

VOLUNTEER FLORIDA FOUNDATION, INC.
Tallahassee, Florida

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2019

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THOMSON BROCK
LUGER & COMPANY

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OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteer Florida Foundation, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Volunteer Florida Foundation, Inc. (the "Foundation"), a component unit of the Florida Commission on Community Service (the "Commission"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

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 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 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 evaluation of 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 respective financial position of the governmental activities and each major fund of the Foundation as of June 30, 2019, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on Pages 3 and 4 and on Page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Thomson Black & Veatch Company

Tallahassee, Florida
January 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with Section 14.29 (2) Florida Statutes, the Florida Commission on Community Service (the "Commission") is administratively housed within the Executive Office of the Governor and independently exercises the responsibilities required to comply with the Florida Volunteer and Community Service Act of 2001, the National and Community Service Trust Act of 1993 (Federal Law), and other provisions of state law. The Commission may establish a Direct Support Organization which is a not for profit that is organized to operate exclusively to receive and administer funds and make expenditures to or for the benefit of the program.

The Volunteer Florida Foundation, Inc. (the "Foundation") was created on May 5, 2010. The Foundation is a non-profit charity established, organized and operated exclusively as a Direct Support Organization to assist the Commission in its mission of strengthening Florida's communities as well as key Governor's initiatives throughout the year. The Foundation's activities are guided by a voluntary bipartisan board of directors.

The Foundation raises funds to aid the Commission in accomplishing its goals of meeting critical human needs in Florida. Current Commission programs include administration of AmeriCorps State programs, which in the past year paired approximately forty-nine thousand (49,000) at-risk Florida students with a caring mentor, or teacher to provide the extra help needed to get them on track to success. The Commission also coordinates volunteers and donations in the event of a disaster in the State of Florida and promotes volunteerism in our state through grants, trainings, and recognitions and their creation of the state's individual volunteer opportunities platform.

In addition to supporting the Commission's primary programs, the Foundation also raises funds for special initiatives including the Florida Black History Month and Hispanic Heritage Month statewide celebrations, Gubernatorial Fellows program, and award recognitions for our state's heroes including the Teacher Shine Awards, Veterans Service Awards and Volunteer Florida Champion of Service Awards. The Foundation also administers the Florida Disaster Fund.

The Foundation is currently planning to continue its work in raising funds for programs supported by the Commission and the Foundation, including Florida Black History Month, Florida Hispanic Heritage Month, Governor's Veterans Service Award, Governor's Shine Award, Champion of Service Award, Gubernatorial Fellows Program, and the Florida Disaster Fund and additional programs as may be added upon approval by the Commission.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of two parts: Management's Discussion and Analysis and the Financial Statements.

The Foundation interprets its status as a *discretely presented component unit* of the Commission.

The Foundation's financial position is measured in terms of resources (assets) and obligations (liabilities) owed on a given date. This information is reported on the Statement of Net Assets. The table below shows a summary of the Foundation's financial position at June 30, 2019 and 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The following table presents the Foundation's condensed Statement of Net Position as of June 30, 2019 and 2018, as derived from the government-wide Statement of Net Position.

	<u>2019</u>	<u>2018</u>
Total assets	\$ 18,080,674	\$ 15,315,321
Total liabilities	<u>152,997</u>	<u>8,290</u>
NET POSITION	\$ <u>17,927,677</u>	\$ <u>15,307,031</u>

The following table presents the Foundation's condensed Statement of Activities for the fiscal years ended June 30, 2019 and 2018, as derived from the government-wide Statement of Activities.

	<u>2019</u>	<u>2018</u>
Total revenue	\$ 7,253,986	\$ 17,121,767
Total expenditures and transfers	<u>4,633,340</u>	<u>2,461,346</u>
CHANGE NET POSITION	\$ <u>2,620,646</u>	\$ <u>14,660,421</u>

Requests for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Erin Sjostrom, Chief Financial Officer, Florida Commission on Community Service.

