# THE ARC OF FLORIDA, INC.

# TALLAHASSEE, FLORIDA

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED JUNE 30, 2019

Audit Provided by Kaye Kendrick Enterprises, LLC

# THE ARC OF FLORIDA, INC.
# FOR THE YEAR ENDED JUNE 30, 2019

## Contents


INDEPENDENT AUDITORS' REPORT ..... 3

STATEMENT OF FINANCIAL POSITION ..... 5

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS ..... 6

STATEMENT OF FUNCTIONAL EXPENSES ..... 7

STATEMENT OF CASH FLOWS ..... 8

NOTES TO FINANCIAL STATEMENTS ..... 9

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE ..... 14

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE ..... 15

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .. 15

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL ..... 18

SCHEDULE OF FINDINGS AND QUESTIONED COSTS ..... 20

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Arc of Florida, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Arc of Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the

financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arc of Florida, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance, as required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated, October 7, 2019, on our consideration of The Arc of Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Arc of Florida, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Arc of Florida, Inc.'s internal control over financial reporting and compliance.

Kaye Kendrick Enterprises, LLC

Kaye Kendrick Enterprises, LLC
Tallahassee, Florida
October 7, 2019

# THE ARC OF FLORIDA, INC.
# STATEMENT OF FINANCIAL POSITION
# JUNE 30, 2019

ASSETS

| | | |
|---|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | $ | 696,759 |
| Project Receivables | | 3,300 |
| Prepaid Expenses | | 10,234 |
| Property and Equipment, Net | | 272,150 |
| TOTAL ASSETS | $ | 982,443 |

LIABILITIES AND NET ASSETS

| | | |
|---|---|---|
| LIABILITIES | | |
| Accounts Payable | $ | 18,681 |
| Compensated Absences | | 13,391 |
| Total Liabilities | | 32,072 |
| NET ASSETS | | |
| Without Donor Restrictions | | |
| Undesignated | | 359,559 |
| Designated by the Board for Training | | 308,932 |
| Designated by the Board for Tristan's Legacy | | 21,000 |
| Invested in Property & Equipment | | 260,880 |
| Total Net Assets | | 950,371 |
| TOTAL LIABILITIES AND NET ASSETS | $ | 982,443 |

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

# THE ARC OF FLORIDA, INC.
# STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
# FOR THE YEAR ENDED JUNE 30, 2019

| | | |
|---|---|---|
| **Without Donor Restrictions** | | |
| REVENUE AND OTHER SUPPORT | | |
| Member Dues | $ | 315,718 |
| Project Agreements | | 3,924,571 |
| In-Kind Contributions | | 117,853 |
| Contributions | | 25,734 |
| Rental Income | | 9,000 |
| Other Income | | 5,887 |
| Total Revenues and Other Support | $ | 4,398,763 |
| EXPENSES | | |
| Program Services | | 3,982,822 |
| Management and General | | 396,375 |
| Total Expenses | $ | 4,379,197 |
| Change in Net Assets | | 19,566 |
| Net Assets, Beginning of Year | | 930,805 |
| Net Assets, End of Year | $ | 950,371 |

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

# THE ARC OF FLORIDA, INC.
# STATEMENT OF FUNCTIONAL EXPENSES
# FOR THE YEAR ENDED JUNE 30, 2019

| | 2019 | | |
|---|---|---|---|
| | Program Services | Management & General | Total |
| Contract Dental Services | $ 2,637,738 | $ - | $ 2,637,738 |
| Salaries and Benefits | 550,437 | 153,784 | 704,221 |
| Bad Debt | 1,498 | - | 1,498 |
| Hurricane Relief | 27,051 | - | 27,051 |
| Scholarships | 1,033 | - | 1,033 |
| Professional Services | 55,075 | 65,737 | 120,812 |
| Travel, Conventions, & Meetings | 655,338 | 134,556 | 789,894 |
| Office Expense | 26,851 | 16,275 | 43,126 |
| Insurance | 6,792 | 1,719 | 8,511 |
| Depreciation | 7,460 | 2,620 | 10,080 |
| Licenses and Fees | 6,240 | 2,525 | 8,765 |
| Distributions to Affiliates | - | - | - |
| Stipends | - | 140 | 140 |
| National Dues and Expense | - | 13,298 | 13,298 |
| Promotional and Marketing | 1,481 | 1,330 | 2,811 |
| Telephone and Utilities | 5,498 | 1,816 | 7,314 |
| Dues and Publications | - | 1,254 | 1,254 |
| Other Expense | 330 | 1,321 | 1,651 |
| Total expenses included in the expense section on the Statement of Activities | $ 3,982,822 | $ 396,375 | $ 4,379,197 |

