

# **THE ARC OF THE GLADES**

FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2018  
TOGETHER WITH REPORT OF INDEPENDENT ACCOUNTANT

**THE ARC OF THE GLADES  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
SEPTEMBER 30, 2018**

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Independent Auditor's Report

Board of Directors  
The ARC of The Glades  
Belle Glade, Florida

**Report on the Financial Statements**

I have audited the accompanying financial statements of The ARC of The Glades (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The ARC of The Glades as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

The September 30, 2017 financial statements of The ARC of The Glades were audited by a predecessor auditor, and his report dated February 22, 2018, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated January 28, 2019, on my consideration of The ARC of The Glades' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The ARC of The Glades' internal control over financial reporting and compliance.



Kathleen M. Shafer, CPA  
West Palm Beach, Florida  
January 28, 2019

**THE ARC OF THE GLADES**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2018**  
**WITH COMPARATIVE TOTALS FROM 2017**

	<b>FUNDS</b>		<b>2018</b>	<b>2017</b>
	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>		
<b><u>ASSETS</u></b>				
Cash	\$ 216,494	\$ 55,917	\$ 272,411	\$ 219,320
Grants & Other Receivables	40,217	54,000	94,217	110,304
Deposits	10,197	0	10,197	0
Accrued Interest Receivable	4,781	0	4,781	0
Mortgage Receivable (Current)	3,759	0	3,759	1,496
Mortgage Receivable (Long-Term)	99,951	0	99,951	102,973
Buildings, Land & Equipment - Net	174,574	0	174,574	165,378
<b>Total Assets</b>	<b>\$ 549,973</b>	<b>\$ 109,917</b>	<b>\$ 659,890</b>	<b>\$ 599,471</b>
 <b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 8,514	\$ 0	\$ 8,514	\$ 1,471
Accrued Expenses	89,783	0	89,783	83,717
Total Liabilities	98,297	0	98,297	85,188
 <b><u>NET ASSETS</u></b>	 451,676	 109,917	 561,593	 514,283
Total Liabilities & Net Assets	<b>\$ 549,973</b>	<b>\$ 109,917</b>	<b>\$ 659,890</b>	<b>\$ 599,471</b>

**THE ARC OF THE GLADES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
WITH COMPARATIVE TOTALS FROM 2017**

	<u>FUNDS</u>		<u>2018</u> <u>TOTAL</u>	<u>2017</u> <u>TOTAL</u>
	<u>UNRESTRICTED</u>	<u>TEMPORARILY</u> <u>RESTRICTED</u>		
<b>SUPPORT &amp; REVENUE</b>				
Grants & Contributions	\$ 800,939	\$ 109,917	\$ 910,856	\$ 853,330
Interest	10,439	0	10,439	8,660
Other Revenues	820	0	820	2,476
Net Assets Released From Restriction	69,517	(69,517)	0	0
Total Revenue	<u>881,715</u>	<u>40,400</u>	<u>922,115</u>	<u>864,466</u>
<b>EXPENSES</b>				
<b>Program Services</b>	<u>774,524</u>	<u>0</u>	<u>774,524</u>	<u>741,007</u>
<b>Support Services</b>				
General & Administrative	74,219	0	74,219	93,719
Fund Raising	26,062	0	26,062	11,471
Total Support Services	<u>100,281</u>	<u>0</u>	<u>100,281</u>	<u>105,190</u>
Total Expenses	<u>874,805</u>	<u>0</u>	<u>874,805</u>	<u>846,197</u>
<b>CHANGE IN NET ASSETS</b>	<u>6,910</u>	<u>40,400</u>	<u>47,310</u>	<u>18,269</u>
<b>BEGINNING NET ASSETS</b>	<u>444,766</u>	<u>69,517</u>	<u>514,283</u>	<u>496,014</u>
<b>ENDING NET ASSETS</b>	<u>\$ 451,676</u>	<u>\$ 109,917</u>	<u>\$ 561,593</u>	<u>\$ 514,283</u>

