PANHANDLE BUTTERFLY HOUSE

Section 1. Party Relationships: The Panhandle Butterfly House (PBH) is a program of Keep Santa Rosa Beautiful (KSRB) and is affiliated with UF/IFAS Extension. The PBH conducts business under the KSRB 501c3. KSRB and UF/IFAS Extension are parties to a Memorandum of Agreement in support of the PBH that outlines the rights and responsibilities of the parties.

Section 2. PBH Policies and Procedures: The PBH may operate under its own policies and procedures. The PBH proposed policies and procedures shall be submitted by the PBH executive committee to KSRB and approved by the KSRB Board of Directors by a vote in compliance with Article V, Section 5, of these bylaws before they are deemed a legal document. Any subsequent additions, deletions or other changes in any form to the PBH policies and procedures shall be submitted to, and approved by, the KSRB Board of Directors by a vote in compliance with Article V Section 5 of these bylaws before they are deemed a legal document. The PBH shall operate under an advisory committee as laid out by the PBH policies and procedures. All business and operations, and the policies and procedures of the PBH shall comply with Article II, Article XI and Article XIII of these bylaws and conform with the mission of KSRB as laid out by the KSRB articles of incorporation filed with Florida department of corporations.

Section 3. Operations: The PBH advisory committee are responsible for all operational costs including staffing, maintenance, and operations of the PBH. The PBH advisory committee is responsible for all operations of the PBH, including but not limited to, staffing, maintenance of PBH facility and property, and programs.

Section 4. Staffing: All paid employees of the PBH shall be compensated by KSRB with funds from the PBH general fund. All insurance, taxes and other expenses of the PBH shall be paid for by the PBH and will come from PBH funds. Any employee hired and retained by the PBH shall be approved by the KSRB board of directors in consultation with the KSRB committee that oversees the PBH program.

Memorandum of Agreement Between

**Santa Rosa Clean Community System, Inc.
6758 Park Avenue, Milton, FL 32570**

and

**University of Florida/IFAS Santa Rosa County Extension
Service
6263 Dogwood Drive, Milton, FL 32570**

in support of

**Panhandle Butterfly House
8581 Navarre Parkway
Navarre, FL 32566**

2/28/2013 Revision 2.0

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Introduction

This Memorandum of Agreement between Santa Rosa Clean Community System, Inc. (SRCCS) and University of Florida/IFAS Santa Rosa County Extension Service (UF/IFAS SRC Extension) is in support of the Panhandle Butterfly House (PBH).

When the Navarre Chamber of Commerce created a Nature Walk at Navarre Park in Navarre, FL, Jack and Fonda Wetherell persuaded the Chamber to add a butterfly house.

With the help of the Chamber, Santa Rosa Clean Community System, Inc., UF/IFAS Cooperative Extension, Florida Master Gardeners, garden clubs, businesses and community volunteers, the Panhandle Butterfly House became a reality. It first opened on Memorial Day, 1997.

The mission of the Panhandle Butterfly House is to increase the public's awareness of butterflies and their important role in the environment.

The objectives of the Panhandle Butterfly House are:

- To increase awareness of Florida's biological diversity
- To foster a better understanding and increase awareness of our natural world
- To stimulate the pursuit and enjoyment of science and natural history education
- To inspire students and teachers in all grade levels
- To promote environmental stewardship
- To foster a better understanding of butterflies and increase awareness of the natural habitat in which butterflies thrive
- To assist and support butterfly conservation efforts
- To provide family recreation

Over the years the number of visitors to the PBH have increased steadily as well as the educational events held at the PBH. The PBH organization is managed and maintained by volunteers and supported via tax-deductible donations, grants, fundraisers, and the profits from sales of educational and supporting materials.

With increased revenues and increasing local and extended community educational outreach the activities of the PBH benefit from the documented and agreed to support from UF/IFAS SRC Extension and SRCCS.