VOLUNTEER FLORIDA FOUNDATION, INC.
STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 17,951,970
Sub-grantee advances	33,351
Other assets	<u>95,353</u>
TOTAL ASSETS	\$ <u>18,080,674</u>
<u>LIABILITIES AND NET POSITION</u>	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ <u>152,997</u>
TOTAL CURRENT LIABILITIES	152,997
NET POSITION	
Restricted	
Community award programs	120,121
Community development projects	25,442
Florida Disaster Fund	<u>17,524,686</u>
TOTAL RESTRICTED	17,670,249
Unrestricted	<u>257,428</u>
TOTAL NET POSITION	<u>17,927,677</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>18,080,674</u>

See accompanying notes.

VOLUNTEER FLORIDA FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position
		Operating Grants and Contributions	Primary Government Governmental Activities
PRIMARY GOVERNMENT			
Government activities:			
General government	\$ 169,504	\$ -	\$(169,504)
Community awards programs	62,694	40,000	(22,694)
Community development projects	35,363	36,000	637
Florida Disaster Fund	<u>4,365,779</u>	<u>6,790,178</u>	<u>2,424,399</u>
TOTAL GOVERNMENT ACTIVITIES	\$ <u>4,633,340</u>	\$ <u>6,866,178</u>	2,232,838
 GENERAL REVENUES			
Grants and contributions not restricted to specific programs			49,121
Non-cash donations			102,702
Unrestricted investment earnings			<u>235,985</u>
TOTAL GENERAL REVENUES			<u>387,808</u>
CHANGE IN NET POSITION			2,620,646
NET POSITION, BEGINNING OF YEAR			<u>15,307,031</u>
NET POSITION, END OF YEAR			\$ <u>17,927,677</u>

See accompanying notes.

VOLUNTEER FLORIDA FOUNDATION, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>General Funds</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 270,629	\$ 17,681,341	\$ 17,951,970
Sub-grantee advances	-	33,351	33,351
Other assets	<u>95,353</u>	<u>-</u>	<u>95,353</u>
TOTAL ASSETS	\$ <u>365,982</u>	\$ <u>17,714,692</u>	\$ <u>18,080,674</u>
<u>LIABILITIES AND FUND BALANCES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ 44,443	\$ 44,443
Due to commission	<u>108,554</u>	<u>-</u>	<u>108,554</u>
	108,554	44,443	152,997
FUND BALANCE			
Restricted for:			
Community award programs	-	120,121	120,121
Community development projects	-	25,442	25,442
Florida Disaster Fund	<u>-</u>	<u>17,524,686</u>	<u>17,524,686</u>
TOTAL RESTRICTED FUNDS	-	17,670,249	17,670,249
Unassigned Fund Balance	<u>257,428</u>	<u>-</u>	<u>257,428</u>
TOTAL FUND BALANCES	<u>257,428</u>	<u>17,670,249</u>	<u>17,927,677</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>365,982</u>	\$ <u>17,714,692</u>	\$ <u>18,080,674</u>

See accompanying notes.

VOLUNTEER FLORIDA FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	General Fund	Special Revenue Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Contributions	\$ 45,121	\$ -	\$ 45,121
Non-cash contributions	102,702	-	102,702
Program specific grants and contributions:			
Black History Month	-	20,000	20,000
Florida Disaster Fund	-	6,790,178	6,790,178
Gubernatorial Fellows	-	40,000	40,000
Hispanic Heritage Month	-	20,000	20,000
Investment income	<u>235,985</u>	<u>-</u>	<u>235,985</u>
TOTAL REVENUES	383,808	6,870,178	7,253,986
EXPENDITURES			
Current:			
Direct program services	19,636	4,448,237	4,467,873
Operating expenses	19,057	15,099	34,156
Personnel services	121,061	-	121,061
Professional services	<u>9,750</u>	<u>500</u>	<u>10,250</u>
TOTAL EXPENDITURES	<u>169,504</u>	<u>4,463,836</u>	<u>4,633,340</u>
Net Change in Fund Balances	214,304	2,406,342	2,620,646
Interfund transfers	4,000	(4,000)	-
FUND BALANCES, BEGINNING OF YEAR	<u>39,124</u>	<u>15,267,907</u>	<u>15,307,031</u>
FUND BALANCES, END OF YEAR	\$ <u><u>257,428</u></u>	\$ <u><u>17,670,249</u></u>	\$ <u><u>17,927,677</u></u>

See accompanying notes.