Read Accompanying Notes

**THE ARC OF THE GLADES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
WITH COMPARATIVE TOTALS FROM 2017**

	<b><u>UNRESTRICTED OPERATING</u></b>	<b><u>TEMPORARILY RESTRICTED</u></b>	<b><u>2018 TOTAL</u></b>	<b><u>2017 TOTAL</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change In Net Assets	6,910	40,400	47,310	18,269
<b>Adjustments to Reconcile Change In Net Assets To Net Cash From Operations:</b>				
Depreciation	24,304	0	24,304	28,062
(Increase)/Decrease In Receivables	(3,925)	15,517	11,592	13,409
Increase In Deposits	(10,197)	0	(10,197)	0
Decrease in Mortgage Receivable	473	0	473	2,220
Increase In Accounts Payable	7,043	0	7,043	(3,252)
Increase In Accrued Expenses	6,066	0	6,066	(1,164)
Net Cash Provided from Operating Activities	23,764	15,517	39,281	57,544
<b>Cash Flows From Financing Activities:</b>				
Increase In Debts	0	0	0	0
<b>Cash Flows From Investing Activities:</b>				
Increase in Fixed Assets	(33,500)	0	(33,500)	(610)
<b>Net Increase (Decrease) In Cash</b>	<b>(2,826)</b>	<b>55,917</b>	<b>53,091</b>	<b>56,934</b>
Beginning Balance of Cash & Cash Equival	219,320	0	219,320	162,386
<b>Ending Balance of Cash &amp; Cash Equival</b>	<b>\$ 216,494</b>	<b>\$ 55,917</b>	<b>\$ 272,411</b>	<b>\$ 219,320</b>

Read Accompanying Notes

**THE ARC OF THE GLADES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
WITH COMPARATIVE TOTALS FROM 2017**

<b><u>EXPENSES</u></b>	<b><u>Program Services</u></b>	<b><u>General &amp; Admin</u></b>	<b><u>Fund Raising</u></b>	<b><u>2018 Total</u></b>	<b><u>2017 Total</u></b>
Affiliation Fees & Dues	\$ 9,464	\$ 0	\$ 0	\$ 9,464	\$ 11,204
Bad Debt	0	4,442	0	4,442	0
Depreciation	23,452	852	0	24,304	28,062
Fuel & Oil	14,523	2,387	0	16,910	17,088
Insurance	48,574	2,289	0	50,863	44,930
Maintenance	11,112	2,778	0	13,890	27,505
Office	2,504	903	0	3,407	3,281
Payroll & Employee Exp.	576,737	46,013	7,564	630,314	612,953
Professional Fees	7,209	5,275	18,353	30,837	16,380
Program Supplies	45,139	0	0	45,139	42,505
Property Tax	1,831	1,438	0	3,269	3,173
Telephone	6,387	726	145	7,258	6,409
Travel & Conference	3,567	4,359	0	7,926	3,386
Utilities	17,317	1,924	0	19,241	19,221
Vehicle Maintenance	6,708	0	0	6,708	7,920
Other	0	833	0	833	2,180
<b>Total Expenses</b>	<b><u>\$ 774,524</u></b>	<b><u>\$ 74,219</u></b>	<b><u>\$ 26,062</u></b>	<b><u>\$ 874,805</u></b>	<b><u>\$ 846,197</u></b>

Read Accompanying Notes



**THE ARC OF THE GLADES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**1. General Description of Activities and Significant Accounting Policies:**

The ARC of The Glades, formerly Glades Area Association for Retarded Citizens, Inc., (the Organization) was incorporated in July 1977 as a not-for-profit Florida corporation under the provisions of Chapter 617 of the Florida Statutes. The Organization is located in Palm Beach County. The Organization's mission is to partner with people living with developmental disabilities for equal participation and inclusion in the communities of western Palm Beach County known as "The Glades". The Organization's vision is the equality of opportunity and equality of choice for people living with disabilities. The Organization is funded primarily by grants from federal, state and local governmental agencies.

The significant accounting policies that follow are presented to enhance the usefulness of the financial statements to the reader.

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not for Profit Entities.

