

Financial Statements  
and Other Financial Information

**The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust**

*Years ended June 30, 2020 and 2019  
with Report of Independent Auditors*



The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Financial Statements  
and Other Financial Information

Years ended June 30, 2020 and 2019

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## Report of Independent Auditors

Board of Directors  
The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Able Trust (the Foundation) which comprise the statement of net position as of June 30, 2020, the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Able Trust, as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Prior Year Financial Statements*

The financial statements of The Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Able Trust as of and for the year ended June 30, 2019, were audited by other auditors whose report dated December 5, 2019, expressed an unmodified opinion on those statements.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 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 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 audits 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 Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The budgetary comparison schedules, included on pages 24 and 25, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic 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 December 17, 2020 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 the Foundation's internal control over financial reporting and compliance.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
December 17, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Foundation's (the Foundation) management discussion and analysis presents an overview of its financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Foundation's financial statements. This section of the report is intended to provide a brief, objective, and easily readable analysis of the Foundation's financial performance for the year and its financial position at fiscal year end June 30, 2020.

### Overview of the Financial Statements

The Foundation is considered an enterprise fund and utilizes the accrual basis of accounting. The basic financial statements for an enterprise fund include a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. The basic financial statements provide readers with a broad view of the Foundation's finances, in a manner similar to a private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### Financial Analysis

A comparison summary of the statement of net position is presented below:

	<u>FY 2020</u>	<u>FY 2019</u>	<u>% Change</u>
Current Assets	\$ 20,972,155	\$ 22,071,531	(5.0%)
Restricted Assets	3,188,772	-	-
Other Assets	760,062	815,511	(6.8%)
Capital Assets	124,149	123,633	0.4%
	<u>\$ 25,045,138</u>	<u>\$ 23,010,675</u>	<u>8.8%</u>
Current Liabilities	\$ 90,582	\$ 142,632	(36.5%)
	<u>90,582</u>	<u>142,632</u>	<u>(36.5%)</u>
Deferred Inflows of Resources	658,312	745,970	(11.8%)
Net Position			
Invested in Capital Assets, Net	124,149	123,633	0.4%
Nonexpendable Contributions	3,188,772	-	-
Unrestricted	20,983,323	21,998,440	4.6%
	<u>24,296,244</u>	<u>22,122,073</u>	<u>9.8%</u>
Total Liabilities and Net Position	<u>\$ 25,045,138</u>	<u>\$ 23,010,675</u>	<u>8.8%</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Current assets comprised primarily of cash, investments, and funds receivable from state agencies decreased by \$1,099,376 from the prior year.

Restricted assets increased by \$3,188,772 from the prior year due to the contribution of endowment cash and investments from the Able Charitable Foundation.

Other assets are comprised of contributions receivable from deferred gifts, the long-term portion of the annuity receivable and premium advances on a life insurance policy of a former executive.

A comparative summary of changes in fund net position is presented below:

	<b>FY 2020</b>	<b>FY 2019</b>	<b>% Change</b>
Operating Revenues	\$ 641,609	\$ 673,205	(4.7%)
Operating Expenses	3,299,541	3,235,833	2.0%
Operating Loss	(2,657,932)	(2,562,628)	3.7%
Nonoperating Revenues	4,519,275	(1,900,208)	(337.8%)
Endowment Contributions	312,828	38,393	714.8%
Change in Net Position	<u>\$ 2,174,171</u>	<u>\$ (4,424,443)</u>	<u>(149.1)%</u>

### Net Position

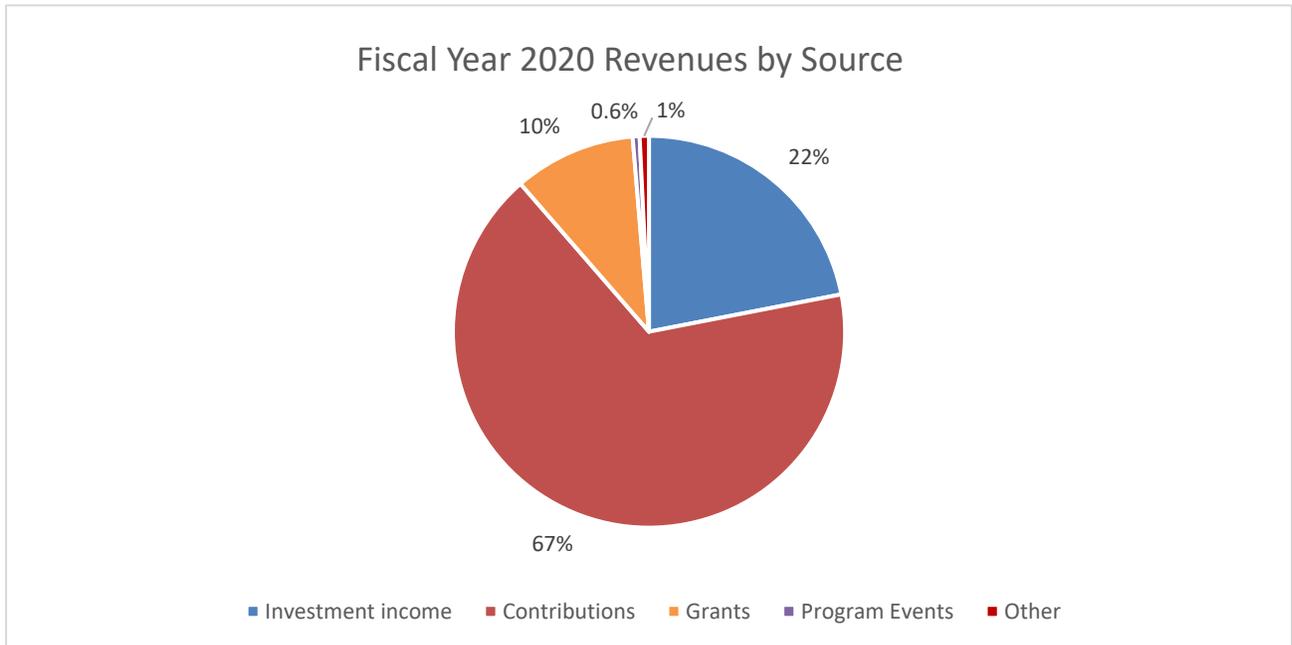
The increase in net position during the current year is primarily due to the contributions made from the Able Charitable Foundation totaling approximately \$3.3 million.