The mission and objectives of the PBH are harmonious with those of SRCCS and UF/IFAS SRC Extension. With the successful historical relationship between the PBH and these two organizations, they are the perfect organizations to continue to guide and monitor the PBH and its continued growth.

Purpose

This Memorandum of Agreement (MOA) is to specify and clarify the operating, financial and management practices among all parties as they concern the Panhandle Butterfly House.

With SRCCS and UF/IFAS SRC Extension offering financial, administrative, community relationship, and educational content guidance to the PBH volunteer organization the agreements in this document are between SRCCS and SRC Extension.

In support of the PBH, and within the realm of this agreement, these parties agree to work together for the benefit and support of the PBH.

Representation

The Extension Faculty in Environmental Horticulture and Master Gardener Coordinator from UF/IFAS SRC Extension will serve as PBH Extension Coordinator in support of PBH educational and extension activities.

The SRCCS Office Manager will serve as the SRCCS Financial Advisor for day-to-day interactions between the PBH and SRCCS and advice and guidance on financial matters.

Party Relationships

UF/IFAS SRC Extension will be the primary support for the PBH's educational mission and objectives. The PBH gardens and educational programs will be in direct support of Extension goals. The PBH shall operate as an activity in the UF/IFAS SRC Extension's horticulture program.

SRCCS will be the primary support for the PBH's financial management and accounting. The PBH shall operate as a program of the SRCCS supporting the SRCCS mission of protecting and enhancing our environment through education, awareness and action. The SRCCS will monitor and review the financial activities of the PBH.

Within Santa Rosa County Government guidelines and restrictions (since the PBH is located on County property) the PBH is responsible for maintenance and enhancement of its structures, gardens, tours, programs and events to support the PBH educational mission. It is also responsible for processes and practices to support visibility of PBH actions (both educational and financial) to UF/IFAS SRC Extension and SRCCS.

Organization and Interaction

The PBH has an Advisory Committee (AC) consisting of activity chairpersons, the PBH Extension Coordinator, the SRCCS Financial Advisor and the PBH Executive Committee. The PBH Executive Committee consists of the President, President Elect, current Past President, Treasurer, and Secretary.

The Advisory Committee is the voting authority on all actions coming before them in regularly scheduled AC meetings. To be able to have a valid vote there must be a majority attendance (or quorum) of the total current Advisory Committee. (The PBH Extension Coordinator and the SRCCS Financial Advisor do not have votes in AC meeting actions. They express opinion and offer guidance.)

Should a quorum of the Advisory Committee not exist at a given AC meeting, voting may still be done if there is a majority attendance (or quorum) of just the Executive Committee. In this instance a vote by the Executive Committee alone shall constitute a valid Advisory Committee meeting vote. Should a quorum of the Executive Committee also not exist at the given meeting then voted business activities cannot take place at that meeting.

Other community advisors may be appointed as additional non-voting members of the Advisory Committee with majority agreement of the Executive Committee and the PBH Extension Coordinator and SRCCS Financial Advisor.

Each year a new PBH Executive Committee is appointed by majority agreement of the current PBH Executive Committee and approval by the PBH Extension Coordinator (representing the County Extension Director) and the SRCCS Financial Advisor (representing the Executive Director of Santa Rosa Clean Community System, Inc.).

As a valuable aid to communications the PBH Treasurer may attend SRCCS Board meetings representing the PBH and report back to the PBH from that meeting. If the PBH Treasurer is unavailable to attend an SRCCS Board meeting the PBH President, current Past President or Secretary (in this order) may attend in their stead.

Financial Considerations

This MOA does not create any monetary or funding commitments to or from any of the parties involved. The PBH will earn and pay for any accounting, maintenance, educational, or other items as required to fulfill its mission via grants, fundraisers, donations and the sale of appropriate educational and informational items.

On behalf of the University of Florida Cooperative Extension Service the UF/IFAS SR County Extension Director (CED) is accountable for administrative oversight of

all funds associated with an Extension Program. The UF/IFAS SR County Extension Director may delegate this administrative oversight to an appropriate authorized tax-exempt organization.

