THE ARC OF FLORIDA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

THE ARC OF FLORIDA, INC.
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James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Arc of Florida, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Arc of Florida, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule 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 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 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, grant agreements and other matters. The purpose of that report is 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 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.

James Moore & Co., P.L.

Tallahassee, Florida
February 10, 2021

THE ARC OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current assets		
Cash and cash equivalents	$	892,086
Prepaid expenses		15,939
Total current assets		908,025
Property and equipment, net		259,144
Total Assets	$	1,167,169

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	$	20,864
Accrued salaries		42,704
Total current liabilities		63,568
Total liabilities		63,568
Net assets		
Without donor restrictions		
Undesignated		514,525
Designated - board training		308,932
Designated - Tristan's legacy		21,000
Invested in property and equipment		259,144
Total net assets		1,103,601
Total Liabilities and Net Assets	$	1,167,169

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

THE ARC OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions
Support and revenues	
Member dues	$ 323,707
Rental	8,750
Grants and contracts	3,786,956
Contributions	13,841
In-Kind	145,662
Miscellaenous	38,975
Total support and revenues	4,317,891
Expenses	
Program services	3,844,433
General and administrative services	320,228
Total expenses	4,164,661
Increase in net assets	153,230
Net assets, beginning of year	950,371
Net assets, end of year	$ 1,103,601

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

THE ARC OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	General and Administrative	Total
Bad debt	$ 8,510	$ -	$ 8,510
Contract dental services	2,583,616	-	2,583,616
Depreciation	11,318	3,084	14,402
Dues and publications	2,136	582	2,718
Insurance	9,530	2,597	12,127
License and fees	6,185	1,685	7,870
Miscellaneous	2,527	689	3,216
National dues	-	12,770	12,770
Office supplies	23,152	6,309	29,461
Professional services	140,707	16,188	156,895
Salaries and benefits	501,950	136,779	638,729
Stipends	42,700	-	42,700
Telephone and utilities	5,125	1,396	6,521
Travel and meetings	506,977	138,149	645,126
Total expenses	$ 3,844,433	$ 320,228	$ 4,164,661

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

THE ARC OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash flows from operating activities		
Cash received from grants, contracts and others	$	4,175,529
Cash paid to suppliers and employees		(3,978,806)
Net cash provided by operating activities		196,723
Cash flows from investing activities		
Purchases of property and equipment		(1,396)
Increase in cash and cash equivalents		195,327
Cash and cash equivalents, beginning of year		696,759
Cash and cash equivalents, end of year	$	892,086
Reconciliation of increase in net assets to net cash provided by operating activities		
Increase in net assets	$	153,230
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		14,402
Increase in prepaid expenses		(5,705)
Increase in accounts payable		2,183
Increase in accrued salaries		29,313
Decrease in accounts receivable		3,300
Total adjustments		43,493
Net cash provided by operating activities	$	196,723

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

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

The following is a summary of the more significant accounting policies and practices of The Arc of Florida, Inc. (the "Organization") which affect significant elements of the accompanying financial statements:

(a) **Organization and purpose**—The Organization is a nonprofit corporation organized under the laws of the State of Florida whose mission is to improve the quality of life for persons with intellectual and developmental disabilities. 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.

(b) **Basis of accounting—**The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect significant receivables, payables and other liabilities.

(c) **Basis of presentation—**The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets of the Organization 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.

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.

(d) **Income taxes**— The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

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

(e) **Use of estimates—**The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

(f) **Cash and cash equivalents—**For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts in demand deposits held with banks, and short-term investments with an original maturity of ninety days or less.

(g) **Property and equipment—** Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of $1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds which have cost of $5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than $1,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which are as follows:

	Years
Building and improvements	15 – 27.5
Furniture and equipment	5-12

(h) **Contributions**—Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to nets assets without donor restrictions and reported in the Statements of Activities as net assets are released from donor restrictions. However, if a donor restriction is fulfilled in the same period in which the contribution is received, the entity reports the support as net assets without donor restrictions.

(i) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

(j) **In-Kind support**—The Organization receives support in the form of discounted dental services. Support is measured on the estimated fair value at the time the support is provided. Such non-cash support is recorded as revenue and expense in the Statement of Activities and Statement of Functional Expenses. During the year ended June 30, 2020, in-kind revenue from these items totaled $145,662 during the year.

(k) **Accrued leave—**The Organization compensates its eligible employees for unused vacation leave upon termination of employment. Amounts recorded for accrued leave are included with accounts payable and accrued expenses on the Statement of Financial Position. The amount of change in accrued leave for all employees from one year to the next is reported as an expense during the current year.

(l) **Revenue recognition—**The Organization receives all of its grant and contract revenue from Federal and State agencies. The Organization recognizes grant or contract revenue (up to the contract ceiling) from its grants or contracts over a period which represents the service period for certain grants or contracts, or to the extent of expenses. Revenues recognition depends on grant or contract.

(2) **Significant Funding Sources:**

The Organization receives a substantial amount of its funding from the State of Florida, Agency for Persons with Disabilities. A significant reduction in the level of this funding, if it were to occur, could have an adverse effect on the Organization's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

Demand Deposits—The Organization maintains demand deposits with one financial institution. The Organization has no policy requiring collateral or other security to support its deposits, although all demand deposits with this institution is Federally insured up to FDIC limits.

(4) **Retirement Plan:**

The Organization sponsors a contributory, defined contribution retirement plan, with a requirement of five years of service prior to vesting. Non-matching contributions of 11% of the employee's salary are contributed to the plan by the Organization. Contributions to the plan for the year ending June 30, 2020 were $31,864.

