

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1502  
 SPONSOR: Senator Mitchell  
 SUBJECT: Citizen Support Organization Audits  
 DATE: February 1, 2002 REVISED: 02/05/02 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Gee</u>	<u>Voigt</u>	<u>NR</u>	<u>Fav/1 Amendment</u>
2.	_____	_____	<u>GO</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill revises the requirements for annual audits of citizen support organizations.

This bill amends ss. 20.2551 and 258.015 of the Florida Statutes.

**II. Present Situation:**

Pursuant to ss. 20.2551 and 258.015, F.S., Citizen Support Organizations (CSOs) are not for profit corporations which have been created to provide support to the state park system. Such CSOs are authorized to conduct programs and activities; raise funds; request and receive grants, gifts, and bequests of money; acquire, receive, hold, invest, and administer, in their own names, securities, funds, objects of value, or other property, real or personal; and make expenditures to or for the direct or indirect benefit of the state park system or individual units of the state park system. Such CSOs must be approved by the Division of State Parks of the Department of Environmental Protection (DEP), which must determine that a CSO is consistent with the goals of the state park system and in the best interests of the state. Currently, CSOs or other direct-support organizations also exist to support the Fish and Wildlife Conservation Commission, the Department of State, and the public education system, at a minimum.

Because CSOs often have limited financial resources and expenditures, until recently they were not always required to have an annual audit conducted by an independent certified public accountant. Due to the expense of a typical audit, only CSOs having annual expenditures of \$100,000 or more were required to have such an independent audit. However, in enacting s. 22 of ch. 2001-266, L.O.F., the 2001 Legislature deleted the exemption from audits for CSOs having annual expenditures of less than \$100,000. The deleted provisions were included in an omnibus bill (SB 822) primarily relating to auditing matters. The bill consolidated a number of

provisions of law establishing CSO and direct support organization audit requirements into four provisions, i.e., ss. 215.981, 237.40(4), 240.299(5), and 240.331(6), F.S. In these provisions, no such organizations were exempted from audit requirements.

The DEP reports that it currently has 77 CSOs supporting its operations. In recent years, no more than six have had expenditures of \$100,000 or more and required an audit. The DEP also reports that, for some CSOs, the cost of the required audit may exceed annual revenues. The Joint Legislative Auditing Committee estimates that a typical CSO audit would cost \$1,500-\$5,000. The DEP supports reinstating the \$100,000 annual expenditure threshold before an audit is required.

### **III. Effect of Proposed Changes:**

Sections 20.2551 and 258.015, F.S., are amended to require any CSO having annual expenditures of \$100,000 or more to have an annual post audit of its financial accounts conducted by an independent certified public accountant in accordance with rules to be adopted by the DEP. The annual audit report must be submitted to the Auditor General and the DEP for review.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Economic Impact and Fiscal Note:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

CSOs supporting the state park system that do not have annual expenditures of \$100,000 or more would not incur annual audit expenses estimated at \$1,500-\$5,000.

#### **C. Government Sector Impact:**

There could be a benefit to the DEP because there is a possibility that some CSOs otherwise would cease to operate due to the high expense of the audits.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

#1 by Natural Resources:

The amendment deletes everything after the enacting clause and, instead, amends s. 215.981, F.S., to require that a citizen support or other direct-support organization need only have an annual audit conducted by a certified public accountant when its annual expenses exceed \$100,000. (WITH TITLE AMENDMENT)

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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