VOLUNTEER FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These financial statements are intended to present the financial position and results of operations of the Volunteer Florida Foundation, Inc. (the "Foundation"). The Foundation is a component unit of the Florida Commission on Community Service (the "Commission") and is included in the State of Florida's annual financial report. The financial statements contained herein represent the financial transactions of only the Foundation.

The Foundation was created pursuant to Section 14.29(9) of Florida Statutes on May 5, 2010. The Foundation is a non-profit charity established, organized and operated exclusively as a direct support organization to assist the Commission. The Foundation raises funds through contributions and grants to aid the Commission in accomplishing its goals of meeting important human needs in Florida. The Foundation supports the Commission's AmeriCorps, emergency management and volunteer programs. The Foundation also supports special Governor's initiatives including Florida's Black History Month, Hispanic Heritage Month celebrations and other award programs honoring our state's outstanding volunteers, veterans and educators. The government-wide financial statements present these activities as a special revenue fund.

Government-Wide and Fund Accounting

The Foundation's financial statements have been prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34 establishes financial reporting requirements for state and local governments throughout the United States. The financial data of the Foundation is presented in the required GASB format as discussed on the following pages.

Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds. The Foundation reports the following major governmental funds:

VOLUNTEER FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Financial Statements (Continued)

Special revenue fund is used to account for the proceeds of specific revenue sources (other than special assessments or expendable trusts) that are legally restricted to expenditures for specific purposes.

General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

GASB Statement No. 34 was amended by GASB Statement No. 54 for periods beginning after June 15, 2010. GASB Statement No. 54 requires fund balance reported in the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Within this hierarchy, fund balance is first classified as non-spendable, then restricted, committed, assigned, and unassigned. Certain contributions and grants to the Foundation have donor-imposed restrictions, as such these have been classified as restricted. Contributions and grants without donor imposed restrictions are classified as unassigned.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

VOLUNTEER FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty (60) days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, Liabilities and Net Position/Fund Balance

1. Deposits and Investments

The Foundation's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

3. Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation to make estimates and assumptions based on analytical methods in determining various accruals. Actual results may differ from those estimates.

4. Net Position Flow Assumption

Sometimes the Foundation will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundation's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

VOLUNTEER FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fund Balance Flow Assumptions

Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Foundation's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

6. Fund Balance Policies

The Foundation has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. The Foundation has reported the following fund balance components:

- **Restricted** - This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.
- **Unassigned** - This classification is used for: (a) negative unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed or assigned.

Income Taxes

The Foundation is generally exempt from federal income taxes on related income under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

Subsequent Events

Subsequent events were evaluated through January 27, 2020, which is the date the financial statements were available to be released. As of this date, no subsequent events were noted.

VOLUNTEER FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 2 - BUDGETARY PROCESS

Pursuant to its Plan of Operation, the Foundation shall adopt an annual operating budget and program work plan for each fiscal year. The program work plan shall clearly outline the annual objectives of the Foundation relative to duties and responsibilities and provide an anticipated schedule for completion of those objectives. The budget is adopted on the modified accrual basis of accounting.

NOTE 3 – OTHER ASSETS

On April 12, 2019, the Foundation received a donation of comic books. These comic books were recorded by the foundation as a contribution at fair market value. Other assets amounted to \$95,353 for the year ended June 30, 2019.

