RULES

OF THE

AUDITOR GENERAL

CHAPTER 10.700

AUDITS OF
CERTAIN NONPROFIT ORGANIZATIONS

EFFECTIVE 6-30-25

RULES OF THE AUDITOR GENERAL
CHAPTER 10.700

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PREFACE TO RULES

Auditors are cautioned that, in general, these rules do not repeat nor paraphrase the various laws, rules, and regulations governing the operations of certain nonprofit organizations. Hence, knowledge of legal and regulatory requirements governing these organizations is the responsibility of individual auditors.

These rules are intended to and do implement, interpret, or make specific, certain statutory provisions that are within the authority of the Auditor General to implement, interpret, or make specific. However, the rules are not intended to supersede, nor to impinge on, the authority of the Board of Accountancy in the regulation of the practice of accountancy as authorized by Chapter 473, Florida Statutes.

Note: All statutory references are to the 2025 Florida Statutes.

History: New 06-30-03
Last Amended 06-30-25

10.710 PURPOSE

(1) Direct-support organizations and citizen-support organizations are subject to varying legal, regulatory, and contractual requirements.

(a) Each direct-support organization and citizen-support organization required by Section 215.981(1), 288.1226(7), 1001.453(4), 1004.28(5), or 1004.70(6), Florida Statutes, to provide for an annual financial audit of its accounts and records by an independent certified public accountant shall do so in accordance with rules adopted by the Auditor General.

(b) Section 215.981(1), Florida Statutes, provides that audits of direct-support and citizen-support organizations created, approved, or administered by a State agency, other than a university, community college, or district school board, are also subject to rules adopted by the State agency that created, approved, or administers the direct-support or citizen-support organization.

(c) Section 1001.453(4), Florida Statutes, provides that audits of district school board direct-support organizations are also subject to rules adopted by the Commissioner of Education.

(d) Section 1004.28(5), Florida Statutes, provides that audits of university direct-support organizations are also subject to rules adopted by the university board of trustees.

(e) It is the intent of these rules to supplement audit requirements, if any, promulgated by other governmental entities that have authority over direct-support and citizen-support organizations.

(2) Scholarship-funding organizations shall comply with eligibility and other requirements as prescribed by Sections 212.099, 1002.394, 1002.395, 1002.40, and 1002.411, Florida Statutes.

(3) Florida Tourism Industry Marketing Corporation shall comply with the requirements of Chapter 288, Part VIII, Florida Statutes.

(4) Florida Is For Veterans, Inc., shall comply with the requirements of Section 295.21, Florida Statutes.

(5) The Scripps Florida Funding Corporation shall comply with the requirements of Section 288.955, Florida Statutes.

(6) The Florida Scholars Academy shall comply with the requirements of Section 985.619, Florida Statutes.

(7) Nonprofit entities operating more than one school of hope shall comply with the requirements of Section 1002.333, Florida Statutes, and with Section 218.39, Florida Statutes, regarding audits of a school board.

(8) Eligible charitable organizations designated as such by the Department of Children and Families shall comply with the requirements of Section 402.62, Florida Statutes.

(9) The purpose of these rules is to implement, interpret, or make specific, various provisions of Sections 11.45, 215.981(1), 288.1226(7), 288.906(1)(h), 288.955(14)(g), 295.21(8)(f), 402.62(3)(c)1., 985.619(7)(a); 1001.453(4), 1002.333(6)(h)2.b., 1002.395(6)(m), 1004.28(5), and 1004.70(6), Florida Statutes.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 288.1226(7), 288.906(1)(h), 288.955(14)(g), 295.21(8)(f), 402.62(3)(c)1., 985.619(7)(a), 1001.453(4), 1002.333(6)(h)2.b., 1002.395(6)(m), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93
Last Amended 06-30-25

10.720 DEFINITIONS

(1) As used in these rules, the term:

(a) "Certain nonprofit organizations" means the following entities:

1. "Citizen-support organization" means a Florida corporation not-for-profit incorporated under the provisions of Chapter 617, Florida Statutes, and authorized by Florida law to exist as a citizen-support organization to benefit or provide assistance to a governmental entity.

2. "Direct-support organization" means a Florida corporation not-for-profit incorporated under the provisions of Chapter 617, Florida Statutes, and authorized by Florida law to exist as a direct-support organization to benefit or provide assistance to a governmental entity.

3. "Florida Is For Veterans, Inc." means the organization created pursuant to Section 295.21(1), Florida Statutes.

4. "Florida Tourism Industry Marketing Corporation" means the organization created pursuant to Section 288.1226(2), Florida Statutes.

5. "Scholarship-funding organization" means an eligible nonprofit scholarship funding organization as defined by Section 1002.395(2)(f), Florida Statutes.

6. "Scripps Florida Funding Corporation" means a not-for-profit corporation registered, incorporated, organized, and operated under Chapter 617, Florida Statutes, and created pursuant to Section 288.955(2), Florida Statutes.

7. "Scripps Research Institute" means a not-for-profit benefit corporation authorized by Section 288.955(3), Florida Statutes, to establish a state-of-the-art biomedical research institution and campus in the State of Florida.

