

Financial Statements

Volunteer Florida Foundation, Inc.

*Year ended June 30, 2022
with Report of Independent Auditors*



Volunteer Florida Foundation, Inc.

Financial Statements

Year ended June 30, 2022

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Report of Independent Auditors

Board of Directors
Volunteer Florida Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Volunteer Florida Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Foundation as of June 30, 2022, and the respective changes in financial position 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

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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 Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Foundation'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as presented in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022 on our consideration of the Foundation'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 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 the Foundation's 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 Foundation's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
November 1, 2022

Volunteer Florida Foundation, Inc.

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. In accordance with section 14.29(9)(a) of Florida Statutes, 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.

In addition to supporting the Commission's primary programs, the Foundation also raises funds for special initiatives including the Florida Black History Month and Florida Hispanic Heritage Month statewide celebrations and other award programs honoring our state's outstanding volunteers, veterans and educators. The Foundation also administers the Florida Disaster Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements. The Foundation's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Foundation's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Foundation's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Volunteer Florida Foundation, Inc.

Management's Discussion and Analysis (continued)

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Foundation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Foundation has two fund categories - the governmental funds and the fiduciary fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The Foundation maintains two (2) individual governmental funds, the general fund and the special revenue fund. The basic governmental fund financial statements can be found in this report as noted in the table of contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in this report as noted in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Foundation's budgetary information. Required supplementary information can be found in this report as noted in the table of contents.

Volunteer Florida Foundation, Inc.

Management's Discussion and Analysis (continued)

Condensed Statements of Net Position. The following table presents the Foundation's condensed Statements of Net Position as of June 30, 2022 and 2021, as derived from the government-wide Statements of Net Position.

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 1,595,955	\$ 3,436,935
Capital assets	924	1,175
Total assets	<u>1,596,879</u>	<u>3,438,110</u>
Total liabilities	85,672	1,456,852
Net Position:		
Net investment in capital assets	924	1,175
Restricted	1,395,008	1,986,751
Unrestricted	115,275	(6,668)
Total net position	<u>\$ 1,511,207</u>	<u>\$ 1,981,258</u>

Condensed Statements of Activities. The following table presents the Foundation's condensed Statements of Activities for the fiscal years ended June 30, 2022 and 2021, as derived from the government-wide Statements of Activities.

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues:		
Operating grants & contributions	\$ 876,758	\$ 8,874,939
Total program revenues	<u>876,758</u>	<u>8,874,939</u>
General revenues		
Investment earnings	2,033	6,167
Total general revenues	<u>2,033</u>	<u>6,167</u>
Total revenues	<u>878,791</u>	<u>8,881,106</u>
Program expenses		
General government	384,767	372,509
Community development projects	37,899	213,361
Florida disaster fund	926,176	16,046,056
Total program expenses	<u>1,348,842</u>	<u>16,631,926</u>
Change in net position	<u>\$ (470,051)</u>	<u>\$ (7,750,820)</u>

Volunteer Florida Foundation, Inc.

Management's Discussion and Analysis (continued)

Overall Analysis

Financial highlights for the Foundation as a whole include the following:

- The assets of the Foundation exceeded its liabilities (net position) at the close of fiscal year 2022 by \$1,511,207, as compared to \$1,981,258 for fiscal year 2021. The majority of the net position balance is restricted for projects relating to community award programs, community development programs, and the Florida disaster fund.
- The Foundation's total net position decreased by \$(470,051) during the fiscal year 2022, as compared to a decrease of \$(7,750,820) decrease in fiscal year 2021.

Major Fund Analysis

The following funds experienced significant changes during the year:

General fund. Fund balance as of June 30, 2022 has increased to a total of \$115,658, as compared to \$(6,668) as of June 30, 2021. This increase relates to increased contributions from private sources.

Special Revenue Fund. Fund balance as of June 30, 2022 has decreased to a total of \$1,394,625, as compared to \$1,986,751 as of June 30, 2021. This decrease relates to a continuation of program expenditures outpacing program specific grant and contribution revenues for the Florida Disaster Fund.

Capital Asset Activity

The Foundation reported \$924 in capital asset activity for governmental activities as of June 30, 2022 versus \$1,175 as of June 30, 2021. Please refer to note 4 in the Notes to the Financial Statements for additional information on capital assets.

Requests for Information

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

Volunteer Florida Foundation, Inc

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,495,148
Advances	78,840
Due from Commission	9,962
Other assets	12,005
Total current assets	<u>1,595,955</u>
Noncurrent assets:	
Capital assets:	
Depreciable (net)	924
Total noncurrent assets	<u>924</u>
Total assets	<u><u>\$ 1,596,879</u></u>
 Liabilities and net position	
Accounts payable and accrued liabilities	\$ 85,672
Total liabilities	<u>85,672</u>
 Net position	
Net investment in capital assets	924
Restricted for:	
Community awards programs	3,982
Community development programs	13,422
Florida Disaster Fund	1,377,221
Healthy Minds	383
Unrestricted	115,275
Total net position	<u><u>\$ 1,511,207</u></u>

See accompanying notes.