### Nonoperating Revenue

Nonoperating revenues for the fiscal year ended June 30, 2020 primarily consist of contributions made from the Able Charitable Foundation totaling approximately \$3.3 million, net realized gains on investments of \$1,375,268, interest and dividends of \$1,083,185, and net unrealized losses on investments of \$1,257,267. The Foundation uses interest and dividends to cover operating expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

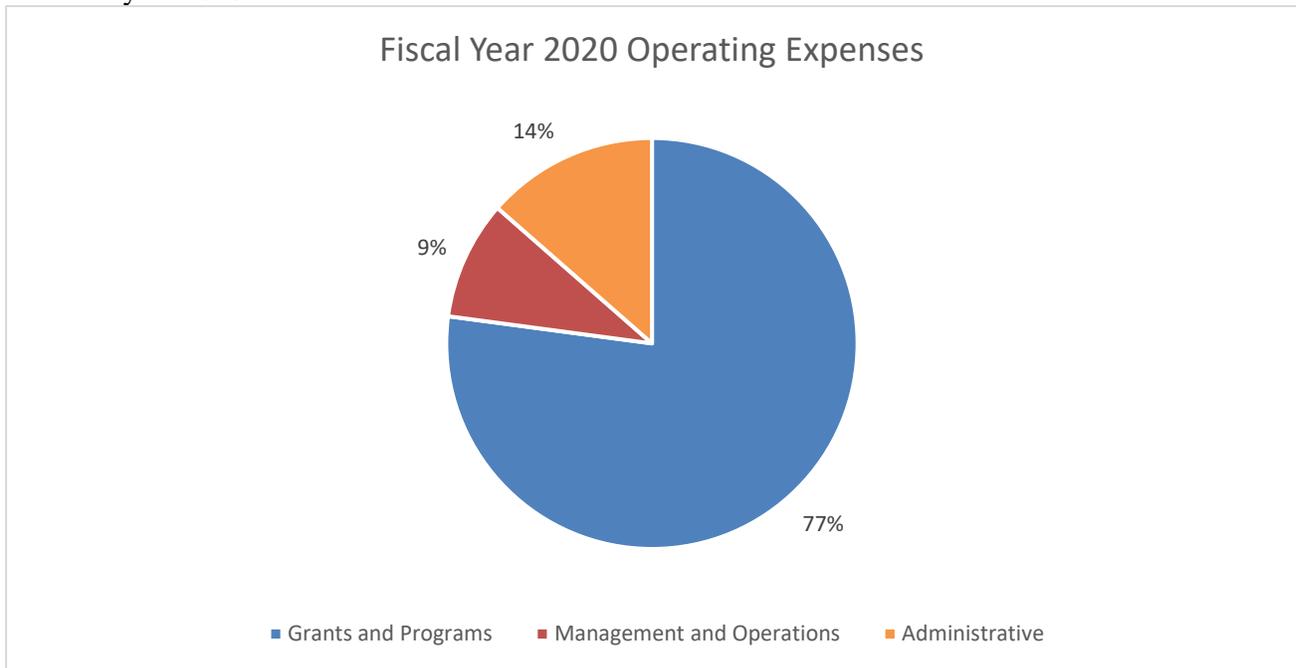
Graphic presentation of revenues follows to assist in the analysis of the Foundation's activities for fiscal year 2020.



As graphically portrayed above and discussed earlier, the Foundation received a portion of its income during the fiscal year ended June 30, 2020, from grants from the State of Florida. Income on investments provided 22% of total revenues. Contributions from private sources and the Able Charitable Foundation made up 67% of total revenues. The balance of the revenues are from program and fundraising events.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Graphic presentation of operating expenses follows to assist in the analysis of the Foundation's activities for fiscal year 2020.



Operating expenses increased \$63,708 from the prior year, primarily due to increased grant obligations expenses offset by decreasing compensation and fundraising costs.

### Budgetary Highlights

The Foundation's revenue budget for fiscal year 2020 was \$2,648,273. This was an increase of \$487,950 from the previous year budget.

### Other Highlights

1. Fiscal year 2019-2020 ushered in many disruptions including the retirement of the organization's President/CEO and resignation of long-time Board members as well as health, economic, and operational changes prompted by the COVID-19 pandemic. Despite the many disruptions, thousands of Floridians with disabilities were assisted with employment and pre-employment services; all outstanding grants and partnerships of the organization were maintained, including several multi-year strategic grants and the High School High Tech program; new programs and trainings were added to provide capacity-building and peer-to-peer support for grantees and VR counselors; and the organization even assisted with the underwriting and provision of personal protective equipment to support Florida's Division of Vocational Rehabilitation.
2. The organization successfully addressed several mandated and suggested operational and financial reviews, including an analysis of its historic sources and uses of funds and a reevaluation of its grant guidelines, and updated operational and reporting practices to address changes requested by the Florida Legislature, the Florida Department of Education, and the FDOE Office of Inspector General.
3. The organization closed a related entity, the Able Charitable Foundation, which was established to serve as a separate, independent fundraising arm for the organization. All assets and functions were transferred back to the Foundation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

