

THE ARC OF THE GLADES

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022
TOGETHER WITH REPORT OF INDEPENDENT ACCOUNTANT

**THE ARC OF THE GLADES
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
SEPTEMBER 30, 2022**

TABLE OF CONTENTS

	<u>Pages</u>
FINANCIAL STATEMENTS	
Independent Auditor’s Report.....	1-3
Statement Of Financial Position	4
Statement of Activities.....	5
Statement of Cash Flows	6
Statement of Functional Expense.	7
Notes to Financial Statements	8 – 11
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 <i>Government Auditing Standards</i>	12-13

KATHLEEN M. SHAFER
CERTIFIED PUBLIC ACCOUNTANT
1850 FOREST HILL BLVD., SUITE 204
WEST PALM BEACH, FLORIDA 33406
TEL. (561) 963-1003 • FAX (877) 811-0643
Member of Florida Institute of Certified Public Accountants

Independent Auditor's Report

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

Opinion

I have audited the financial statements of The ARC of The Glades, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of The ARC of The Glades, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The ARC of The Glades, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management 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, 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 misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The ARC of The Glades, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The ARC of The Glades, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on summarized Comparative Information

I have previously audited The ARC of The Glades, Inc.'s September 30, 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated April 22, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, 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 May 25, 2023, on my consideration of the Organization's 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 solely 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 the effectiveness of The ARC of The Glades, Inc.'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 ARC of The Glades, Inc.'s internal control over financial reporting and compliance.



Kathleen M. Shafer, CPA
West Palm Beach, Florida
May 25, 2023

**THE ARC OF THE GLADES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FROM 2021**

	FUNDS		2022	2021
	WITHOUT DONOR	WITH DONOR	TOTAL	TOTAL
	RESTRICTIONS	RESTRICTIONS		
<u>ASSETS</u>				
Cash	\$ 403,632	\$ 0	\$ 403,632	\$ 460,702
Grants & Other Receivables	131,016	32,083	163,099	105,973
Deposits	0	0	0	0
Prepaid Expenses	10,726	0	10,726	0
Buildings, Land & Equipment - Net	521,346	0	521,346	526,891
Total Assets	\$ 1,066,720	\$ 32,083	\$ 1,098,803	\$ 1,093,566
 <u>LIABILITIES</u>				
Accounts Payable	\$ 22,243	\$ 0	\$ 22,243	\$ 25,592
Accrued Expenses	99,277	0	99,277	88,652
Total Liabilities	121,520	0	121,520	114,244
 <u>NET ASSETS</u>	 945,200	 32,083	 977,283	 979,322
Total Liabilities & Net Assets	\$ 1,066,720	\$ 32,083	\$ 1,098,803	\$ 1,093,566

Read Accompanying Notes

**THE ARC OF THE GLADES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FROM 2021**

	FUNDS		2022 <u>TOTAL</u>	2021 <u>TOTAL</u>
	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>		
SUPPORT & REVENUE				
Grants & Contributions	\$ 1,047,550	\$ 32,083	\$ 1,079,633	\$ 1,179,831
Interest	191	0	191	228
Other Revenues	3,946	0	3,946	98,313
Gain/(Loss) on Investment	0	0	0	0
Net Assets Released From Restriction	<u>125,261</u>	<u>(125,261)</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>1,176,948</u>	<u>(93,178)</u>	<u>1,083,770</u>	<u>1,278,372</u>
EXPENSES				
Program Services	<u>924,868</u>	<u>0</u>	<u>924,868</u>	<u>791,415</u>
Support Services				
General & Administrative	117,403	0	117,403	69,670
Fund Raising	<u>43,538</u>	<u>0</u>	<u>43,538</u>	<u>63,300</u>
Total Support Services	<u>160,941</u>	<u>0</u>	<u>160,941</u>	<u>132,970</u>
Total Expenses	<u>1,085,809</u>	<u>0</u>	<u>1,085,809</u>	<u>924,385</u>
CHANGE IN NET ASSETS	<u>91,139</u>	<u>(93,178)</u>	<u>(2,039)</u>	<u>353,987</u>
BEGINNING NET ASSETS	<u>854,061</u>	<u>125,261</u>	<u>979,322</u>	<u>625,335</u>
ENDING NET ASSETS	<u>\$ 945,200</u>	<u>\$ 32,083</u>	<u>\$ 977,283</u>	<u>\$ 979,322</u>