Volunteer Florida Foundation, Inc

Statement of Activities

Year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues and Change in Net Position
		Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government Governmental Activities:			
General government	\$ 384,767	\$ 504,809	\$ 120,042
Community development projects	37,899	19,000	(18,899)
Florida Disaster Fund	926,176	352,949	(573,227)
Total governmental activities	<u>1,348,842</u>	<u>876,758</u>	<u>(472,084)</u>
General revenues:			
Unrestricted investment earnings			<u>2,033</u>
Total general revenues			<u>2,033</u>
Change in net position			(470,051)
Net position at beginning of year			<u>1,981,258</u>
Net position at end of year			<u>\$ 1,511,207</u>

See accompanying notes.

Volunteer Florida Foundation, Inc

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 94,180	\$ 1,400,968	\$ 1,495,148
Advances	-	78,840	78,840
Due from Commission	9,962	-	9,962
Other assets	12,005	-	12,005
Total assets	<u>\$ 116,147</u>	<u>\$ 1,479,808</u>	<u>\$ 1,595,955</u>
Liabilities:			
Accounts payable	\$ 489	\$ -	\$ 489
Sub-grantee payables	-	85,183	85,183
Total liabilities	<u>489</u>	<u>85,183</u>	<u>85,672</u>
Fund balance:			
Restricted for:			
Community award programs	-	3,982	3,982
Community development programs	-	13,422	13,422
Florida Disaster Fund	-	1,377,221	1,377,221
Healthy Minds	383	-	383
Unassigned fund balance	115,275	-	115,275
Total fund balance	<u>115,658</u>	<u>1,394,625</u>	<u>1,510,283</u>
Total liabilities and fund balance	<u>\$ 116,147</u>	<u>\$ 1,479,808</u>	<u>\$ 1,595,955</u>

See accompanying notes.

Volunteer Florida Foundation, Inc

Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2022

Total fund balance – governmental funds \$ 1,510,283

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources, and therefore are not reported as assets in
governmental funds.

Governmental capital assets	1,245	
Less accumulated depreciation	<u>(321)</u>	
		<u>924</u>

Net position of governmental activities \$ 1,511,207

See accompanying notes.

Volunteer Florida Foundation, Inc.

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Contributions	\$ 504,809	\$ -	\$ 504,809
Program specific grant and contributions:			
Black History Month	-	9,000	9,000
Florida Disaster Fund	-	27,924	27,924
Hispanic Heritage Month	-	10,000	10,000
Florida Disaster Fund matching funds	-	325,025	325,025
Interest income	2,033	-	2,033
Total revenues	<u>506,842</u>	<u>371,949</u>	<u>878,791</u>
Expenditures:			
Current:			
Direct program services	25,611	601,151	626,762
Operating expenses	28,825	7,327	36,152
Personnel services	113,886	-	113,886
Professional services	216,194	30,572	246,766
Program matching services	-	325,025	325,025
Total expenditures	<u>384,516</u>	<u>964,075</u>	<u>1,348,591</u>
Net change in fund balance	122,326	(592,126)	(469,800)
Fund balance at beginning of year	<u>(6,668)</u>	<u>1,986,751</u>	<u>1,980,083</u>
Fund balance at ending of year	<u>\$ 115,658</u>	<u>\$ 1,394,625</u>	<u>\$ 1,510,283</u>

See accompanying notes.

Volunteer Florida Foundation, Inc

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2022

Net change in fund balances - total governmental funds		\$ (469,800)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses.		
Expenditures for capital assets	-	
Less current year depreciation	<u>(251)</u>	<u>(251)</u>
Change in net position of governmental activities		<u><u>\$ (470,051)</u></u>

See accompanying notes.

Volunteer Florida Foundation, Inc.

Statement of Fiduciary Net Position
– Custodial Fund

June 30, 2022

	Custodial Fund
Assets:	
Cash and cash equivalents	\$ 103,013
Total assets	<u>\$ 103,013</u>
Net Position:	
Restricted for:	
Gubernatorial Fellows	\$ 103,013
Total net position	<u>\$ 103,013</u>

See accompanying notes.

Volunteer Florida Foundation, Inc.