4. Board members of the Foundation are appointed by Florida's Governor. Upon the retirement of the President/CEO and at the request of Florida's Commissioner of Education, the Board voluntarily resigned to allow the Governor an opportunity to appoint a new Board. As of the date of this report, a new board has not been appointed.
5. In addition to the general training and support services provided to thousands of Floridians with disabilities across the state, more than 500 individuals with disabilities participated in established grant programs that provided targeted employment skills development and training, with nearly 300 of these gaining either a full- or part-time position or internship during fiscal year 2020.
6. The High School High Tech program entered its 24<sup>th</sup> year of providing career exploration and skills training for students with disabilities. The HSHT program, supported in part by the Florida legislature, provided programming for 1,257 students with disabilities across 40 Florida counties through 43 school-based or community-based sites. The program delivers career training and preparation through a mix of opportunities, including lessons and hands-on experiences, part time employment, volunteering, school-based enterprises, and instruction toward professional certifications. Notably, sites across the state successfully pivoted to a complete virtual format due to changes brought about by COVID-19 and still managed to achieve a graduation rate of 99%, with 83% of graduates entering postsecondary education or employment. Fiscal year 2019-2020 was also the inaugural year of a new program, Project Venture, a business development "pitch competition" which provides students the opportunity to work in teams and develop communications, marketing, and entrepreneurial skills using a business planning and start-up simulation model.
7. The Foundation began transitioning its alumni association into a broader Young Professionals Network (YBN) to support individuals with disabilities between the ages of 20-40. The YPN will offer training, support, and guidance for career advancement; connect members to job opportunities and employers; and create a peer-to-peer support network where individuals with disabilities can assist each other with insights, access, and connections.
8. The Foundation supported various leadership programs and activities designed to benefit Floridians with disabilities including the Youth Leadership Forum and the Florida Disabled Outdoor Association's SportsAbility.
9. In addition to its direct support of grantees and individuals with disabilities, the Foundation returned to its role of providing support for employers interested in disability workforce inclusion by relaunching its business leadership program- the ABLE Network, A Business Leadership Exchange Network. The ABLE Network will provide information, toolkits, webinars, videos, white papers, and support as well as assist with coordinating B2B/peer-to-peer activities. To launch this initiative, the Foundation conducted a statewide survey of employers to better understand the challenges and needs related to disability workforce inclusion and released its findings in conjunction with activities commemorating the 30-year anniversary of the Americans with Disabilities Act (ADA).
10. The Foundation also returned to its statewide coordination role for DEAM, Disability Employment Awareness Month, and started reestablishing a statewide committee comprised of agency partners, employment service providers, and disability inclusion leaders from Florida's industries and stakeholder organizations. Despite barriers caused by COVID-19, the organization was still able to support business initiatives during 2020 including Publix regional career fairs, Kennedy Space Center's virtual job shadowing, and FloridaMakes 2020 Manufacturing Day.

### Contacting the Foundation's Financial Management

This financial report is designed to provide a general overview of the Foundation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tony Carvajal at [Tony@abletrust.org](mailto:Tony@abletrust.org) or 850-224-4493.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Statements of Net Position

	June 30,	
	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,491,237	\$ 887,451
Investments	19,337,258	20,993,568
Due from DOE/DVR for High School/High Tech Program	137,456	137,456
Accounts receivable - other	-	258
Annuity receivable, current	-	32,209
Prepaid expenses	6,204	20,589
Total current assets	20,972,155	22,071,531
Restricted assets:		
Restricted Cash	390,978	-
Restricted investments	2,797,794	-
Total restricted assets	3,188,772	-
Other assets:		
Contributions receivable from deferred gifts, net	658,312	693,569
Annuity receivable, long term	-	20,192
Capital assets, net	124,149	123,633
Deposits and other noncurrent assets	101,750	101,750
Total other assets	884,211	939,144
Total assets	\$ 25,045,138	\$ 23,010,675
<b>Liabilities and net position</b>		
Current liabilities:		
Accounts payable	\$ 9,377	\$ 20,971
Accrued expenses	31,205	121,661
Unearned revenue	50,000	-
Total current liabilities	90,582	142,632
Deferred inflow of resources:		
Contributions from deferred gifts, net	658,312	693,569
Contributions from annuity receivable	-	52,401
Total deferred inflow of resources	658,312	745,970
Net position:		
Invested in capital assets, net	124,149	123,633
Restricted - nonexpendable contributions	3,188,772	-
Unrestricted	20,983,323	21,998,440
Total net position	24,296,244	22,122,073
Total liabilities and net position	\$ 25,045,138	\$ 23,010,675

*See accompanying notes.*

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Statements of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>
<b>Operating revenues</b>		
Public support:		
DOE/DVR High School / High Tech	\$ 549,823	\$ 549,823
Program events	30,810	35,000
Contributions	19,090	73,212
Other revenues	41,886	15,170
Total operating revenues	<u>641,609</u>	<u>673,205</u>
<b>Operating expenses</b>		
Program services:		
Grants and program expenses	2,544,484	2,180,257
Total program services	<u>2,544,484</u>	<u>2,180,257</u>
Supporting services:		
Management and operations	308,352	217,697
Administrative	446,705	837,879
Total supporting services	<u>755,057</u>	<u>1,055,576</u>
Total operating expenses	<u>3,299,541</u>	<u>3,235,833</u>
Operating loss	<u>(2,657,932)</u>	<u>(2,562,628)</u>
<b>Nonoperating revenues</b>		
Investment income	1,201,186	1,207,115
Loss on disposal of capital assets	-	(17,107)
BP Oil spill settlement	-	6,521
Contributions from (to) Able Charitable Foundation	<u>3,318,089</u>	<u>(3,096,737)</u>
Total nonoperating revenues	<u>4,519,275</u>	<u>(1,900,208)</u>
Income (loss) before endowment contributions	<u>1,861,343</u>	<u>(4,462,836)</u>
Endowment contributions	<u>312,828</u>	<u>38,393</u>
Change in net position	2,174,171	(4,424,443)
Net position, beginning of year	22,122,073	26,546,516
Net position, end of year	<u>\$ 24,296,244</u>	<u>\$ 22,122,073</u>