With SRCCS a non-profit, charitable organization, 501(c)3 qualified, and registered in the state of Florida, the UF/IFAS SR County Extension Director delegates financial management duties associated with all banking accounts of the PBH to the Executive Director, SRCCS.

The PBH will manage their finances in SRCCS banking accounts separate from all other SRCCS banking accounts. There will be no commingling of the PBH funds with any other SRCCS funds or the funds of any other organization. Due to the financial relationship of the SRCCS and the PBH, the Executive Director, SRCCS may have signature access to the PBH banking accounts. No one else outside of the PBH Executive Committee may have signature access to PBH accounts. The Executive Director, SRCCS will assure control over PBH banking accounts and that no one within SRCCS withdraws funds from these accounts.

The PBH may have more than one banking account (as examples, a day-to-day operating funds account and a separate repair or replacement fund for its physical properties).

There will be an EIN on any and all PBH banking accounts, and the Panhandle Butterfly House name will be on the account. Since the PBH is operating under SRCCS financial management the PBH will use the EIN associated with SRCCS and the name on the banking accounts will be Santa Rosa Clean Community System, Inc., DBA Panhandle Butterfly House.

The PBH will have a finance committee. This committee will consist of the PBH Treasurer, PBH SRC Extension Coordinator, SRCCS Financial Advisor, PBH President, President Elect, current Past President and up to two community representatives as agreed to by the PBH Executive Committee.

The PBH Finance Committee will prepare a PBH proposed annual budget. The proposed annual budget must be approved by a majority vote of the PBH Advisory Committee and agreement of the SRCCS Financial Advisor and PBH SRC Extension Coordinator.

Modifications to the PBH annual budget may be made during the year as approved by a majority of the PBH Advisory Committee with agreement of the SRCCS Financial Advisor and PBH SRC Extension Coordinator.

The PBH annual budget is the basis for all financial records and accounting for the PBH. The PBH annual budget is based on a January to December operating period.

Financial Records and Reviews

The PBH Treasurer will provide to the UF/IFAS SR County Extension Director, the SRCCS Executive Director and the PBH Advisory Committee financial reports on a regular basis as created from the PBH accounting database and represented in Appendix A to this document.

These financial reports may be modified as required over time with approval of the PBH Finance Committee and agreement of the SRCCS Financial Advisor and PBH SRC Extension Coordinator. When modified a new Appendix A will be released by the PBH Treasurer to the PBH Advisory Committee, UF/IFAS SR County Extension Director, and the SRCCS Executive Director.

All financial records of the PBH shall be open to financial reviews as required by UF/IFAS Extension and SRCCS financial procedures.

The PBH Finance Committee will document requirements for regular and/or annual financial reviews in the PBH Financial Policies. Additional information may be required for these reviews as requested by the PBH Executive Committee, SRCCS Financial Advisor or the PBH Extension Coordinator.

The PBH Finance Committee will perform financial reviews as recommended in UF/IFAS "Policies and Procedures for Handling Funds in County Extension Programs". The PBH Treasurer will prepare reports to document these reviews. The reviews and reports must be satisfactory to the SRCCS Financial Advisor and the PBH Extension Coordinator. The SRCCS Executive Director and UF/IFAS SR County Extension Director may check the review findings as required.

SRCCS will hold all PBH financial records on file for seven (7) years for all accounts reviewed, including copies of supporting documents such as bank statements, ledgers, receipts, and check copies, for all PBH accounts. These records will be made available to UF/IFAS SR County Extension upon request.

Other Considerations

The PBH will track statistical data (for example number of visitors, number of attendees at events, and tours attendance). This information will be made available as requested to SRCCS and UF/IFAS SR County Extension.

Minutes of the PBH Advisory Committee meetings will be made available to the UF/IFAS SRC Extension Director and SRCCS Executive Director by the PBH Secretary after being approved by the PBH Advisory Committee.