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

# THE ARC OF FLORIDA, INC.
# STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED JUNE 30, 2019

| | |
|---|---|
| Reconciliation of Change in Net Assets to Net Cash from Operating Activities | |
| Change in Net Assets | $ 19,566 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | |
| Depreciation | 10,080 |
| Changes in Operating Assets and Liabilities | |
| Member Dues Receivable, Net | 8,245 |
| Other Receivables | 57,122 |
| Prepaid Expenses | (1,921) |
| Building Improvements | (21,350) |
| Accounts Payable | (69,646) |
| Compensated Absences | (10,909) |
| Obligated Contract Funds | (4,236) |
| Net Cash Used in Operating Activities | (13,049) |
| Net Change in Cash and Cash Equivalents | (13,049) |
| Cash and Cash Equivalents, Beginning of Year | 709,808 |
| Cash and Cash Equivalents, End of Year | $ 696,759 |

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

# THE ARC OF FLORIDA, INC.
# NOTES TO FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2019

***Note 1 – Principal Activity and Significant Accounting Policies***

**Organization**

The Arc of Florida, Inc. (Organization) is a nonprofit corporation organized under the laws of the State of Florida and advocates for its local chapters and promotes activities appropriate to strengthening and unifying support for people with developmental disabilities so that these individuals are fully included in all aspects of their community. The Organization works with local, state, and national partners and advocates for people with intellectual disabilities, autism, spina bifida, cerebral palsy, Prader-Willi syndrome, and other developmental disabilities to be fully included in all aspects of their community. The Organization also works to reduce the incidence of and eliminate the consequences of developmental disabilities through education, awareness, research, advocacy, and support of families, friends, and the community.

**Cash and Cash Equivalents**

Cash and highly liquid financial instruments, with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are established to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

**Member Dues Receivable**

Member dues receivable are due from member associations and other entities, net of allowances for uncollectible accounts. The Organization determines the allowance for uncollectible accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Member dues receivable are written off when deemed uncollectable. At June 30, 2019, the member dues receivable was $6,000, less an allowance for doubtful accounts of $6,000, and is recorded at net realizable value in the amount of $0.

**Property and Equipment**

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over their estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the

respective assets are expensed in the year incurred.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions, in the period they are received. The Organization also receives donated and discounted dental services, which are reflected at fair market value in the accompanying financial statements.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# THE ARC OF FLORIDA, INC.
# NOTES TO FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2019

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

*Donated Services and In-Kind Contributions*

Volunteers contribute significant amounts of time to program services, administration, and fundraising activities. However, the financial statements do not reflect the value of these contributed services. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the service received.

**Advertising Costs**

Advertising costs to promote the Organization programs are expensed as incurred, and was $2,811, during the year ended June 30 ,2019.

**Income Taxes**

The Organization is organized as Florida nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. Accordingly, no provision for income taxes is provided for in the accompanying financial statements.

**Estimates**

Estimates and assumptions are required to be made in the preparation of financial statements in conformity with generally accepted accounting principles that may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Bank deposit balances exceeded the Federal Deposit Insurance Corporation insured limits at June 30, 2019, by $201,814. To date, there have been no losses on any of these accounts.

**Subsequent Events**

The Organization has evaluated subsequent events through October 7, 2019, the date the financial statements were available to be issued and is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

***Note 2 – Liquidity and Availability***

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

| | |
|---|---|
| Cash and Cash Equivalents | $ 696,759 |
| Project Receivables | 3,300 |
| Prepaid Expenses | 10,234 |
| | $ 710,293 |

***Note 3 – Property and Equipment***

Property and Equipment consisted of the following at June 30, 2019.

| | |
|---|---|
| Furniture and Equipment | $ 32,629 |
| Building | 314,607 |
| Building Improvements | 21,350 |
| Land | 34,956 |
| Total Cost | 403,542 |
| Less Accumulated Depreciation | 131,392 |
| Property and Equipment, Net | $ 272,150 |

Depreciation for the year ending June 30, 2019, was $10,080.

***Note 4 – Revenue Risk and Revenue Sources***

The Organization received funding primarily from four sources: (1) annual membership, (2) annual convention income, (3) contributions, and (4) project assistance from the Florida Agency for Persons with Disabilities. The state project assistance is 68% of the Organization's total revenue for the year ended June 30, 2019. This assistance is subject to annual Legislative appropriation and the expenditures being made in compliance with contract agreements.

The detail of the state project assistance follows:

*Dental Services*

The dental services agreement with the Florida Agency for Persons with Disabilities continued during 2019, providing receipts of $3,000,000 for the year ended June 30, 2019, to assist in increasing the availability of dental services to developmentally disabled individuals and to provide funding for preventive and acute dental services to individuals with developmental disabilities in the State of Florida.

***Note 5 – Donated Professional Services and Materials***

The Organization received donated professional services and materials as follows during the year ended June 30, 2019:

| | Program Services | Management & General | Total |
|---|---|---|---|
| Dental Services | $ 117,853 | $ - | $ 117,853 |

***Note 6 – Functionalized Expenses***

The financial statements report certain categories that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include dental services, salaries and benefits, scholarships, professional services, travel, convention, and meetings, office expense, insurance, depreciation, licenses and fees, stipends, promotional and marketing, telephone and utilities, and other expenses. The costs of providing program services and the management and general activities of the Organization have been summarized in the Schedule of Functional Expenses.