Statement of Changes in Fiduciary Net
Position – Custodial Fund

Year Ended June 30, 2022

	Custodial Fund
Additions:	
Contributions	\$ 99,568
Total additions	<u>99,568</u>
Deductions:	
Direct program services	37,695
Operating expenses	56,012
Professional services	20,866
Total deductions	<u>114,573</u>
Net change in fiduciary net position	(15,005)
Beginning net position	118,018
Ending net position	<u><u>\$ 103,013</u></u>

See accompanying notes.

Volunteer Florida Foundation, Inc.

Notes to Financial Statements

Year ended June 30, 2022

1. Summary of Significant Accounting Policies

A. 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)(a) 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 Black History Month and Florida Hispanic Heritage Month statewide celebrations, the Florida Disaster Fund, and other award programs honoring our state's outstanding volunteers, veterans and educators.

Basis of Presentation – 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

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report all assets, liabilities, revenues, and expenses on all of the nonfiduciary activities of the Foundation, providing a consolidated financial picture of the government as a whole. The effect of interfund activity has been removed from these statements.

The statement of net position reports all financial and capital resources and obligations of the Foundation as a whole. The effects of fiduciary funds are not included as a part of this statement. The difference between assets and liabilities is reported as net position. The statement of activities presents information showing how the Foundation's net position changed during the fiscal year. Further, this statement demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

Volunteer Florida Foundation, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Basis of Presentation – Government-Wide Financial Statements (continued)

For identifying the function to which program revenue pertains, the determining factor for charges for services is the function that generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Basis of Presentation – Fund Financial Statements

The accounts of the Foundation are organized on the basis of funds, each of which is considered a separate accounting entity. Fund structures, where applicable, have been designed to comply with all requirements of regulatory provisions or administrative action. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, equities, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped into two categories: governmental funds and fiduciary funds. Separate financial statements are provided for each of these categories. Major individual governmental funds are reported as separate columns in the fund financial statements. The remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental Funds – Governmental Funds focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. The governmental fund category includes the general fund and special revenue fund. The Foundation reports the following major governmental funds:

- The General Fund is the general operating fund of the Foundation. All general contribution revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the General Fund.
- The 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.

Fiduciary Funds – Fiduciary Funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the Foundation's own programs. The following funds are classified as custodial funds since the Foundation does not have administrative involvement or direct financial involvement in the activities:

- Florida Gubernatorial Fellows Fund – The Foundation acts in an agency capacity for the Executive Office of the Governor who administers the program.
- Department of Emergency Management Contribution Fund – The Foundation acts in an agency capacity for the Florida Division of Emergency Management (the Division), where the Foundation collects non-cash donations from organizations and directly remits them to the Division for their use.

Volunteer Florida Foundation, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

B. 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 and fiduciary fund 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.

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 Foundation.

C. Assets, Liabilities and Net Position

Cash and Cash Equivalents

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 (3) months or less from the date of acquisition.

Volunteer Florida Foundation, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Net Position (continued)

Due from Commission

These are activities between the Commission and the Foundation. Such amounts represent expenses paid by the Foundation that are due from the Commission at the end of the fiscal year.

Capital Assets

The Foundation has established a capitalization threshold of \$5,000 for property expected to benefit the operations of the organization for multiple years to be considered.

- A capital asset is defined as a unit of tangible property that has an economic useful life of more than twelve (12) months; and was acquired or produced for a cost of more than \$5,000, including acquisition and installation costs on the same invoice. Capital assets must be capitalized and depreciated for financial statement purposes.
- Capital assets include furniture and equipment.
- Property purchased meeting the capital asset definition is added to the list of assets maintained by the finance department. This list is categorized by type of capital asset, i.e. buildings, furniture and equipment, plant assets, etc., and includes the asset number, date of installation, cost, shipping and installation fees, and life expectancy for depreciation purposes. A copy of the invoices are maintained with these asset records until the asset is sold or deleted.
- The useful lives of capitalizable assets is estimated to be 5 years.
- The Foundation carries an allocated portion of capital assets the Commission purchases that benefit the Foundation.

Long-Term Obligations

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

Volunteer Florida Foundation, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Net Position (continued)

Fund Balance Flow Assumption

Occasionally 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, and lastly unassigned fund balance is applied.

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 users. 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.

D. 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).

With few exceptions, the Foundation is no longer subject to examinations by major tax jurisdictions for years ended June 30, 2018 and prior.

Volunteer Florida Foundation, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

E. Subsequent Events

The Foundation has evaluated subsequent events through November 1, 2022, the date the financial statements were available to be issued. Subsequent events identified by the Foundation are described in Note 9.

F. Use of Estimates

The preparation of financial statements in accordance 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. Accordingly, actual results could differ from those estimates.

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.

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. As the comic books are distributed, they are removed from the other asset balance and included as an expenditure. Other assets amounted to \$12,005 as of June 30, 2022.