8. "Florida Scholars Academy" means a not-for-profit corporation authorized by Section 985.619(1), Florida Statutes, to deliver educational opportunities to students served in residential commitment programs.

9. "Nonprofit entity operating schools of hope" means a nonprofit entity that operates more than one school of hope through a performance-based agreement with a school district pursuant to Section 1002.333, Florida Statutes.

10. "Eligible charitable organization" means an organization designated by the Department of Children and Families to be eligible to receive funding under Section 402.62, Florida Statutes.

(b) "Certified public accountant" means a person licensed to practice public accounting under Chapter 473, Florida Statutes.

(c) "Compliance audit" means an audit of an organization's compliance with applicable compliance requirements.

(d) "Financial audit" means an examination of financial statements to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles as defined by the Financial Accounting Standards Board (FASB) *Accounting Standards Codification*, Topic 105 *Generally Accepted Accounting Principles* or Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, Section 1000 *The Hierarchy of Generally Accepted Accounting Principles*, as applicable. Financial audits shall be conducted in accordance with generally accepted auditing standards as contained in the applicable *AICPA Professional Standards* promulgated by the American Institute of Certified Public Accountants. Financial audits shall also be conducted in accordance with *Government Auditing Standards*.

(e) "*Government Auditing Standards*" are those audit standards set forth in the publication *Government Auditing Standards* (2018 Revision) issued by the Comptroller General of the United States.

(f) "Governmental entity" means a State agency, a county agency, or any other entity, however styled, that independently exercises any type of State or local governmental function.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 288.1226(7), 288.906(1)(h), 288.955(14)(g), 295.21(8)(f), 402.62(3)(c)1., 985.619(1)(a), 1001.453(4), 1002.333(6)(h)2.b., 1002.395(6)(m), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93
Last Amended 06-30-25

10.730 AUDIT REQUIREMENTS

(1) Financial audits of certain nonprofit organizations conducted by independent certified public accountants in accordance with these rules are to be conducted as specified by, and in accordance with, applicable laws, regulations, and contractual requirements. When applicable, the audit shall encompass the additional activities necessary to establish compliance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the Florida Single Audit Act*;* Chapter 10.650, Rules of the Auditor General; and other applicable Federal and State law.

(2) Financial audits of certain nonprofit organizations conducted by independent certified public accountants in accordance with these rules will include a report on financial statements presented in accordance with the reporting standards set forth in Section 958-205 of the FASB *Accounting Standards Codification*. However, if a certain nonprofit organization is determined to be a governmental organization based on the guidance provided in the American Institute of Certified Public Accountants *Audit & Accounting Guide - Not-for-Profit Entities*, the audit will instead include a report on financial statements presented in accordance with reporting standards established by the Governmental Accounting Standards Board.

(3) The scope of the financial audit shall include the following:

(a) An examination of financial statements to determine whether they are presented fairly, in all material respects, in conformity with generally accepted accounting principles and an examination of any additional financial information necessary to comply with generally accepted accounting principles.

(b) For direct-support and citizen-support organizations, scholarship-funding organizations, nonprofit entities operating schools of hope, and eligible charitable organizations, a determination of compliance with requirements prescribed by the sections of law that created and govern such organizations, any rules promulgated pursuant to law, and the provisions of contracts or grant agreements.

(c) For Florida Is For Veterans, Inc., a determination of compliance with requirements prescribed by Sections 295.21 and 295.22, Florida Statutes; any rules promulgated pursuant to law; and the provisions of contracts or grant agreements.

(d) For the Florida Tourism Industry Marketing Corporation., a determination of compliance with requirements prescribed by Chapter 288, Part VIII, Florida Statutes; any rules promulgated pursuant to law; and the provisions of contracts or grant agreements.

(e) For the Scripps Florida Funding Corporation, a determination of compliance with applicable law, including the requirements prescribed by Section 288.955(2), Florida Statutes; the board membership and meeting requirements prescribed by Section 288.955(4) and (5), Florida Statutes; the investment requirements prescribed by Section 288.955(7), Florida Statutes; the contracting requirements prescribed by Section 288.955(8), (9), (10), and (11), Florida Statutes; the expenditure or disbursement requirements prescribed by Section 288.955(6), (11), and (12), Florida Statutes; the reporting requirements prescribed by Section 288.955(6)(h) and (14), Florida Statutes; any rules promulgated pursuant to law; and the provisions of contracts or grant agreements. The audit shall also include a determination of the Scripps Florida Funding Corporation's compliance with the monitoring requirements prescribed by Section 288.955(6)(g), Florida Statutes, including a determination of the adequacy of the Corporation's efforts to verify compliance by the Scripps Research Institute with the provisions of Section 288.955, Florida Statutes, and contractual requirements, either through the Corporation's own efforts or through the review of audits of the Institute conducted pursuant to Section 288.955(8)(b)16., Florida Statutes.

