THE ARC OF FLORIDA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

THE ARC OF FLORIDA, INC.
TABLE OF CONTENTS
JUNE 30, 2022

	Page(s)
Independent Auditors' Report	1 – 3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 12
Schedule of State Financial Assistance	13
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*	14 – 15
Independent Auditors' Report on Compliance For Each Major State Project and Report on Internal Control Over Compliance required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General	16 – 18
Schedule of Findings and Questioned Costs – State Projects	19 – 20
Corrective Action Plan	21 – 22

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Arc of Florida, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Arc of Florida, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Arc of Florida, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Arc of Florida, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Responsibilities of Management for the Financial Statements

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Arc of Florida, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Arc of Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in or judgement there are conditions events, considered in the aggregate, that raise substantial doubt about The Arc of Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

Supplementary Information

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 May 12, 2025 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
May 12, 2025

THE ARC OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current assets		
Cash and cash equivalents	$	1,290,099
Accounts and grants receivable		102,474
Prepaid expenses		4,000
Total current assets		1,396,573
Property and equipment, net		261,883
Noncurrent grant receivable		632,191
Total Assets	$	2,290,647

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	$	173,429
Accrued salaries		17,933
Total current liabilities		191,362
Total liabilities		191,362
Net assets		
Without donor restrictions		
Undesignated		1,837,402
Invested in property and equipment		261,883
Total net assets		2,099,285
Total Liabilities and Net Assets	$	2,290,647

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, 2022

	Without Donor Restrictions
Support and revenues	
Member dues	$ 331,382
Rental	9,000
Grants and contracts	3,105,125
Contributions	166,295
In-Kind	78,368
Miscellaneous	600
Total support and revenues	3,690,770
Expenses	
Program services	2,748,434
General and administrative services	465,519
Total expenses	3,213,953
Increase in net assets	476,817
Net assets, beginning of year	1,622,468
Net assets, end of year	$ 2,099,285

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, 2022

	Program Services	General and Administrative	Total
Contract dental services	$ 2,058,450	$ -	$ 2,058,450
Salaries and benefits	423,566	144,141	567,707
Professional services	127,852	162,795	290,647
Promotional and marketing	17,124	109,296	126,420
Travel and meetings	44,741	18,275	63,016
Office supplies	28,797	11,760	40,557
Dues and publications	15,748	6,432	22,180
Depreciation	11,412	4,661	16,073
Insurance	10,299	4,207	14,506
Telephone and utilities	6,176	2,523	8,699
License and fees	2,103	859	2,962
Miscellaneous	2,166	570	2,736
Total expenses	$ 2,748,434	$ 465,519	$ 3,213,953

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, 2022

Cash flows from operating activities	
Cash received from grants, contracts and others	$ 2,926,214
Cash paid to suppliers and employees	(3,044,663)
Net cash used in operating activities	(118,449)
Cash flows from investing activities	
Purchases of property and equipment	(33,305)
Decrease in cash and cash equivalents	(151,754)
Cash and cash equivalents, beginning of year	1,441,853
Cash and cash equivalents, end of year	$ 1,290,099
Reconciliation of increase in net assets to net cash used in operating activities	
Increase in net assets	$ 476,817
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	16,073
Increase in current and noncurrent accounts and grants receivable	(721,545)
Increase in prepaid expenses	(2,530)
Increase in accounts payable	99,137
Increase in accrued salaries	13,599
Total adjustments	(595,266)
Net cash used in operating activities	$ (118,449)

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) **Accounts and grants receivable—**Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(h) **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

(i) **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.

(j) **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)

(k) **In-Kind support**—The Organization receives support in the form of discounted dental services and other professional 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, 2022, in-kind revenue from these items totaled $78,368 during the year.

(l) **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.

(m) **Revenue recognition—** The Organization receives substantially all of its grant and contract revenue from Federal, State and local agencies. The Organization recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. All revenue is recorded net of discounts and uncollectible amounts.

(2) **Significant Funding Sources:**

The Organization receives 82% 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.

Accounts and grants receivable—Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Grant receivables are amounts due under grants and contracts with the State of Florida. The Organization has no policy requiring collateral or other security to support its receivables.

(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, 2022 were $23,220.

