

FLORIDA GOODWILL ASSOCIATION, INC.

FINANCIAL REPORT

JUNE 30, 2019

FLORIDA GOODWILL ASSOCIATION, INC.

FINANCIAL REPORT JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Florida Goodwill Association, Inc.
Bradenton, Florida**

We have audited the accompanying financial statements of Florida Goodwill Association, Inc. (a non-profit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses 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 of 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 Florida Goodwill Association, 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 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 information 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 16, 2019, on our consideration of Florida Goodwill Association, 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 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 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 Florida Goodwill Association, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
October 16, 2019

FLORIDA GOODWILL ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2019

ASSETS	
Cash	\$ 215,418
Dues receivable	<u>21,279</u>
	<u>\$ 236,697</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	<u>\$ 13,375</u>
NET ASSETS	
Without donor restrictions	
Undesignated	163,322
Board designated for disaster relief	<u>60,000</u>
	<u>223,322</u>
	<u>\$ 236,697</u>

See Notes to Financial Statements.

FLORIDA GOODWILL ASSOCIATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Support and revenues without donor restrictions

Government grant	\$ 1,100,000
Membership assessments	303,829
Other grants	87,441
Total support and revenues without donor restrictions	<u>1,491,270</u>

Expenses

Program services	1,298,001
Management and general	162,644
Total expenses	<u>1,460,645</u>

Change in net assets

30,625

Net assets, beginning of year

192,697

Net assets, end of year

\$ 223,322**See Notes to Financial Statements.**

FLORIDA GOODWILL ASSOCIATION, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	30,625
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in operating assets and liabilities		
Increase in dues receivable		(918)
Decrease in accounts payable		<u>(1,213)</u>
Net cash provided by operating activities		<u>28,494</u>
Change in cash		28,494
Cash, beginning of year		<u>186,924</u>
Cash, end of year	\$	<u><u>215,418</u></u>

See Notes to Financial Statements.

FLORIDA GOODWILL ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Total
Grant payments to members	\$ 1,150,000	\$ -	\$ 1,150,000
Lobbying	100,000	-	100,000
Contract services	37,848	151,394	189,242
Professional fees	10,000	11,250	21,250
Miscellaneous	153	-	153
Total expenses	<u>\$ 1,298,001</u>	<u>\$ 162,644</u>	<u>\$ 1,460,645</u>

See Notes to Financial Statements.

FLORIDA GOODWILL ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida Goodwill Association, Inc. (the "Association") was formed on July 9, 1999, for the purpose of promoting social welfare throughout the State of Florida, particularly the welfare in individuals with barriers to employment. The Association provides a means through which its members may act collectively to promote the common goals, purposes, and programs of Goodwill throughout the State of Florida. In addition, the Association provides a forum for the common concerns and assistance to members and handicapped individuals and maintains a common code of ethics.

Goodwill Industries International, Inc. ("GII") assigns specific territories to its member organizations within the State of Florida. The Association is comprised of nine separate Goodwill organizations. The member organizations are as follows:

- Goodwill Easter Seals of the Gulf Coast
- Goodwill – Big Bend, Inc.
- Goodwill Industries, Inc. of North Florida
- Goodwill Industries, Inc. of Central Florida
- Goodwill Industries – Suncoast, Inc.
- Goodwill Industries – Manasota, Inc.
- Goodwill Industries, Inc. of South Florida
- Gulfstream Goodwill Industries, Inc.
- Goodwill Industries of Southwest Florida, Inc.

The Association is administered from the corporate offices of Goodwill Industries – Manasota, Inc. located in Bradenton, Florida.

Basis of Presentation

The Association's financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets with donor restrictions – Net assets with donor restrictions are created only by donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Association and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Association does not have any net assets with donor restrictions at June 30, 2019.

From time to time the Board designates certain items for use on specific future projects. At June 30, 2019, net assets designated by the Board for disaster relief totaled \$60,000.

Management 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 the reported amounts of assets and liabilities and disclosure of contingent 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.

Cash and Cash Equivalents

The Association considers all highly liquid investments with a maturity date of three months or less at the date of acquisition to be cash equivalents.

The Association maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts.

Support and Revenue

The Association receives substantially all grant revenue from a state agency. State grants are recorded as support when performance occurs under the terms of the grant agreement.