As deemed necessary, the PBH Executive Committee may hold meetings independent of the Advisory Committee. These meetings shall be documented by minutes and after approval by the PBH Executive Committee the minutes will be

made available to the PBH Advisory Committee, UF/IFAS SRC Extension Director and SRCCS Executive Director.

Practices and Controls

The PBH Advisory Committee will control and manage all operations of the PBH as stated by this document and other PBH process guidelines and documents. Digital files for all master documents will be maintained in Microsoft Word format. All documents will contain a last approval date. PDF versions of all documents will be available on the password protected Advisory Committee webpage and made available to SRCCS as requested.

PBH financial policies will be created and maintained by the PBH Finance Committee. These policies will adhere to and support all policies and procedures required by the UF/IFAS "Policies and Procedures for Handling Funds in County Extension Programs". Where there are differences between those policies and this MOA, the MOA shall prevail.

PBH Operating Procedures will be created and maintained by the PBH Executive Committee.

Both the PBH Financial Policies and any PBH operating procedures will be approved by a majority agreement of the PBH Advisory Committee, and agreement of the PBH Extension Coordinator and SRCCS Financial Advisor.

Appendix A – Monthly PBH Financial Reporting

Regular PBH Financial Reporting will consist of:

- Itemized Approved Budget Categories Income and Expense for Prior Month
- Itemized Approved Budget Categories Income and Expense Year-to-Date thru Prior Month
- Itemized Approved Budget Categories vs. Actuals Year-to-Date Prior Month

Budget vs. Actuals report for December will be closing Budget vs. Actuals report for the year.

Following pages are examples of this reporting for June 2012.

In addition to these reports a copy of the reconciled bank account(s) statement(s) for the prior month will be made available to Santa Rosa Clean Community System, Inc. Executive Director, UF/IFAS Santa Rosa County Extension Service County Extension Director, PBH SRCCS Financial Advisor, PBH Extension Coordinator, PBH President, PBH President Elect and PBH Current Past President by the PBH Treasurer.

*Itemized Categories by Month - Jun 2012
6/1/2012 through 6/30/2012 (Cash Basis)

2/11/2013

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Date	Num	Description	Memo	Amount
INCOME				3,306.37
BRICKS, COMMEMORATIVE				70.00
DONATIONS				3,436.49
Business Donations				250.00
Daily Donations				3,008.49
Tours Donations				178.00
MERCHANDISE				-200.12
17X T-Shirts Children				-326.88
1XX T-Shirts Adults				-118.86
201 Butterflies of Florida Puzzle				102.00
202 Bookmark - Laminate & Paper				32.00
203 Magnetic Bookmarks				-87.06
205 FL Butterfly Encounters				-4.00
206 FL Guide to Butterfly Gardening				120.00
207 FL Wildflower Book				15.00
208 FL Perennials				20.00
209 Airplanes in the Garden Book				8.01
210 Butterfly Moth Folding Card				-284.38
273 Butterfly ID Deck 1				36.00
274 Butterfly ID Deck 2				-107.00
275 Helpful, Harmful, Harmless ID Deck				96.00
401 Adopt a Monarch Button				90.00
901 Measuring Tape				30.00
902 Milkweed Seeds				-21.00
Bracelet				48.00
Florida State Sales Tax to SRCCS				-27.95
Jewelry				180.00
EXPENSES				-2,606.74
ADMINISTRATIVE				-71.21
6/5/2012	368	Postage Stamps		-46.25
6/18/2012	376	... Reimburse Peggy Gray	Brown Envelopes	-11.02
			notebook tab dividers w/po...	-13.94
BUTTERFLIES				-1,899.76
DOCENT SUPPLIES				-146.40
6/18/2012	376	... Reimburse Peggy Gray	Postit Notes	-9.00
			butterfly net	-4.54
6/26/2012	381	... Reimburse Peggy Gray	frame for donations box	-2.66
6/26/2012	382	Reimburse Patricia Fandt Docent ...	docent class materials for 6...	-130.20
EQUIPMENT				-178.03
6/18/2012	378	Reimburse Mary Peterzen Shark ...	Floor cleaner	-127.47
6/18/2012	373	... Reimburse Jay Regehr Facilities	Fire Extenquisher	-50.56
FACILITIES				-311.34
6/18/2012	376	... Reimburse Peggy Gray	Snake Chaser	-50.00
6/18/2012	373	... Reimburse Jay Regehr Facilities	lock box, paint, irrigation, b...	-185.96
6/18/2012	379	B & C Fire Safety	test and tag fire extinquisher	-45.60
6/26/2012	381	... Reimburse Peggy Gray	stool for Marketeers	-29.78
OVERALL TOTAL				699.63