*See accompanying notes.*

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Statements of Cash Flows

	<b>Years ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Receipts from public support	\$ 599,981	\$ 658,135
Other cash receipts	41,886	14,991
Payments for grants and related expenses	(2,072,588)	(1,986,239)
Cash payments for operating expenses	(297,790)	(50,258)
Cash payments for program services	(176,333)	(285,248)
Cash Payments for fundraising	-	(36,272)
Cash Payments to employees	(835,312)	(789,220)
Net cash used in operating activities	(2,740,156)	(2,474,111)
<b>Cash flows from investing activities</b>		
Interest and dividends	1,083,185	4,009,991
Sales of assets held for sale	-	10,000
Net (loss) proceeds from the sale of investments	(1,023,483)	1,388,984
Net cash provided by investing activities	59,702	5,408,975
<b>Cash flows from capital financing activities</b>		
Acquisition of capital assets	(5,699)	-
Net cash provided by capital financing activities	(5,699)	-
<b>Cash flows from noncapital financing activities</b>		
Contributions for long-term endowments	362,828	38,393
BP Oil spill settlement	-	6,521
Contributions from (to) Able Charitable Foundation	3,318,089	(3,096,737)
Net cash provided by noncapital financing activities	3,680,917	(3,051,823)
Net change in cash and cash equivalents	994,764	(116,959)
Cash and cash equivalents, beginning of year	887,451	1,004,410
Cash and cash equivalents, end of year	\$ 1,882,215	\$ 887,451
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating loss	\$ (2,657,932)	\$ (2,562,628)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	5,184	4,890
Change in assets and liabilities:		
Accounts receivable, net	257	(79)
Prepaid expenses	14,385	(12,924)
Accounts payables	(11,594)	10,520
Accrued expenses	(90,456)	86,110
Net cash provided by operating activities	\$ (2,740,156)	\$ (2,474,111)
<b>Supplemental disclosures of cash flow information</b>		
Decrease in fair value of investments	\$ (1,257,267)	\$ (555,179)

See accompanying notes.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

Years ended June 30, 2020 and 2019

**1. Nature of Operations and Significant Accounting Policies**

The Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Able Trust (the Foundation) was created by the 1990 Florida Legislature and was incorporated on February 25, 1991, as a not-for-profit corporation. The Foundation was established as a direct support organization for the Florida Department of Education, Division of Vocational Rehabilitation (DOE/DVR) for the purpose of raising funds to support public and private nonprofit vocational rehabilitation programs and services and for providing public awareness, education, and grants, all of which to promote the employment of Florida citizens with disabilities.

In prior years, funding for the Foundation was primarily provided under Florida Statutes through surcharges on both noncriminal moving traffic violations (received from the Department of Revenue (DOR)) and temporary handicap parking permits (received from the Department of Transportation (DOT)), and by an annual appropriation from the Division of Vocational Rehabilitation. Effective July 1, 2017, revisions were made to the statutes governing the Foundation and its funding by the Florida Legislature, which provided only the funding from the High School/High Tech grant program of DOE/DVR. In addition, the Foundation receives revenue through corporate support, grants, and private gifts and donations. The section of the Florida statute governing the Foundation is set to repeal October 1, 2023, unless reviewed and saved from repeal by the Florida Legislature.

Financial statements of the Foundation are an integral part of the financial statements of the State of Florida (the primary government). There are no component units for the Foundation to consider for inclusion in its financial statements.

**Basis of Accounting**

The Foundation follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

**Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits with financial institutions and deposits in highly-liquid money market funds.

**Investments**

Investments consist of certain mutual funds and fixed maturity investments and are carried at market value, which is based on quoted market values for these or similar instruments.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**Investments (continued)**

Restricted investments consist of permanently restricted endowment funds. Earnings on restricted investments are recorded as unrestricted revenues unless its use is limited by donor restrictions. Investment earnings received with donor-imposed restrictions that expire during the fiscal year are recorded as unrestricted income.

**Endowments**

The Foundation's endowments consist of multiple funds established for a variety of purposes, and include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. These endowments are a result of Foundation fundraising and development efforts since the creation of the Foundation in 1991. The Board of Directors requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The Foundation classifies the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment as restricted-nonexpendable contributions net position. Any investment earnings or losses from the permanently restricted endowment fund are classified as unrestricted earnings to be used to fund the operations of the Foundation, unless there are specific donor restrictions regarding the use of investment earnings.

The general investment objectives of the Foundation are to achieve a competitive long-term rate of return and marketability within reasonable and prudent levels of risk.

The Foundation's investment goal is to earn an average annual rate of return over five (5) years which exceeds the average rate of inflation (CPI).