NOTE 4 - RESTRICTED NET ASSETS

Restricted net assets are available for the following purposes:

Community awards programs		
Florida Gubernatorial Fellows	\$	112,629
SHINE Teacher Awards		3,257
Veteran Awards		253
Governor’s Young Entrepreneur Award		<u>3,982</u>
TOTAL COMMUNITY AWARD PROGRAMS		120,121
Community development projects		
DEM Summit		2,728
Hispanic Heritage Month		9,539
Black History Month		<u>13,175</u>
TOTAL COMMUNITY DEVELOPMENT PROJECTS		25,442
Florida Disaster Fund		<u>17,524,686</u>
TOTAL RESTRICTED NET ASSETS	\$	<u><u>17,670,249</u></u>

VOLUNTEER FLORIDA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - INTERFUND TRANSFER

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfer From	Transfer To General Fund
Hispanic Heritage Month	\$ 2,000
Black History Month	2,000
	\$ 4,000

Transfers are used to recognize an agreed upon rate to administer specific programs in the special revenue fund.

NOTE 6 - DEPOSITS

As of June 30, 2019, the carrying amount of the Foundation's cash deposits were \$17,951,970, and bank balances on deposit totaled \$17,952,201. The Foundation maintains cash balances at two (2) financial institution. One institution's account is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, and the remaining balance was collateralized with government securities under Florida Statute Chapter 280, Security for Public Deposits. The other institution accounts were insured by FDIC up to \$250,000 and remaining balance was placed in an insured cash sweep account.

SUPPLEMENTARY INFORMATION

VOLUNTEER FLORIDA FOUNDATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUND
Year Ended June 30, 2019

Governmental Fund				
Special Revenue				
Budgeted Amounts				
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Contributions	\$ 205,000	\$ 205,000	\$ 147,823	\$(57,177)
Investment income	-	-	235,985	235,985
Program specific grants	<u>-</u>	<u>-</u>	<u>6,870,178</u>	<u>6,870,178</u>
TOTAL REVENUE	205,000	205,000	7,253,986	7,048,986
EXPENDITURES				
Current				
Direct program services	12,146,600	5,355,800	4,467,873	887,927
Operating expenses	44,295	28,255	34,156	(5,901)
Personnel services	31,800	31,800	121,061	(89,261)
Professional services	<u>66,300</u>	<u>64,300</u>	<u>10,250</u>	<u>54,050</u>
TOTAL EXPENDITURES	<u>12,288,995</u>	<u>5,480,155</u>	<u>4,633,340</u>	<u>846,815</u>
EXCESS OF REVENUES				
OVER EXPENDITURES	\$(<u>12,083,995</u>)	\$(<u>5,275,155</u>)	2,620,646	\$ <u>7,895,801</u>
FUND BALANCES, BEGINNING OF YEAR			<u>15,307,031</u>	
FUND BALANCES, END OF YEAR			\$ <u>17,927,677</u>	

See independent auditors' report.

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**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
Volunteer Florida Foundation, Inc.
Tallahassee, Florida

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 Volunteer Florida Foundation, Inc. (a Florida nonprofit organization), a component unit of the Florida Commission on Community Service (the "Commission"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued our report dated January 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Volunteer Florida Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteer Florida Foundation, Inc.'s internal control. Accordingly we do not express an opinion on the effectiveness of Volunteer Florida Foundation, Inc.'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 the internal control over financial reporting 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 over financial reporting 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 financial statements of Volunteer Florida Foundation, Inc. are free of 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 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomson Black & Veatch Company

Tallahassee, Florida
January 27, 2020

MEMBERS

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GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.
KELLY VAZQUEZ, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

MANAGEMENT LETTER

Board of Directors
Volunteer Florida Foundation, Inc.
Tallahassee, Florida

We have audited the financial statements of the Volunteer Florida Foundation, Inc. as of and for the year ended June 30, 2019, and have issued our report thereon dated January 27, 2020. We have also issued a report on internal control over financial reporting. Those communications should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

PRIOR YEAR COMMENTS

Adequate Documentation for Contracted Services Related to Florida Disaster Fund - RESOLVED

In the prior year, while testing payments to contractors for disaster response and recovery, we noted a lack of documentation for letters of request and MOUs for contractors. We recommended that management properly document the contractor letters of request for Florida Disaster Funds and review the MOUs on file to assure all contractors being paid have the understanding in place. In the current year, we noted no exceptions on lacking required documentation for the contractors.