Itemized Categories Year to Last Month
1/1/2012 through 6/30/2012 (Cash Basis)

2/7/2013

Page 1

	Date	Amount
INCOME		8,151.81
AMAZON SERVICES		65.07
BRICKS, COMMEMORATIVE		390.00
BUTTERFLY BUDDY		450.00
DONATIONS		7,427.94
Business Donations		1,250.00
Club Donations		550.00
Daily Donations		3,745.75
Kaleidoscope Membership		25.00
Tours Donations		1,857.19
FUNDRAISERS		86.00
Plant Sale		86.00
MERCHANDISE		-267.20
17X T-Shirts Children		-326.88
1XX T-Shirts Adults		90.14
201 Butterflies of Florida Puzzle		-86.68
202 Bookmark - Laminate & Paper		46.00
203 Magnetic Bookmarks		-87.06
205 FL Butterfly Encounters		-47.66
206 FL Guide to Butterfly Gardening		-68.07
207 FL Wildflower Book		15.00
208 FL Perennials		20.00
209 Airplanes in the Garden Book		6.01
210 Butterfly Moth Folding Card		-284.38
273 Butterfly ID Deck 1		48.00
274 Butterfly ID Deck 2		-107.00
275 Helpful, Harmful, Harmless ID Deck		15.33
401 Adopt a Monarch Button		215.00
901 Measuring Tape		33.00
902 Milkweed Seeds		-21.00
Bracelet		48.00
Calendars		15.00
Florida State Sales Tax to SRCCS		-27.95
Jewelry		236.00
EXPENSES		-8,994.02
ADMINISTRATIVE		-395.69
BUTTERFLIES		-4,543.75
DOCENT SUPPLIES		-368.79
EQUIPMENT		-1,183.13
FACILITIES		-848.56
GARDENS		-1,335.41
KIDERPILLAR		-33.70
MARKETING		-3.77
MEMBERSHIPS		-100.00
POST OFFICE BOX		-120.00
VOLUNTEERS BANQUET		-61.22
OVERALL TOTAL		-842.21

Agreement

Formal acceptance of this MOA will be via signatures of the Santa Rosa Clean Community System, Inc. Executive Director and the UF/IFAS Santa Rosa County Extension Service County Extension Director.

This agreement may be amended or modified with approval and signature of the above parties.

This MOA will remain in effect until modified or terminated.

This MOA maybe terminated by either party with signed written notice to the other thirty (30) days prior to MOA termination.

The original and any future modified signed (and master digital) copies of this MOA will be filed at the UF/IFAS SRC Extension office and copies will be available upon request. The current master digital copy is created and will be maintained as a Microsoft Word format document file.

Signatures

The undersigned warrant that they are duly authorized on behalf of the body they represent to sign this Memorandum of Agreement and bind their respective parties to the terms and conditions of this MOA.

UF/IFAS Santa Rosa County Extension Director

Date _____



Santa Rosa Clean Community System, Inc.
Executive Director

Date 3/20/13

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Nick T. Place, Ph.D., Dean and Director, Florida
Cooperative Extension Service

Date 6/12/13

John Tonkin, Executive Director, Santa Rosa
Clean Community System, Inc.

Date _____