Net assets, revenue, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of contractual, grantor or donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

- Unrestricted net assets: Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Temporarily restricted net assets: Net assets subject to donor imposed stipulations that may or will be met either by actions of the Organization or the passage of time.
- Permanently restricted net assets: Net assets subject to donor imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes. There were no permanently restricted net assets at September 30, 2018.

**Summarized Financial Information for 2017**

The financial information for the year ended September 30, 2017, presented for comparative purposes, is not intended to be complete financial statement presentation. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**THE ARC OF THE GLADES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**1. General Description of Activities and Significant Accounting Policies, Continued:**

**Grant and Contract Receivable/Revenue**

Contributions and grants, including unconditional promises to give, are recorded as revenue in the period the promise is received.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grant and contract revenue are recognized when the allowable costs, as defined by the individual grants and contracts, are incurred and the unit of service has been performed. Grants and contracts receivable at year-end represent units of service performed, which have not yet been reimbursed by the granting agency. The Organization, based on its experience, considers the grant or contract receivable to be fully collectible, therefore, no allowance for doubtful accounts has been provided.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants or contracts.

**Property and Equipment**

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

**Contributed Services**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

**THE ARC OF THE GLADES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the three years ending 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they are filed.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Expenses**

Expenses are allocated on a functional basis among its various programs and supporting services based on their proportionate share of total expenses as determined by management.

**2. Temporary Restrictions on Net Assets:**

As of September 30, 2018, the Organization had temporarily restricted net assets of \$109,917 for economic, employment and housing services.

**3. Grant and Contract Receivable:**

Management periodically reviews the grants and other receivable balances and provides an allowance for accounts which may be uncollectible. At September 30, 2018, management considers all of the receivables to be collectible within the current accounting period; therefore an allowance for doubtful accounts has not been recorded.

**4. Property and Equipment:**

The following is a schedule of property and equipment at September 30, 2018:

Building & Property	\$ 534,130
Vehicles	259,080
Furniture & Equipment	81,744
Land	<u>25,000</u>
	899,954
Less Accumulated Depreciation	<u>(725,380)</u>
	<u>\$ 174,574</u>

Depreciation expense for the year ended September 30, 2018 was \$24,304.

**THE ARC OF THE GLADES**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**5. Mortgage Note Payable:**

A previous mortgage receivable was refinanced in May 2013 for the amount of \$113,620. The mortgage terms require monthly payments of \$800 beginning May 2013, for a total of 301 payments. The mortgage bears an interest rate of 6.95% per annum. The mortgage is secured by the property located at 601 W Canal St N, Belle Glade, FL 33430, which has a current estimated value of \$272,013.

The mortgage receivable is currently 10 months past due. The Board is in discussion regarding this matter; however no resolution has been reached as of the date the financial statements were issued.

Principal payments receivable for the next 5 years are as follows:

Year Ended	9/30/19	\$ 3,759
	9/30/20	2,732
	9/30/21	2,928
	9/30/22	3,139
	9/30/23	3,364
Remaining years to maturity		<u>87,788</u>
	Total	<u>\$ 104,710</u>

**6. Concentration of Risks:**

The Organization receives a significant percentage of its funding from grantor agencies and local governments. A significant funding policy change at any of these agencies could have an adverse effect on the Organization's operations.

**7. Retirement Plan:**

The Organization sponsors a 401(k) plan administered by Mutual of America. The Organization participates in a contributing and matching plan for its employees. Employees are eligible to participate after one year of continuous employment.

**8. Evaluation of Subsequent Events:**

The Organization has evaluated subsequent events January 28, 2019, the date the financial statements were available to be issued.

**KATHLEEN M. SHAFER**  
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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Directors  
The ARC of The Glades  
Belle Glade, Florida

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The ARC of The Glades (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 10, 2019.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered The ARC of The Glades' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ARC of The Glades' internal control. Accordingly, I do not express an opinion on the effectiveness of The ARC of The Glades' 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The ARC of The Glades' financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kathleen M. Shafer, CPA.  
West Palm Beach, FL  
January 28, 2019