To achieve the goals and objectives of the Foundation, the following target asset allocation for the Foundation's investment portfolio has been established:

	<u>Target Allocation</u>	<u>Standard Benchmark</u>
Domestic Large Capitalization Equities	35%	Standard & Poor's 500
Domestic Small Capitalization Equities	12%	Russell 2000
Foreign Equities	10%	Europe, Australasia, Far East
Fixed Income Securities	40%	Merrill Lynch Domestic Master
Global Alternative Investments	3%	N/A

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

As of June 30, 2020, the investment portfolio asset allocation is as follows:

Domestic Large Capitalization Equities	36%
Domestic Small Capitalization Equities	12%
Foreign Equities	10%
Fixed Income Securities	39%
Global Alternative Investments	3%

**Accounts Receivable**

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect, are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2020 and 2019, the valuation allowance was \$0, as management deems the balances to be fully collectible.

**Capital Assets**

Capital assets are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life for furniture and equipment is three to ten years. Leasehold improvements are depreciated over the lesser of the useful life or the lease term (10 years). The Foundation capitalizes all capital assets with a purchase price over \$5,000.

**Contributions**

Annual contributions and gifts are recorded as revenue at the time they are received, or when all eligibility requirements are met, whichever is first. Contributions received with permanent restrictions are presented as nonexpendable contributions on the Statements of Net Position. In-kind contributions are estimated based on the nature of the asset contributed and are recorded at fair market value. When both restricted and unrestricted resources are available for use, it is the Foundation's policy to use restricted resources first, and then unrestricted resources, as they are needed.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**Income Taxes**

Pursuant to a determination letter received from the IRS, the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is, however, subject to corporate income taxes on net income earned from unrelated business activities (Note 14).

**Operating Revenues**

Operating revenues consist of funds received from public dollars, fundraising and development, grants, special events, and public support programs that are used by the Foundation to carry out its exempt purpose. Revenues from these sources are recorded in the period in which they are earned.

**Contributions Receivable from Deferred Gifts**

Contributions receivable from deferred gifts consist of amounts receivable from various irrevocable charitable remainder and life insurance trust agreements and are considered promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on the charitable remainder trusts are based on the Internal Revenue Service (IRS) Applicable Federal Rate (AFR) for determining the present value of remainder interests as of the fiscal year end. The discounts on the life insurance trusts are based on the Foundation's average rate of investment earnings for the fiscal year.

**Subsequent Events**

The Foundation has evaluated subsequent events through December 17, 2020, the date the financial statements were available to be issued. During the period from June 30, 2020 to December 17, 2020, the Foundation did not have any material recognizable subsequent events.

**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 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.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs benefited.

**Reclassification**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**2. Cash and Cash Equivalents**

Cash and cash equivalents consist of accounts maintained at several commercial financial institutions located in Florida. The carrying amount and bank balances at June 30, 2020 are \$1,882,215 and \$1,938,293, respectively. Cash account balances are secured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per bank. Deposits with commercial financial institutions in excess of FDIC limits are covered by the State of Florida's Public Depository Act as described in Chapter 280, Florida Statutes.

**3. Investments**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

*Fair Value on a Recurring Basis*

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**3. Investments (continued)**

Investments consist of the following at June 30, 2020:

	<u>Market and Carrying Value</u>	<u>Level 1</u>
Equity securities:		
Large market capitalization	\$ 11,340	\$ 11,340
Mutual funds:		
Fixed income	8,706,846	8,706,846
Large market capitalization	7,928,645	7,928,645
Small/Middle market capitalization	2,675,346	2,675,346
International	2,247,145	2,247,145
Alternative	<u>565,730</u>	<u>565,730</u>
Total investments	22,135,052	22,135,052
Less: Restricted investments	<u>(2,797,794)</u>	<u>(2,797,794)</u>
Unrestricted investments	<u>\$ 19,337,258</u>	<u>\$ 19,337,258</u>

Investments consist of the following at June 30, 2019:

	<u>Market and Carrying Value</u>	<u>Level 1</u>
Equity securities:		
Large market capitalization	\$ 15,812	\$ 15,812
Mutual funds:		
Fixed income	7,781,876	7,781,876
Large market capitalization	8,434,365	8,434,365
Small/Middle market capitalization	2,663,408	2,663,408
International	<u>2,098,107</u>	<u>2,098,107</u>
Total investments	20,993,568	20,993,568
Less: Restricted investments	<u>-</u>	<u>-</u>
Unrestricted investments	<u>\$ 20,993,568</u>	<u>\$ 20,993,568</u>

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**3. Investments (continued)**

Investment income consists of the following:

	<b>Years ended June 30,</b>	
	<u><b>2020</b></u>	<u><b>2019</b></u>
Interest and dividend income	\$ <b>1,083,185</b>	\$ 1,386,072
Realized gains, net	<b>1,375,268</b>	376,222
Unrealized losses	<u><b>(1,257,267)</b></u>	<u>(555,179)</u>
	<u><b>\$ 1,201,186</b></u>	<u>\$ 1,207,115</u>

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custody of the Foundation's investments is maintained in the Foundations name by two brokerage firms pursuant to custodial agreements. All of the Foundation's brokerage firms are members of the Securities Investor Protection Corporation (SPIC). The SPIC protects the securities and cash in brokerage accounts up to \$500,000, which includes up to \$250,000 protection for cash balances. The Foundation believes custodial credit risk related to these accounts is minimal.