***Note 7 – Employee Benefits***

A defined contribution plan for all full-time employees is provided, with a requirement of five years of service prior to vesting. Non-match contributions are made to the plan. The Organization contributes 11% of each employee's salary, expending $41,294 for the year ended June 30, 2019.

# THE ARC OF FLORIDA, INC.
# SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
# FOR THE YEAR ENDED JUNE 30, 2019

| State Project Assistance Title* | CSFA Number | Contract Number | State Expenditures |
|---|---|---|---|
| ARC of Florida - Dental | 67.031 | WCX23 | $ 3,120,695 |

*Provided through Florida Agency for Persons with Disabilities

The accompanying notes are an integral part of this Schedule.

# THE ARC OF FLORIDA, INC.
# NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
# FOR THE YEAR ENDED JUNE 30, 2019

## A. NATURE OF ENTITY

The Arc of Florida, Inc. is a Florida nonprofit organization, located in Tallahassee, Florida. The Organization works with local, state, and national partners to advocate for its local chapters, public policies, and high-quality supports for people with developmental and other disabilities to be fully included in all aspects of their community.

*State Program Background*

State financial assistance was received from the Florida Agency for Persons with Disabilities. The funding supports the following programs and goals: Dental Services – Preventive and acute dental treatment and transportation for individuals with developmental disabilities who do not have comprehensive dental insurance or available transportation to attend dental appointments.

## B. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State award activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the State of Florida, Office of the Auditor General.

## C. DETAIL OF PROJECT SUPPORT AND EXPENSE

The state project assistance for dental services and training during the year ended June 30, 2019 meet the definition of Type A and Type B projects, concurrently, and were audited in accordance with the requirements of Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. To facilitate reconciliation of project activity with the financial statements, the following project support and expense detail is provided:

| | Dental Services (WCX23) |
|---|---|
| Project Support: | |
| State Project Agreement Support | $3,000,000 |
| In-Kind Dental Services | 117,853 |
| Discounted Dental Services | 54,084 |
| Total Project Support | $3,171,937 |
| Program Expenses: | |
| Salaries and Benefits | $ 431,581 |
| Professional Services | 18,113 |
| Office Operations | 33,239 |
| Travel | 24 |
| Dental Services | 2,637,738 |
| Total Program Expenses | $3,120,695 |
| State Project Receivable | $ - |
| Deferred Support | $ - |

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of The Arc of Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Arc of Florida, Inc. (a nonprofit organization), which comprised the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated, October 7, 2019.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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.

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, 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

*Purpose of this Report*

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kaye Kendrick Enterprises, LLC

Kaye Kendrick Enterprises, LLC
Tallahassee, Florida
October 7, 2019

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of The Arc of Florida, Inc.

*Report on Compliance for Each State Project*

We have audited The Arc of Florida, Inc. (a nonprofit organization) compliance with the requirements described in the *Florida Department of Financial Services'* State Project Compliance Supplement that could have a direct and material effect on each of the Organization's state projects for the year ended June 30, 2019. The Organization's state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State projects.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Organization's major State projects. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require we plan and perform the audit to obtain reasonable assurance about whether noncompliance that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the organization's compliance.

*Opinion on Each Major State Project*

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended June 30, 2019.

*Report in Internal Control Over Compliance*

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to

above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the (entity's) internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Kaye Kendrick Enterprises, LLC*
Kaye Kendrick Enterprises, LLC
Tallahassee, Florida
October 7, 2019

# THE ARC OF FLORIDA, INC.
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

Type of Auditor's Report Issued: Unmodified

Internal control over financial reporting:

| | | |
|---|---|---|
| • Material weakness(es) identified? | ____ Yes | X No |
| • Significant deficiency(ies) identified that are not considered to be material weakness | ____ Yes | X None Reported |

Noncompliance material to financial statements noted? ____ Yes X No

*Federal Awards*

Internal control over major programs:

| | | |
|---|---|---|
| • Material weakness(es) identified? | ____ Yes | X No |
| • Significant deficiency(ies) identified that are not considered to be material weakness | ____ Yes | X None Reported |

Type of Auditor's Report Issued on Unmodified

Identification of Major Programs:

| CSFA Number | Name of Program |
|---|---|
| 67.031 | Florida Agency for Persons with Disabilities Dental Services |

Dollar Threshold Used to Distinguish Between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? X Yes ____ No

II. FINANCIAL STATEMENT FINDINGS

No Matters Reported

III. STATE ASSISTANCE FINDINGS AND QUESTIONED COSTS

No Matters Reported, and No Prior Findings for these Programs

IV. OTHER MATTERS

No Matters Requiring Management Letter