(5) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2022:

Land	$	34,956
Building and improvements		335,957
Furniture and equipment		59,548
		430,461
Less: accumulated depreciation		(168,578)
Total	$	261,883

Depreciation expense for the year ended June 30, 2022, was $16,073.

(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	$	1,290,099
Accounts and grants receivable		102,474
Financial assets available to meet cash needs for general expenditures	$	1,392,573

(8) Subsequent Events:

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 12, 2025, the date which the financial statements were available to be issued.

Subsequent to year end, the Organization received notice of contract cancellation from the State of Florida, Agency for Persons with Disabilities, who serves as the funding agency for the Organization's largest grant. This grant was 81% of total revenues for the year ending June 30, 2022. The Organization was involved in a contractual dispute with the State of Florida, Agency for Persons with Disabilities (APD) regarding services provided. After extended negotiations, a formal settlement agreement was reached and fully executed in April 2025. Under the terms of the agreement, APD agreed to remit a payment to the Organization as full and final settlement of all outstanding claims related to the contract. This amount includes reimbursement for specific services previously contested.

(9) 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 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, 2022

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	ACX74	$ 3,000,000
Total State Financial Assistance			$ 3,000,000

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.

JAMESMOORE

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, 2022, 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 May 12, 2025.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a material weakness.

Compliance and Other Matters

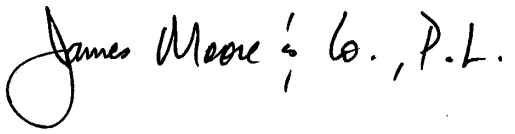
As part of obtaining reasonable assurance about whether The Arc of Florida, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

The Arc of Florida's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Arc of Florida'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.



Tallahassee, Florida
May 12, 2025

JAMESMOORE

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

Opinion on 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, 2022. 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.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Chapter 10.650, Rules of the Auditor General Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state projects.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the audit requirements of Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the audit requirements of Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with and the audit requirements of Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 audit requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
May 12, 2025

THE ARC OF FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2022

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? ____ yes X 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 2022-001: Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: The size of the Organization's accounting staff precludes certain internal controls that would be preferred. We believe that certain practices could be implemented to improve existing internal control without impairing efficiency.

Cause: The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred – including segregating custody and recording of cash receipts.

Effect: Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected.

Recommendation: We recommend management develop compensating controls.

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.

MEMORANDUM

To: Ben Clark, CPA, James Moore & Co.
Cc: Mark Payne, Vivian Pennywells
From: Alan Abramowitz, Chief Executive Officer
Date: May 12, 2025
Subject: **Audit Finalization – Addressing Issue from Previous Audit**

Dear Ben,

In response to the prior audit's finding regarding segregation of duties, we have taken corrective action to address the issue, recognizing the inherent limitations of our small office size. We changed our practice following the previous audit.

At the time of the audit, our operations were structured such that Vivian was responsible for opening the mail, making deposits, and recording items in QuickBooks. While this is not uncommon in small organizations, we have since implemented changes to improve internal controls and strengthen oversight.

The following measures have been adopted:

- The bookkeeper now opens the mail and forwards all checks and related documentation directly to me, the CEO.
- I review, sign, and date all checks, then return them to the bookkeeper for further processing.
- The bookkeeper logs the checks, makes copies for our records, and ensures they are accurately recorded in QuickBooks.
- For outgoing payments, no check is issued without my final approval on Bill.com. I also have access to and review the corresponding invoice through QuickBooks prior to approving any payment.
- Additionally, our CPA performs a monthly reconciliation between Bill.com and QuickBooks to ensure accuracy and detect any discrepancies.

For people with intellectual and developmental disabilities

2898 Mahan Drive Suite 1 | Tallahassee, FL 32308 | T 850.921.0460 | F 850.921.0418 www.arcflorida.org

Though our team remains small, these compensating controls help ensure that no single individual handles all aspects of a financial transaction. We believe these steps adequately address the issue and align with best practices for organizations of our size.

Please let me know if any additional clarification or documentation is needed.

For people with intellectual and developmental disabilities

2898 Mahan Drive Suite 1 | Tallahassee, FL 32308 | T 850.921.0460 | F 850.921.0418 www.arcflorida.org