Endowment activity for the year ended June 30, 2020 was as follows:

	<u><b>Endowments</b></u>		
	<u><b>Board Designated</b></u>	<u><b>Donor Restricted</b></u>	<u><b>Total</b></u>
Balance at July 1, 2019	\$ 21,234,168	\$ -	\$ 21,234,168
Contributions	-	362,827	362,827
Distribution of investment income to fund operations	(2,376,026)	(48,715)	(2,424,741)
Investment income, net	835,167	173,484	1,008,651
Net gain (loss)	146,886	(24,413)	122,473
Return (distribution) of principal	<u>305,557</u>	<u>2,725,589</u>	<u>3,031,146</u>
Balance at June 30, 2020	<u><b>\$ 20,145,752</b></u>	<u><b>\$ 3,188,772</b></u>	<u><b>\$ 23,334,524</b></u>

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**3. Investments (continued)**

Endowment activity for the year ended June 30, 2019 was as follows:

	<b>Endowments</b>		
	<b>Board Designated</b>	<b>Donor Restricted</b>	<b>Total</b>
Balance at July 1, 2018	\$ 22,382,355	\$ 2,928,225	\$ 25,310,580
Contributions	-	38,393	38,393
Distribution of investment income to fund operations	(2,306,897)	-	(2,306,897)
Investment income, net	1,354,191	27,086	1,381,277
Net gain (loss)	(195,481)	15,168	(180,313)
Return (distribution) of principal	-	(3,008,872)	(3,008,872)
Balance at June 30, 2019	<u>\$ 21,234,168</u>	<u>\$ -</u>	<u>\$ 21,234,168</u>

*Interest Rate Risk*

To limit exposure to fair value losses resulting from rising interest rates, the Foundation's investment policy provides for all investments to be highly liquid. Each investment is monitored by management on at least a monthly basis for performance in comparison to benchmarks set by the Foundation.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of June 30, 2020 and 2019, all mutual funds had ratings of two stars to five stars by Morningstar.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**4. Property and Equipment**

Capital assets consist of the following:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Furniture and fixtures	\$ 145,030	\$ -	\$ (12,150)	\$ 132,880
Leasehold improvements	164,921	-	-	164,921
Computer equipment	<u>88,584</u>	<u>5,700</u>	<u>(60,846)</u>	<u>33,438</u>
	398,535	5,700	(72,996)	331,239
Less: accumulated depreciation	<u>(274,902)</u>	<u>(5,184)</u>	<u>72,996</u>	<u>(207,090)</u>
	<u>\$ 123,633</u>	<u>\$ 516</u>	<u>\$ -</u>	<u>\$ 124,149</u>

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Furniture and fixtures	\$ 145,030	\$ -	\$ -	\$ 145,030
Leasehold improvements	164,921	-	-	164,921
Computer equipment	<u>88,584</u>	<u>-</u>	<u>-</u>	<u>88,584</u>
	398,535	-	-	398,535
Less: accumulated depreciation	<u>(270,012)</u>	<u>(4,890)</u>	<u>-</u>	<u>(274,902)</u>
	<u>\$ 128,523</u>	<u>\$ (4,890)</u>	<u>\$ -</u>	<u>\$ 123,633</u>

Depreciation and amortization expense totaled \$5,184 and \$4,890 for the years ended June 30, 2020 and 2019, respectively

**5. Net Position**

At June 30, 2020 and 2019, the Board has designated a portion of unrestricted net position for the following purposes:

	<u>2020</u>	<u>2019</u>
Board designated grant reserves	\$ 548,352	\$ 2,160,924
Board designated for endowments	20,145,752	21,234,168
Unrestricted, undesignated	<u>289,219</u>	<u>(1,396,652)</u>
	<u>\$ 20,983,323</u>	<u>\$ 21,998,440</u>

Unrestricted net position that is Board designated grant reserves represents resources designated for the payment of grants approved but not yet paid at year end. Certain agreements are subject to funding availability, based on State of Florida Legislative approval and appropriation. Unrestricted net position that is Board designated endowments represents resources earmarked by the Foundation to increase endowment principal.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**5. Net Position (continued)**

Net position reported as nonexpendable contributions represents endowment contributions received from donors to be invested in perpetuity.

**6. Operating Leases**

The Foundation entered into a five year lease agreement for office space beginning January 1, 2019. Rent expense was \$126,409 and \$121,835 for the years ended June 30, 2020 and 2019, respectively. The following is a schedule of future minimum lease payments required under the lease agreement:

<b><u>June 30,</u></b>	
2021	\$ 130,201
2022	134,107
2023	138,130
2024	70,086
2025	-
	<u>\$ 472,524</u>

**7. Commitments and Contingencies**

As previously discussed in Note 5, the Foundation had approved unpaid grants of \$548,352 as of June 30, 2020 because grant periods may not coincide with the Foundation's fiscal year. Although the payment of the outstanding grants is contingent upon the grantee's satisfactory compliance with grant conditions, it is probable the Foundation will fund the entire unpaid balance.

**8. Retirement Plan**

Effective January 31, 1998 and amended effective June 28, 2008, the Foundation adopted The Able Trust 401(k) Plan (Plan), a defined contribution pension plan that covers substantially all employees. Effective July 1, 2014, the plan is administered by American Funds (previously Raymond James & Associates, Inc.). Employees are 100% vested in employer contributions to the plan after five years of service to the Foundation. The employer contributions to the plan are contingent upon a minimum contribution by the participant. The Plan may be amended by the Foundation. Contributions charged to expense for the years ended June 30, 2020 and 2019, were \$32,244 and \$25,197, respectively. Employee voluntary contributions during the years ended June 30, 2020 and 2019, totaled \$42,966 and \$53,165. Forfeitures for the years ended June 30, 2020 and 2019, totaled \$12,336 and \$5,795, respectively.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**9. Deferred Gifts**

The Foundation is a beneficiary of various charitable remainder and life insurance trusts. A charitable remainder trust provides for the payment of distributions to the donor or other designated beneficiary over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets will be transferred to the Foundation. The present value of the future benefits is determined using the fiscal year end AFR, established by the IRS for determining the present value of remainder interests. A life insurance trust is an irrevocable, non-amendable trust which is both the owner and beneficiary of one or more life insurance policies. The present value of the future benefits of life insurance trusts is determined using the Foundation's average rate of earnings for the fiscal year.