(f) For scholarship-funding organizations, disclosure of all transferred amounts received by any eligible nonprofit scholarship-funding organization pursuant to Sections 1002.395(6)(j)2., 1002.395(6)(l), 1002.395(15)(f), or 1002.40 (11)(i), Florida Statutes.

(g) When applicable, additional activities necessary to establish compliance with Uniform Guidance; the Florida Single Audit Act; Chapter 10.650, Rules of the Auditor General; and other applicable Federal and State law.

(4) Each audit report submitted pursuant to law and these rules shall be a single document and contain at least the following:

(a) A table of contents.

(b) The auditor's report on the basic financial statements and report on internal control and compliance. The reports shall be based on an audit of the financial statements conducted 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*.

(c) Any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Uniform Guidance; the Florida Single Audit Act; Chapter 10.650, Rules of the Auditor General; and other applicable Federal and State law.

(d) The basic financial statements together with related notes to financial statements and required supplementary information required by generally accepted accounting principles.

(e) If applicable, management's response to audit findings required by Rule 10.740(2).

(5) Audit findings contained in reports and schedules shall include the following specific information:

(a) The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation.

(b) The condition found, including facts that support the condition identified in the audit finding.

(c) The cause, or the reason or explanation for the condition or the factor(s) responsible for the difference between the situation that exists (condition) and the required or desired state (criteria).

(d) The effect or potential effect (i.e., outcome or consequence) of the condition. This should include information to provide proper perspective for judging the prevalence and consequences of the audit findings, such as whether the audit findings represented an isolated instance or a systemic problem. Where appropriate, instances identified shall be related to the universe and the number of cases examined and shall be quantified in terms of dollar value.

(e) Recommendations to prevent future occurrences of the deficiency identified in the audit finding.

(f) Views of responsible officials of the organization and, if applicable, an explanation as to why the auditor disagrees with views of responsible officials when there is disagreement with the audit finding.

(g) Reference number.

(6) Certain nonprofit organizations which are component units, as defined by generally accepted accounting principles, of a governmental entity, shall also comply with any other audit report submittal deadlines that exist for the governmental entity and that are prior to the deadline established by these rules.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 288.1226(7), 288.906(1)(h), 288.955(14)(g), 295.21(8)(f), 402.62(3)(c)1., 1001.453(4), 1002.333(6)(h)2.b., 1002.395(6)(m), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93
Last Amended 06-30-24

10.740 DELIVERY OF AUDIT REPORT AND MANAGEMENT'S RESPONSE

(1) Audit reports of direct-support and citizen-support organizations shall be submitted as required by Sections 215.981(1), 288.1226(7), 985.619, 1001.453(4), 1004.28(5), and 1004.70(6), Florida Statutes. Audit reports of scholarship-funding organizations shall be submitted to the Department of Education and the Auditor General no later than 180 days after completion of the scholarship-funding organization's fiscal year. Audit reports of Florida Is For Veterans, Inc., shall be submitted to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Auditor General within 45 days after delivery of the audit report but no later than December 1 after the end of its fiscal year. Audit reports of the Florida Tourism Industry Marketing Corporation shall be submitted to the Auditor General and the Department of Commerce within 9 months after the end of the fiscal year. Audit reports of the Scripps Florida Funding Corporation shall be submitted to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Auditor General within 45 days after delivery of the audit report but no later than 9 months after the end of its fiscal year. Audit reports of the Florida Scholars Academy shall be filed with the Auditor General within 45 days after delivery of the audit report to its governing body, but no later than 9 months after the end of its fiscal year. Audit reports of nonprofit entities operating schools of hope and audit reports of eligible charitable organizations shall be filed with the Auditor General within 45 days after delivery of the audit report to its governing body, but no later than 9 months after the end of its fiscal year. Audit reports of eligible charitable organizations must also be provided to the Department of Children and Families within 180 days after completion of its fiscal year.

(2) One paper copy and one electronic copy of the audit report required by Rule 10.730(4), including management's responses to audit findings (if applicable), shall be submitted to the Auditor General at the following mailing address and e-mail address, respectively:

Auditor General
Local Government Audits/251
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

flaudgen_localgovt@aud.state.fl.us

The date that the audit report was delivered to the organization shall be indicated by the organization in the submittal checklist (form located on FLAuditor.gov under Technical Guidance) accompanying the audit report submitted to the Auditor General.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 288.1226(7), 288.906(1)(h), 288.955(14)(g), 295.21(8)(f), 402.62(3)(c)1., 985.619(7)(a), 1001.453(4), 1002.333(6)(h)2.b., 1002.395(6)(m), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-18
Last Amended 06-30-25

10.750 EFFECTIVE DATE

These rules, as amended, shall take effect for fiscal years ending June 30, 2025, and thereafter.

General Authority and Law Implemented – Sections 11.45, 215.981(1), 288.1226(7), 288.906(1)(h), 288.955(14)(g), 295.21(8)(f), 402.62(3)(c)1., 985.619(7)(b), 1001.453(4), 1002.333(6)(h)2.b., 1002.395(6)(m), 1004.28(5), and 1004.70(6), Florida Statutes.

History: New 06-30-93
Last Amended 06-30-25