Read Accompanying Notes

**THE ARC OF THE GLADES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FROM 2021**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2022 TOTAL</u>	<u>2021 TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change In Net Assets	91,139	(93,178)	(2,039)	353,987
Adjustments to Reconcile Change In Net Assets To Net Cash From Operations:				
Depreciation	75,400	0	75,400	62,812
(Increase)/Decrease In Receivables	(51,293)	(5,833)	(57,126)	(38,019)
(Increase)/Decrease In Deposits	0	0	0	0
(Increase)/Decrease In Prepaid Expenses	(10,726)	0	(10,726)	2,216
Increase/(Decrease) In Accounts Payable	(3,349)	0	(3,349)	20,532
Increase/(Decrease) In Accrued Expenses	10,625	0	10,625	(2,081)
Net Cash Provided from Operating Activities	111,796	(99,011)	12,785	399,447
Cash Flows From Financing Activities:				
Increase In Debts	0	0	0	0
Cash Flows From Investing Activities:				
Increase in Fixed Assets	(69,855)	0	(69,855)	(367,787)
Net Increase (Decrease) In Cash	41,941	(99,011)	(57,070)	31,660
Beginning Balance of Cash & Cash Equivalents	361,691	99,011	460,702	429,042
Ending Balance of Cash & Cash Equivalents	<u>\$ 403,632</u>	<u>\$ 0</u>	<u>\$ 403,632</u>	<u>\$460,702</u>

Read Accompanying Notes

**THE ARC OF THE GLADES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FROM 2021**

<u>EXPENSES</u>	<u>Program Services</u>	<u>General & Admin</u>	<u>Fund Raising</u>	<u>2022 Total</u>	<u>2021 Total</u>
Affiliation Fees & Dues	\$ 11,208	\$ 0	\$ 0	\$ 11,208	\$ 6,335
Bad Debt	0	0	0	0	0
Depreciation	67,860	7,540	0	75,400	62,812
Fuel & Oil	19,262	327	0	19,589	13,824
Insurance	60,883	3,204	0	64,087	56,636
Maintenance	27,712	6,928	0	34,640	28,312
Marketing	0	0	0	0	2,100
Office	6,384	1,596	0	7,980	4,088
Payroll & Employee Exp.	588,074	82,101	24,321	694,496	598,680
Professional Fees	8,956	8,643	17,316	34,915	27,314
Program Supplies	87,879	0	0	87,879	59,381
Property Tax	2,526	631	0	3,157	3,078
Telephone	3,736	919	1,901	6,556	8,226
Travel & Conference	6,703	0	0	6,703	8,745
Utilities	22,055	5,514	0	27,569	21,353
Vehicle Expense	10,251	0	0	10,251	10,769
Web Services	1,379	0	0	1,379	12,132
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>600</u>
Total Expenses	<u>\$ 924,868</u>	<u>\$ 117,403</u>	<u>\$ 43,538</u>	<u>\$ 1,085,809</u>	<u>\$ 924,385</u>

Read Accompanying Notes

**THE ARC OF THE GLADES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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.

Cash and Cash Equivalents

For the purpose of the statement 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.

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses recorded when incurred.

Promises to Give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Summarized Financial Information for 2021

The financial information for the year ended September 30, 2021, 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, 2021, from which the summarized information was derived.

THE ARC OF THE GLADES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Property and Equipment

The Foundation 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 without donor restriction 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 with donor restriction contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies with donor restriction net assets to without donor restriction 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.

Grant and Contract Receivable/Revenue

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

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.

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 with donor restriction or without donor restriction net assets depending on the existence or nature of any donor restrictions.

THE ARC OF THE GLADES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 2020, 2021 and 2022 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, 2022, the Organization had temporarily restricted net assets of \$32,083 for various program services and equipment purchases.

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, 2022, 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, 2022:

Building & Property	\$ 797,426
Vehicles	355,113
Furniture & Equipment	168,807
Land	<u>25,000</u>
	1,346,346
Less Accumulated Depreciation	<u>(825,000)</u>
	<u>\$ 521,346</u>

Depreciation expense for the year ended September 30, 2022 was \$75,400.

THE ARC OF THE GLADES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

6. Concentration of Credit Risk

Financial instruments that subject the Organization to concentration of credit risk include cash. While the Organization currently has a deposit balance at one banking institution that exceeds the federally insured limit, the Organization plans to reduce this risk by maintaining a bank account at an additional banking institution.

7. 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.

8. 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. The Organization contributes 2% non-matching contributions to all eligible employees and also contributes 3% matching contributions to those employees that make their own contributions. Retirement contributions for the year ended September 30, 2022 were \$22,012

9. Availability and Liquidity:

Financial assets of cash \$403,632 and account receivables \$163,099, for financial assets available of \$566,731 to meet expenses over next twelve months. As part of the Organization's liquidity management plan, the Organization structures its assets to be available as general expenditures, liabilities and other obligations become due.

10. Evaluation of Subsequent Events:

The Organization has evaluated subsequent events through May 25, 2023, the date the financial statements were available to be issued.

KATHLEEN M. SHAFER
CERTIFIED PUBLIC ACCOUNTANT
1850 FOREST HILL BLVD., SUITE 204
WEST PALM BEACH, FLORIDA 33406
TEL. (561) 963-1003 • FAX (877) 811-0643
Member of Florida Institute of Certified Public Accountants

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 25, 2023.

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) as a basis for designing 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 from 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 financial statements. 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
May 25, 2023