Dues Receivable

Dues receivable consist of amounts due from members for the outstanding balance of the annual assessment fee. An allowance for doubtful accounts is based on historical experience, management's knowledge of the amounts due and the probability of collection. As June 30, 2019, no allowance for doubtful accounts is considered necessary.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities, and the administration of the Association have been summarized on a functional basis in the statement of activities. Expenses are charged directly to program services and management and general based on specific identification, and certain indirect expenses have been allocated based on level of effort.

Income Taxes

The Association qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly is exempt from federal income taxes under Internal Revenue Code Section 501(a) and from state income taxes under Chapter 220.13 of the Florida Statutes.

It is the Association's policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10 *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Association recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more likely than not to be sustained. Management has evaluated the Association's tax positions and concluded that the Association has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

Subsequent Events

Management has evaluated subsequent events occurring through October 16, 2019, the date on which the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY

The Association's working capital and cash flows have seasonal variations during the year attributable to the cash receipts for dues and state grant funds. The Association manages liquidity during the year by utilizing the following strategies: operating with a balanced budget which assumes collection of sufficient revenue via dues and grants to cover operating expenditures and regular analysis of actual operating results versus budget.

The following table reflects the Association's total financial assets as of June 30, 2019, which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months	
Cash	\$ 215,418
Dues receivable	21,279
Less board designated net assets for disaster relief	(60,000)
	<u>\$ 176,697</u>

NOTE 3. CONCENTRATIONS

For the year ended June 30, 2019, approximately 74% of support and revenue without donor restrictions was received from the State of Florida. No amounts are owed to the Association from the State of Florida at June 30, 2019.

NOTE 4. RELATED PARTY TRANSACTIONS

During 2019, the Association entered into various transactions with the nine member organizations. The Board of Directors consists of the Presidents and CEOs of the individual member organizations. During the year ended June 30, 2019, the Association recognized \$1,150,000 in grants awarded to its members to carry out program requirements.

The Association reimburses a member organization for the President's salary and benefits. For the year ended June 30, 2019, the Association reimbursed a member organization \$189,242 for salaries and benefits.

NOTE 5. RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. The amendments in this update require changes to the way not-for-profit entities record revenue.

ASU 2014-09 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018. Earlier application is permitted. Management is currently evaluating the effects of ASU 2014-09.

SUPPLEMENTARY INFORMATION

FLORIDA GOODWILL ASSOCIATION, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE JUNE 30, 2019

<u>State Agency and State Project</u>	<u>CSFA Number</u>	<u>State Expenditures</u>
Direct funding through:		
Florida Department of Economic Opportunity		
Local Economic Development Initiatives	40.012	<u>\$ 1,100,000</u>

This schedule includes the state grant activity of Florida Goodwill Association, Inc. for the fiscal year ended June 30, 2019, and is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.



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

**Board of Directors
Florida Goodwill Association, Inc.
Bradenton, Florida**

Report on Compliance for the Major State Project

We have audited Florida Goodwill Association, Inc.'s (the "Association") 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 the Association's major state project for the year ended June 30, 2019. The Association's major state project is 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 state statutes, regulations and the terms and conditions of its state projects applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association'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 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 Association'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 the major state project. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on the Major State Project

In our opinion, the Association 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, 2019.

Report on Internal Control Over Compliance

Management of the Association 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 Association's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Association'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 a combination of deficiencies, in internal control over compliance with a 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 the 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
October 16, 2019



**INDEPENDENT AUDITOR'S 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
Florida Goodwill Association, Inc.
Bradenton, Florida**

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Goodwill Association, Inc. (the "Association"), which comprise the statement of financial position as of June 30, 2019, 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 October 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association'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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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 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

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.

Mauldin & Jenkins, LLC

Bradenton, Florida
October 16, 2019

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

Section 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 <u>X</u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___ yes <u>X</u> no

State Projects

Internal control over major programs:	
• Material weakness(es) identified?	___ yes <u>X</u> no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes <u>X</u> none reported

Type of auditor’s report issued on compliance for major programs.	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, <i>Rules of the Auditor General</i> ?	___ yes <u>X</u> no
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Identification of major programs:

CSFA Number	40.012
Name of State Project	Local Economic Development Initiatives
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000

Section II – Financial Statement Findings

No matters reported.

Section III – State Award Findings and Questioned Costs

No matters reported. A separate management letter was not issued for the year ended June 30, 2019. The communications contained in the standard post audit communication required by generally accepted auditing standards does not contain any items pertaining to state award compliance.

FLORIDA GOODWILL ASSOCIATION, INC.

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

An audit in accordance with Chapter 10.650, *Rules of the Auditor General* was not required for the year ended June 30, 2018.