4. Capital Assets

Following is a summary of the changes in capital assets for the year ending June 30, 2022:

Descriptions	Beginning balance	Additions	Deletions	Ending balance
	June 30, 2021			June 30, 2022
Equipment and furnishings	\$ 1,245	\$ –	\$ –	\$ 1,245
Total capital assets subject to depreciation	1,245	–	–	1,245
Accumulated depreciation	(70)	(251)	–	(321)
Total capital assets, net	<u>\$ 1,175</u>	<u>\$ (251)</u>	<u>\$ –</u>	<u>\$ 924</u>

Volunteer Florida Foundation, Inc.

Notes to Financial Statements

5. Deposits

As of June 30, 2022, the carrying amount of the Foundation's cash deposits, including fiduciary funds, were \$1,598,161, and bank balances on deposit totaled \$1,598,240. The Foundation maintains cash balances at one financial institution. The Foundation's full account balance is insured through a certificate of deposit account registry service provided by the Foundation's banking institution.

6. Risk Management

The Foundation is exposed to various risks of loss associated with normal operations and has purchased commercial insurance to mitigate such risks.

7. In-Kind Support

The Foundation records in-kind contributions at the fair value of supplies donated. Such in-kind supplies provided consist primarily of personal protective equipment used to combat the spread of COVID-19.

These supplies are recorded as income and expense at the time they are received, which is normally the time they are used. Such in-kind contributions, which met criteria for recognition, amounted to \$0 and \$437,000 for the years ended June 30, 2022 and 2021, respectively.

8. Related Party Transactions

During the normal course of operations, the Foundation receives contributions from board members and their related entities. During the year ended June 30, 2022, the Foundation received \$385,859 in related party contributions.

9. Subsequent Events

On September 28, 2022, Hurricane Ian made landfall on the west coast of Florida. As a result, donations for Hurricane Ian response and recovery efforts began pouring in to the Foundation's Florida Disaster Fund. The Foundation projects \$60 million in donations related to Hurricane Ian response and recovery.

Other Required Supplementary Information

Volunteer Florida Foundation, Inc.

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
– General Fund

Year ended June 30, 2022

	Governmental Fund			
	General Fund			
	Budgeted Amounts		Actual	Favorable (Unfavorable)
Original	Final			
Revenues:				
Contributions	\$ 457,150	\$ 451,808	\$ 504,809	\$ 53,001
Interest income	1,483	1,483	2,033	550
Total revenue	<u>458,633</u>	<u>453,291</u>	<u>506,842</u>	<u>53,551</u>
Expenditures:				
Current:				
Direct program services	56,330	53,428	25,611	27,817
Operating expenses	86,629	57,525	28,825	28,700
Personnel services	276,953	119,088	113,886	5,202
Professional services	116,217	111,402	216,194	(104,792)
Total expenditures	<u>536,129</u>	<u>341,443</u>	<u>384,516</u>	<u>(43,073)</u>
Excess of expenditures over revenues	<u>\$ (77,496)</u>	<u>\$ 111,848</u>	122,326	<u>\$ 10,478</u>
Interfund transfers			-	
Fund balance at beginning of year			<u>(6,668)</u>	
Fund balance at ending of year			<u>\$ 115,658</u>	

See report of independent auditors.

Volunteer Florida Foundation, Inc.

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
– Special Revenue Fund

Year ended June 30, 2022

	Governmental Fund			
	Special Revenue			
	Budgeted Amounts		Actual	Favorable (Unfavorable)
Original	Final			
Revenues:				
Program specific contributions	\$ 20,000	\$ 45,190	\$ 46,924	\$ 1,734
Florida Disaster Fund matching funds	-	556,505	325,025	(231,480)
Total revenue	<u>20,000</u>	<u>601,695</u>	<u>371,949</u>	<u>(229,746)</u>
Expenditures:				
Current:				
Direct program services	1,458,634	925,640	601,151	324,489
Operating expenses	37,082	28,707	7,327	21,380
Professional services	-	27,200	30,572	(3,372)
Program matching services	-	556,505	325,025	231,480
Total expenditures	<u>1,495,716</u>	<u>1,538,052</u>	<u>964,075</u>	<u>573,977</u>
Excess of expenditures over revenues	<u>\$ (1,475,716)</u>	<u>\$ (936,357)</u>	(592,126)	<u>\$ 344,231</u>
Interfund transfers				
Fund balance at beginning of year			<u>1,986,751</u>	
Fund balance at ending of year			<u>\$ 1,394,625</u>	

See report of independent auditors.

Other Reports

Report of Independent Auditors 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*

The Board of Directors
Volunteer Florida Foundation, Inc.

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 the governmental activities, each major fund, and the aggregate remaining fund information of the Volunteer Florida Foundation, Inc. (the Foundation), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 1, 2022.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
November 1, 2022