The portion of the trusts attributable to the present value of the future benefits to be received by the Foundation is recorded in the Statements of Revenues, Expenses and Changes in Net Position as contributions in the period the trust is terminated. The present value of the contributions at June 30, 2020 and 2019, net of unamortized discounts of \$474,234 and \$977,740, totaled \$658,312 and \$693,569, respectively. There were no new charitable remainder or life insurance trusts received during the fiscal years ended June 30, 2020 and 2019.

Contributions receivable from deferred gifts and the related deferred inflows of resources are recorded on the Statements of Net Position, and the portions from the charitable remainder and life insurance trusts are expected to be received in more than five years. No provision for uncollectible contributions has been recorded for the years ended June 30, 2020 and 2019.

**10. Annuity Receivable**

Due to the death of a donor in December 2004, an irrevocable charitable lead trust was created with payments due to the Foundation for 15 years. The lead trust became due and payment from the trust was received in December 2019. As of June 30, 2020 and 2019, the present value of the future annuity payments is \$0 and \$52,401, respectively, using the AFR established by the IRS for December 2004 of 4.68%.

**11. Related Party Transactions**

The Able Charitable Foundation (ACF), a not-for-profit organization, supported programs that were designed to assist people with disabilities to achieve the most independent and productive life possible. During 2019, the Foundation and the ACF had the same President and CEO. In addition, the ACF had three board members and one of those board members was also on the Foundation's Board of Directors during 2019. The Board and President of the ACF served that organization as unpaid volunteers.

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Notes to Financial Statements

**11. Related Party Transactions (continued)**

During the fiscal year ended June 30, 2020 and 2019, the Foundation made charitable contributions to the ACF of cash and investments totaling \$0 and \$3,096,737, respectively. Of these amounts, \$0 and \$3,008,872 were endowment funds from private donors. These transfers were the result of direction approved by the Foundation's Board of Directors. During the fiscal year ended June 30, 2020 the ACF was dissolved and returned previously contributed cash and investments back to the Foundation totaling \$3,412,123, of which \$94,034 were gains on investments while in the ACF's possession.

Effective April 1, 2018, the Foundation had a contract to provide administrative support to the ACF, including accounting, marketing and development, and the use of office space and equipment for \$500 per month. During the fiscal years ended June 30, 2020 and 2019, ACF paid the Foundation a total of \$0 and \$6,000 under this contract, respectively.

**12. Deposits and Other Noncurrent Assets**

Deposits and other Noncurrent assets consists primarily of premium advances that will be collected by the Foundation from life insurance proceeds pursuant to a collateral assignment provision of an insurance policy on the life of the former executive.

**13. BP Oil Spill**

During 2019, the foundation received a settlement of \$6,521, resulting from a claim filed against BP Deepwater Horizon Oil Spill. The total award is shown in the statement of revenue, expenses and changes in net position.

**14. Income Taxes**

For the years ended June 30, 2020 and 2019, the Foundation has no unrelated business income and, accordingly, has incurred no income tax liability from unrelated business activities. The Foundation has filed all required tax returns in all jurisdictions in which it operates. Tax years after 2016 remain subject to examination by the applicable taxing authorities.

**15. Risk Management**

The Foundation is exposed to various risks of loss including, but not limited to, general liability, property and casualty, auto and physical damage, and workers' compensation. Coverage is provided through independent commercial carriers to insure against such risks and minimize the Foundation's financial exposure to such risks.

## Other Financial Information

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Schedule of Budget and Actual Revenues

Year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
DOE/DVR High School / High Tech Program	\$ 549,823	\$ 549,823	\$ -
Program events	-	30,810	30,810
Gifts and contributions	215,000	331,918	116,918
Investment income	1,881,950	1,201,186	(680,764)
Other revenue	1,500	41,886	40,386
Transfers in from Able Charitable Foundation	-	3,318,089	3,318,089
	<u>\$ 2,648,273</u>	<u>\$ 5,473,712</u>	<u>\$ 2,825,439</u>

*See report of independent auditors.*

The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

Schedule of Budget and Actual Expenses

Year ended June 30, 2020

	Grants and Program Expenses	Management and Operations	Administrative	Total	Budget	Variance Favorable (Unfavorable)
Non-officer salaries	\$ 495,925	\$ -	\$ 89,492	\$ 585,417	\$ 554,780	\$ (30,637)
Officer salaries	-	-	159,439	159,439	160,000	561
Payroll taxes	38,808	-	14,887	53,695	50,000	(3,695)
Employee benefits	63,081	-	10,482	73,563	68,401	(5,162)
Retirement	25,436	-	6,808	32,244	34,556	2,312
Payroll processing	329	-	-	329	350	21
Auditing and accounting fees	-	-	32,221	32,221	32,050	(171)
Board meetings	-	-	6,158	6,158	13,100	6,942
Board member travel	-	-	113	113	1,000	887
Charitable contributions	-	-	-	-	-	-
CEO program management	2,017	852	50,556	53,425	39,980	(13,445)
Depreciation	-	5,183	-	5,183	-	(5,183)
Development and marketing	314	1,778	45,294	47,386	31,475	(15,911)
Development of alumni association	-	136	-	136	100	(36)
DOE/DVR staff events	-	48,000	-	48,000	48,000	-
Endowment department	-	67,822	-	67,822	-	(67,822)
Equipment and furniture	-	22,630	-	22,630	18,720	(3,910)
Equipment maintenance	-	1,181	131	1,312	1,900	588
Insurance	-	13,903	-	13,903	11,495	(2,408)
Investment advisory fees	-	-	4,000	4,000	-	(4,000)
Information technology	-	7,274	780	8,054	2,800	(5,254)
Legislative consultants	-	-	10,546	10,546	50,000	39,454
Office supplies	-	2,819	313	3,132	3,200	68
Printing	-	1,337	149	1,486	2,900	1,414
Postage	-	2,305	248	2,553	3,450	897
Rent	-	126,409	-	126,409	126,409	-
Program events:						
Disability employment awareness	3,546	-	-	3,546	15,300	11,754
Youth leadership forum	-	-	-	-	-	-
Staff education	-	356	9	365	6,000	5,635
Telephone and internet	-	6,367	708	7,075	6,900	(175)
Grant obligations - prior year	331,521	-	-	331,521	330,365	(1,156)
Grant awards - current year	585,215	-	14,371	599,586	465,528	(134,058)
Grants - HS/HT	956,000	-	-	956,000	946,000	(10,000)
High school/high tech other expenses	35,204	-	-	35,204	57,900	22,696
Grants administration	7,088	-	-	7,088	9,450	2,362
Total	\$ 2,544,484	\$ 308,352	\$ 446,705	\$ 3,299,541	\$ 3,092,109	\$ (207,432)