Donation Acknowledgement Letters

In the prior year, we noted certain sampled donations tested lacked proper acknowledgements to donors. We also noted that donation letters were not being sent in a timely manner. We recommended that management consider obtaining a donor database to track donations and their acknowledgements. In the current year, we noted that management used excel to track donations received and donation acknowledgement letters that were sent to donors. We identified several contributions that did not receive acknowledgement letters and that were not included in the excel database. We recommend that management reconcile the donor database to the accounting records and to continue looking for a donor database that can assist with tracking acknowledgement letters and donors.

Management's Response: A representative from the finance team and a designated Commission employee (who is responsible for opening the mail and identifying donations by check) were working together to coordinate donation information. As this appears to be an insufficient control, the finance department will begin producing a monthly report in January 2020 and sending to the designated Commission employee. This designated employee will be responsible to check the log of acknowledgements, send any additional acknowledgements in a timely manner.

CURRENT YEAR COMMENTS

Tracking Comic Book Inventory

At the end of this year, we reviewed the inventory on hand of comic books that were donated. We noted that no log was kept when inventory was removed, by whom, or for what purpose. We recommend that management establish a log to track these attributes for when comic books are removed or added back.

Management's Response: This issue has been resolved. The comic book inventory is not physically housed with Volunteer Florida. A log has been created that indicates the comic books released, when and for what purpose. Volunteer Florida has received an update utilizing the new system.

Refunds from Grantees

Refunds received from grantees were being recorded as revenue instead of offsetting the original expense account, the total identified was \$58,629. Both revenue and expenses are overstated when refunds are recorded as revenue. We recommend that management record these grant refunds either in a separate account called refunds or against the original expense account.

Management's Response: Accounting staff will be notified immediately to ensure refunds from grantees will be properly recorded in the accounting system. The CFO or designee will review all entries on a monthly basis for accuracy.

Advances to Grantees

Grantee advances were being recorded as expenses when payment was originally made. This is not in accordance with Summary of Statement #33 issued by the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Nonexchange Transactions*. We recommend that grant advances be recorded to an asset account and reduced as those funds are utilized by the grantee.

Management's Response: Effective immediately, all advances to grantees will be properly recorded in the accounting records as a receivable. The receivable will be offset when those funds are utilized by the grantee.

Florida Disaster Fund Grant Agreements

While reviewing grant agreements with grantees, we noted that the Foundation converted federal contracts from the Commission to be used for Hurricane Irma Response contracts. These contracts had federal requirements and required the grantee to include these funds within their OMB A-133 sample for audit. The Florida Disaster Fund does not have federal funds and not required to be audited under federal requirements. We recommend that management develop contracts specifically for the Florida Disaster Fund and tailor those contracts to the desired deliverables of the grantee.

Management's Response: All Florida Disaster Fund contracts entered into since October 2019 have been updated and tailored to the desired deliverables of the grantee. They no longer reference any unneeded federal requirements. Going forward, all contracts will be reviewed by legal counsel for appropriate compliance references.

Monitoring of Florida Disaster Fund Grant Awards

Management did not have a formal policy and procedures in place on how to monitor the Florida Disaster Fund awards and used the same method that the Commission uses in monitoring the AmeriCorps sub-grantee invoices. While reviewing the monitoring process we noted that the review was not performed to the same extent, nor does it need to be since these are not federal funds. We recommend that management develop a monitoring process, specifically for the Florida Disaster Fund.

Management's Response: Management will create a formal policy with detailed procedures for Volunteer Florida Foundation to manage and monitor all grants within Volunteer Florida Foundation.

This report is intended solely for the information and use of the Volunteer Florida Foundation, Inc.'s Board of Directors, management, others within the organization, specific legislative bodies and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the Chief Operating Officer and her staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Thomson Brock Luger & Company

January 27, 2020