(5) Property and Equipment:

The following is a summary of property and equipment at June 30, 2020:

Land	$	34,956
Building and improvements		335,957
Furniture and equipment		34,025
		404,938
Less: accumulated depreciation		(145,794)
Total	$	259,144

Depreciation expense for the year ended June 30, 2020, was $14,402.

(6) Contingent Liabilities:

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally Federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

(7) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

Cash and cash equivalents	$	892,086
Financial assets available to meet cash needs for general expenditures	$	892,086

(8) Risks and Uncertainties:

During the year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of February 10, 2021, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

(9) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 10, 2021, the date which the financial statements were available to be issued.

On July 3, 2020, the Organization received loan proceeds in the amount of $117,675, pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the PPP, loan proceeds and accrued interest are forgivable after twenty-four weeks if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Organization maintains its payroll levels as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Management intends to utilize loan proceeds for purposes consistent with the PPP and believes substantially all of the loan will be forgiven, though it is reasonably possible that conditions could arise that would make the Organization ineligible for forgiveness of the loan, in whole or in part. Subsequent to year-end, the Organization has applied for loan forgiveness with its financial institution and is awaiting notification of forgiveness.

(10) **Recently Issued Accounting Pronouncements:**

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

In May 2014, the FASB issued Accounting Standards Update 2014-09: Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

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

THE ARC OF FLORIDA, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

State Grantor/Pass Through Grantor/Program Title	State CSFA Number	Contract Number	State Expenditures
Florida Agency for Persons with Disabilities			
ARC of Florida - Dental	67.031	WCX23	$ 2,901,449
Total State Financial Assistance			$ 2,901,449

Basis of Presentation:

The accompanying Schedule of State Financial Assistance includes State award activity of Arc of Florida, Inc. 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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*

Board of Directors
The Arc of Florida, Inc.

We have audited 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, the financial statements of The Arc of Florida, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Arc of Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Arc of Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Arc of Florida, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-01 to be a material weakness.

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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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Arc of Florida, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.*

The Arc of Florida, Inc.'s Response to Findings

The Arc of Florida, Inc.'s response to the findings identified in our audit is described in the accompanying corrective action plan. The Arc of Florida, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
February 10, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major State Project

We have audited The Arc of Florida, Inc. (the "Organization")'s compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major state projects for the year ended June 30, 2020. The Organization's major 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 state statutes, regulations, and the terms of its state projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state projects based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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 Arc of Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2020.

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Report on 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 Organization'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 type of 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 type of 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.

James Moore & Co., P.L.

Tallahassee, Florida
February 10, 2021

THE ARC OF FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2020

I. Summary of Auditors' Results:

Financial Statements

A. Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes ____ no
- Significant deficiency(ies) identified? X yes ____ none reported

Noncompliance material to financial statements noted? ____ yes X no

State Financial Assistance

Internal control over major state projects:

- Material weakness(es) identified? ____ yes X no
- Significant deficiency(ies) identified? ____ yes X none reported

Types of auditor's report issued on compliance for major state projects: *Unmodified*

Any audit findings disclosed that are required to be reported related to state financial assistance projects? ____ yes X no

B. Identification of major programs:

State Projects	State CSFA Number
ARC of Florida - Dental	67.031
Dollar threshold used to distinguish between type A and type B program:	$750,000

II. Financial Statement Findings:

Finding 2020-001: Prepare Financial Statements in Accordance with GAAP

Condition and Criteria: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The capability of management to prepare the financial statements and related disclosures is considered a crucial element of the internal control structure.

Cause: Management relied on auditors to draft financial statements and related disclosures.

Effect: Managements reliance on auditors to draft the financial statements and related disclosures indicates a material weakness in the controls structure.

Recommendation: We recommend management implement policies and procedures to prepare the financial statements and related disclosures in accordance with Generally Accepted Accounting Principles without reliance on the auditors.

Finding 2020-002: Bank Reconciliations

Condition and Criteria: Management is responsible for timely and accurate reconciliation of the monthly bank statements.

Cause: Management back dated a disbursement in the accounting system subsequent to reconciliation of the bank statement.

Effect: The amount recorded in the general ledger did not agree to the bank reconciliation.

Recommendation: We recommend management date checks on the day they are signed and properly re-reconcile the bank statements if entries are required subsequent to completion of the bank reconciliation.

III. State Project Findings and Questioned Costs: None

IV. Independent Auditors' Management letter required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General: Nothing to report.

V. State Project Prior Year Audit Findings: None.

The Arc of Florida

Achieve with us.

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February 10, 2021

Corrective Action Plan regarding finding 2020-001 Preparation of Financial Statements in Accordance with GAAP
Management relied on auditors to draft financial statements and related disclosures for FY 19-20.

RESPONSE: This finding was due to the resignation of previous CEO in mid-June 2020 and a change in accounting firms used for operational bookkeeping. Moving forward management has policies in place for regular monthly and quarterly reporting. Review of these reports will allow management to prepare financial statements and disclosures without reliance on the auditors.

Corrective Action Plan regarding finding 2020-002 Difference in dates of bookkeeping entries and bank reconciliations

RESPONSE: Management has reiterated to staff that the date of payment recorded must match the date shown on the check and that management will not allow this practice going forward. Regular review of the monthly and quarterly statements will also provide management with current information to prevent this sort of practice.

Signed,

Jim DeBeaugrine
Interim CEO, The Arc of Florida, Inc.