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*

Board of Directors  
The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

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 Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Able Trust (the Foundation) which comprise the statement of financial position as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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  
December 17, 2020

## Management Letter

Board of Directors  
The Florida Endowment Foundation for Vocational Rehabilitation, Inc.  
d/b/a The Able Trust

### **Report on the Financial Statements**

We have audited the financial statements of the Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Able Trust (the Foundation), as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated December 17, 2020.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Report of Independent Auditors on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated [Need Date], should be considered in conjunction with this management letter.

During our audit, we became aware of the following deficiencies in internal control, other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Foundation personnel, and we will be pleased to discuss them in further detail at your convenience.

### **Prior Audit Recommendations**

#### **Bank Reconciliation Procedures and Review**

Management has taken corrective action for this recommendation. This corrective action is complete as of June 30, 2020.

#### **Security of Information Technology and Communications Equipment**

Management has taken corrective action for this recommendation. This corrective action is complete as of June 30, 2020.

### **Passwords**

Management has taken corrective action for this recommendation. This corrective action is complete as of June 30, 2020.

### **Administrative Costs**

Management has taken corrective action for this recommendation. This corrective action is complete as of June 30, 2020.

## **Current Audit Recommendations**

### **Lack of Segregation of Duties**

During our audit, we noted that in the current year the controls over receipts were modified in response to the COVID-19 pandemic. Duties that were previously segregated and performed by multiple employees are now being performed by one employee. While these changes are understandable in the circumstances, there is an increased risk to fraud and asset misappropriation.

*We recommend that the Foundation review its policies and procedures and develop additional layers of segregation to mitigate the potential risk.*

### **Grant Contract Documentation**

We noted instances where the internal controls over documenting approval of grant contracts was missing or incomplete.

*While we noted mitigating controls were in place that reduced the potential for improper disbursement, we recommend that the Foundation increase its review and approval process to include proper and timely documentation of all documents in accordance with the Foundation's policies and procedures.*

### **Capital Asset Listing and Management**

During our audit, we noted that the Foundation had multiple items on the capital asset listing that were no longer in the Foundation's possession. Management indicated that these items had been disposed of in various previous fiscal years and there was limited information detailing the time or method of disposal.

All items identified were fully depreciated and resulted in no change to the reported balance of capital assets, net of depreciation. While these matters did not result in a material error, the lack of controls over this area could potentially lead to larger issues.

*Management should review its policies and procedures for capital asset management and ensure there is a process for an annual inventory of capital assets, a process for the proper disposal of fixed assets, and maintaining complete records of such disposals including any potential gain or loss from disposal.*

### **Board of Directors**

In the fiscal year ended June 30, 2020, the Board of Directors resigned from their position. As of June 30, 2020, a new board has not yet been appointed to replace the previous board. While this action was not initiated by the Foundation, it nevertheless influences the operations of the Foundation. The Foundation's policies and procedures and *Florida Statute 413.615* gives certain powers and duties to the Board. Subsequent to the year ended June 30, 2020, a new Board has been appointed.

*We recommend the Foundation continue to work with the Division of Vocational Rehabilitation (DVR) to understand what actions can be completed and implemented prior to the appointment of a new Board.*

### **Competitive Solicitation**

Florida Statute 413.615 (10)(e) states, "Any allocation of funds for research, advertising, or consulting shall be subject to a competitive solicitation process." During our audit we identified one instance where the documentation supporting the purchase of advertising materials did not include the documentation of the competitive solicitation process.

*We recommend that management review its internal policies and procedures to improve documentation of such matters. We recommend that management work with the DVR to determine if the competitive solicitation process should extend to other types of disbursements in accordance with the Florida Administrative Code.*

### **Travel Policy and Related Documentation**

During our audit, we inspected the Foundation's travel policy and sampled related expenditures. We noted that the internal policies and procedures could be improved by better defining allowable and unallowable costs for both employees and board members, including detailing limits for certain travel purchases. Additionally, the policy could be improved by requiring additional documentation be maintained for supporting mileage when a personal vehicle is used.

*We recommend that management review its internal policies and procedures to improve documentation of such matters. Ensuring the travel policies and procedures are clearly defined reduces the likelihood of errors and the potential appearance of impropriety.*

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**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Florida Commissioner of Education, the Florida Department of Vocational Rehabilitation, and the Board of Directors and management of the Florida Endowment Foundation for Vocational Rehabilitation, Inc. d/b/a The Able Trust and is not intended to be and should not be used by anyone other than these specified parties.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
December 17, 2020